CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

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THIRD SESSION—THIRTIETH PARLIAMENT

27 Elizabeth II

VOLUME VI, 1978

COMPRISING THE PERIOD FROM THE TWENTY-NINTH DAY OF MAY, 1978
TO THE TENTH DAY OF OCTOBER, 1978

INDEX ISSUED IN A SEPARATE VOLUME

Published under authority of the Speaker of the House of Commons by the Queen's Printer for Canada
Available from Canadian Government Publishing Centre, Supply and Services Canada, Hull, Québec, Canada K1A 0S9, at 5 cents per copy or $3.00 per session

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BIBLIOTHÈQUE DU PARLEMENT

HOUSE OF COMMONS

Monday, May 29, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

SOCIAL SECURITY

LEGISLATION RESPECTING SPOUSE'S ALLOWANCE AND GIS—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the findings of the Toronto Social Planning Council, in the study just released on old age security for the metropolitan Toronto area, that people were living in poverty and that widows and single females were especially hard hit, confirming a survey by Statistics Canada that 61.7 per cent unattached pensioners were living below the poverty line as of 1976, I wish to move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House directs the Minister of National Health and Welfare to bring in legislation before the summer adjournment to provide for a continuation of the spouses' allowance after the death of the older spouse and, further, that the legislation provide for an adjustment in the guaranteed income supplements which would more adequately reflect real increases in the cost of living since the last increase was made prior to indexing.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

NEGOTIATIONS WITH CUPW—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. Considering that until the past weekend the Post Office had not made a single proposal which goes beyond the old contract with the Canadian Union of Postal Workers since that contract expired almost a year ago, and considering that such an attitude is most likely to produce a strike which neither the people of Canada nor the workers involved desire, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Postmaster General to assume his responsibilities and ensure that positive proposals are presented soon by the Post Office in its negotiations with CUPW.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE COMMISSION

SUBMISSION ON PERSONNEL MANAGEMENT AND MERIT PRINCIPLE—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise pursuant to the provisions of Standing Order 43. On April 20 there were press reports that the Public Service Commission had decided not to make public its submission to the D'Avignon committee on personnel management and the merit principle in the public service because the impending election might turn the submission into a political football. Since the Prime Minister subsequently revealed that an election was not impending at all, I ask leave to move, seconded by the hon. member for Okanagan Boundary (Mr. Whittaker):

That this House requests the Public Service Commission to publish forthwith its submission to the D'Avignon committee so that the public and members of parliament may have the opportunity to examine its proposals respecting the public service of Canada.

Mr. Speaker: Presentation of such a motion for debate at this time would require unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

CANADA'S COMMITMENT TO NATO—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity arising from the meeting of NATO in Washington this week. In light of the commitment Canada has made to its NATO allies and the dangers still facing the west from the Warsaw pact, and because of the evidence that the Warsaw pact nations have not ceased to

S.O. 43

upgrade their military stance in Europe and, either directly or using Cuba as a cat's paw, are threatening stability in Africa as well, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Prime Minister stop posturing before an international audience and come forward with concrete and positive proposals as to the way Canada is prepared to improve NATO's conventional force posture, including improvements in Canada's back-up in both permanent and reserve forces.

Mr. Speaker: Introduction of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR TRANSPORT

SUBSIDIES TO EPA—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of growing concern in Atlantic Canada that Eastern Provincial Airways, a major employer and regional air carrier, is experiencing difficulties because of inappropriate subsidy levels and other factors which have caused the airline to experience financial losses in recent years, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Department of Transport and the Department of Industry, Trade and Commerce jointly take appropriate steps to provide realistic, greater subsidies and equitable financial arrangements for the purchase of Dash-7 equipment to expedite and improve the service capability and the financial position of Eastern Provincial Airways.

Mr. Speaker: Introduction of such a motion for debate at this time, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FEDERAL REPUBLIC OF GERMANY MINISTER OF INTERNATIONAL CULTURAL RELATIONS

Mr. Speaker: Before beginning the question period, I know hon. members would want to join me in recognizing the presence in our gallery of a very distinguished visitor from the Bundestag of the Federal Republic of Germany in her official capacity as one of two ministers of state responsible for international cultural relations. Dr. Hildegard Hamm-Brueecher is here on an official visit in that capacity.

● (1412)

Some hon. Members: Hear, hear!

[Mr. Munro (Esquimalt-Saanich).]

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

GOVERNMENT PROPOSALS AT UN ON PEACE AND SECURITY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, in the absence of the Prime Minister, who is in Washington on other business today and tomorrow, I direct my question to the Deputy Prime Minister. On the basis of the evidence available to him, does the Deputy Prime Minister believe that proposals such as those made by the Prime Minister in New York last week will evoke a positive response from the U.S.S.R., that the U.S.S.R. will, in consequence, in order to promote detente, abandon its aggressive designs in Europe, Africa and Asia or make some other gesture, for example in the SALT talks, and that in the long run the prospects of peace and security in the world are being forwarded by these proposals?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the hon. member will have read the text of the Prime Minister's speech at the United Nations' conference in New York in which he made a number of concrete proposals in respect of the general question of disarmament. The hon. member refers specifically to what response might be expected from the Soviet Union. I hope the support the Prime Minister gave to President Carter in respect of nuclear weapons, particularly battlefield nuclear weapons, might evoke a positive response from the Soviet Union and that they might realize the ball is now in their court. It is up to them to follow President Carter in deferring the production of this particular weapon.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, in his usual way, I think the Deputy Prime Minister has stepped aside from the question I put to him. Therefore, can he explain to the House exactly what the government expects in the way of positive response from these proposals? Does he see any positive results at all? Is it simply a matter of the Prime Minister lecturing sanctimoniously to the rest of the world as to how the world should behave, delivering that lecture from the sheltered nuclear haven which has been provided to Canada by our close, friendly and concerned neighbour?

Mr. MacEachen: Mr. Speaker, I am surprised the hon. member would have picked up the rather irresponsible criticism which was directed by certain elements of the press.

Mr. Gillies: The government of Great Britain?

Some hon. Members: Oh, oh!

Mr. MacEachen: This was directed by certain elements of the press to the substance of the Prime Minister's speech. The Prime Minister has declared the position of Canada in respect of its renunciation of nuclear weapons. Even though at an early stage this country had the capacity to become a nuclear power, we have chosen consistently another route. It seems

passing strange that that particular decision should be regarded as hypocrisy.

Mr. Fraser: You have forgotten about 1963.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my supplementary question is also directed to the Deputy Prime Minister. Would he be prepared to comment on the notion that there is a distinction which ought to be made between posturing and practising in the awesome arena of international peace and security, and that in today's world and its realities, with the U.S.S.R. expanding its sphere of interest and military strength around the world, particularly into the unsettled areas of Africa, posturing could be more dangerous than practising readiness coupled with adequate response?

Mr. MacEachen: Mr. Speaker, the hon. member has referred to posturing as if the setting forward by the Prime Minister of Canada's position before the United Nations' disarmament conference its well known position on nuclear disarmament—

Mr. Diefenbaker: What about 1963 and the Liberal party?

Mr. MacEachen: —is posturing. It seems to me that he ought to describe statements made by other world leaders at the UN conference in precisely the same terms, because each of those who went to the podium in New York took the opportunity to put forward views on the question of disarmament.

● (1417)

There is no justification for the hon. member to slight Canada's contribution to our collective defence. We have continued our adherence to NATO, and 2½ years ago we restated that adherence by very substantial improvements in our contribution to NATO and NATO financing.

* * *

NATIONAL DEFENCE

REDUCTION IN DEFENCE BUDGET

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I should like to direct my question to the Deputy Prime Minister. As the Deputy Prime Minister is aware, NATO's long-term defence program calls for improvement in ten areas, including reinforcement machinery and reserve mobilization, that is, improving the quality, quantity and availability of reserve units.

Would the Deputy Prime Minister explain how a decision to forgo $60 million in this year's defence budget at a time when Canada's reserves, especially militia units, are grossly underequipped is in any way compatible with the obvious need for all NATO members to make improvements in their commitments to the alliance's conventional forces?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as hon. members know, two or three years ago there was a very extensive discussion within NATO itself in respect of Canada's continued adherence and continued contribution to NATO. At the NATO summit at that time, the Prime Minister stated that Canada would make an effective contribution that would be seen to be effective by our allies.

As a result of consultations with our allies within NATO, we took certain decisions in respect of replacement of aircraft and in respect of the selection of a tank. All of these decisions were taken in consultation with and the support of our allies in NATO. I believe our over-all financial contribution in that alliance, and our forward defence planning and defence budgeting, are very clear indications of our determination in that respect.

Mr. Darling: Mr. Speaker, after ten months, a statement on the very important question of the neutron bomb has finally been made, not to this House but last Friday to the United Nations' special session on disarmament. Members of parliament were denied the opportunity of participating in a discussion of this non-partisan subject affecting all Canadians and our stand in the international community.

The Prime Minister referred to President Carter's "farsighted postponement of a decision to produce" the weapon. Now that all danger of upstaging the Prime Minister has past, will the Deputy Prime Minister explain to the House what that statement means in respect of Canadian policy on the desirability of ever deploying such a weapon in Europe? In other words, is the government irrevocably opposed to the use of this weapon, or is it merely temporizing?

Mr. MacEachen: Mr. Speaker, the Prime Minister stated in his speech that the President of the United States had shown the way in recent weeks with his farsighted postponement of the decision to produce a special battlefield nuclear weapon. Of course, the Prime Minister went on to say that we all hope the response of the Soviet Union will be such as to make it possible to extend that postponement indefinitely.

As I said earlier in the question period, the ball is now clearly in the court of the Soviet Union, which in fact has been challenged by President Carter to exercise equivalent restraint with regard to its own deployment and force level. It seems to me it was highly constructive at this particular time for the Prime Minister to support the stance taken by the President of the United States.

* * *

● (1422)

POST OFFICE

NEGOTIATIONS WITH CUPW

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Postmaster General. Will the Postmaster General confirm a report that was made on the weekend, that since the termination of their contract with the members of CUPW, which was almost a year ago today, the Post Office

has not made, at least up to the weekend, a single new proposal in its negotiations with CUPW?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, it is very easy to say that we have not made any propositions to CUPW up to now, but our situation and our stand was very clearly made at the opening of the discussions with the conciliation board in the form of a 30-page document which was also made public. Our position was made very clear on that occasion. Since then, conciliation has been going on, and as far as I am concerned it is progressing satisfactorily, considering that we are still discussing matters on which we have taken a firm stand. These are items of which I am sure hon. members would approve and would want us to stand behind. On other items, we are open for discussion while in the conciliation process.

For the hon. member's information, we are also carrying on discussions at the same time with the LCUC. These negotiations are progressing well and on time and there is a very good understanding between the union and the Post Office. As far as CUPW is concerned, I cannot say more: we are still in conciliation, which is going well, and I hope we will reach an agreement sooner or later.

Mr. Broadbent: Mr. Speaker, I will give the minister the benefit of the doubt if my first question was not perfectly clear to him. I will now repeat it in the hope of clarifying it. the position, as I understand it, of CUPW is that the proposition which the Post Office is now putting before them does not improve by one iota the working conditions which they have in terms of the existing contract which expired a year ago. In fact, among the new proposals in the government's package are those which, in the view of the union, take away certain benefits that they have.

Will the minister confirm that that is the case in terms of the proposals they are putting forward, that there are no new improvements at all for CUPW and, if so, does he think this is a responsible attitude for management to take, and is it likely to head off an anticipated postal strike?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I think that in these conditions the Post Office Department must be responsible enough in such negotiations to take the interests of Canadians as regards the working conditions of its employees. I must say that the working conditions of postal employees can be favourably compared with those of most Canadian workers. I think that we are not ashamed to suggest how the new negotiations should be undertaken. There are four principles, for example, on which we are not prepared to negotiate and I think that Canadians would not accept it, if we did so; among others—

[*English*]

We intend to proceed with technological change. We want to have freedom to contract out some of our work. We want our casual and temporary employees to meet peak demands, and we want to be able to measure quantity and quality of employee output, which we do not have at the moment. The workers previously acquired certain rights and, with those rights, certain responsibilities: we would like to negotiate in that area.

Mr. Broadbent: Mr. Speaker, the minister, in his answer, has confirmed the accusation that was made on the weekend by CUPW. He has, indeed, provided a list of new areas that the Post Office would like to get agreement on; but the minister should know that any trade union representing any body of workers and taking on the points that he has raised would not concede to themselves that these are concessions. What they are saying is that in terms of improvement, as the minister indicated in dealing with that part of my question, there has been no improvement over the existing circumstances; there is no new offer from the government at all: no new offer was made by the Post Office, which seems to confirm the fact that in the last dozen years there have been 18 studies showing the management of the Post Office is at fault. So if he wants to hold off a postal strike in July, surely the government must come up with positive proposals in addition to coming up with some changes that the workers will see are to their advantage.

• (1427)

[*Translation*]

Mr. Lamontagne: Mr. Speaker, since we are now in the process of conciliation, I think it does not rest with me to disclose the terms of the conciliation to the House of Commons. I would like to let the conciliation board perform its work and we will see later on.

* * *

SMALL BUSINESS

ADMINISTRATION OF TRAINEE PROGRAM

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is to the Minister of Employment and Immigration even though it relates to the policy announced by the Minister of State (Small Business) concerning a program of assistance to trainees in small businesses. This program will cost $5,400,-000. I would like to know if the choice of trainees eligible for that assistance will be made by the Department of Employment.

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): What we will probably do, Mr. Speaker, is work in close co-operation with the Minister of State (Small Business); but at the same time, because training and education is in provincial jurisdiction, we will probably have to work under our Adult Occupational Training Act or one of the ongoing programs that we have with the various provinces.

[*Translation*]

Mr. Gauthier (Roberval): Mr. Speaker, I have a supplementary question. Would it be right to say that the public servants in our regional offices are not aware of the existence of that program, as they have stated themselves, and that they do not think they will be able to help those trainees who have already been accepted in small businesses?

[*English*]

Mr. Cullen: Mr. Speaker, I believe the minister announced the program just this past week. I am surprised that has not filtered down to individuals at the level of responsibility for administering it. Most assuredly they are working on the employment tax credit program. This is going well now and there is an opportunity here for the small businessman, in addition to the announcements that my colleague made, to work in that particular arena. There are many opportunities for people who want to become new members of the work force or to take training under the new programs or the old ones under the Adult Occupational Training Act.

* * *

TRANSPORT

INCREASE IN GRAIN ELEVATOR CHARGES

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Transport and concerns the recent announcement by the Canadian Grain Commission of increases in maximum service charges allowed for the grain industry. These changes could generate millions of dollars in new revenue for the grain companies, according to a report in the *Western Producer* of May 11, 1978. The article states that under the provisions, the companies may now levy against producers who deliver to country elevators, 9 per cent. It goes on to say:

Maximum elevation charges at terminal elevators will increase by close to 80 per cent and companies will be able to increase drying charges by 10 per cent.

I would ask the minister, what stand did the government take when the commission sat, relative to this matter? According to the same article in the *Western Producer,* the reason for the increase was that the grain companies needed higher revenues to fund upgrading and expansion of the grain handling system. Would the minister tell the House how much it is estimated will be taken from the farmer during the coming year by reason of these increases? That is the first question.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I should make it clear to the right hon. gentleman that the Grain Commission is the primary responsibility of the Minister of Agriculture although, of course, my interest in it lies in the fact that the Wheat Board and grain farmers are very much affected by any such decision.

● (1432)

The Grain Commission made its decision after hearing representations in public forum from the grain companies about their increased costs and their future financial problems, as well as hearing from others representing farmers and farm organizations. It is important to note that these are maximum rates and that, in fact, the elevator companies have not been charging the maximum in recent time. The question of whether they will now is one involving their relative needs and perhaps the possibility of real competition among the elevator companies in order to keep the rates as low as possible. That is a good thing for the Grain Commission. On the other hand, the elevator companies, including the pools and others, will have to look at their over-all needs and costs to determine what their charges should be.

Mr. Diefenbaker: Mr. Speaker, I would need a microscope to understand that answer.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: These increases will run into many millions of dollars which will come out of the pockets of western farmers in particular who produce wheat. In view of the fact that the reason for the increases is, as already stated, that the companies are allowed to make these maximum charges so that they may be able to upgrade and expand the grain handling system, why should expenditures such as that for the benefit of all of Canada come out of the hide of the western farmers?

Will the minister recommend a suspension for the coming year? In addition, will he give the assurance that expenditures such as those for which this increase is required will come out of the pockets of all Canadians, and not out of the pockets of the western farmer who too often to the hon. gentleman is a forgotten man?

Mr. Lang: Mr. Speaker, the right hon. gentleman refers to these as increases. Again I emphasize, as I did in my earlier answer, that they are increases in the maximums which the elevator companies may charge. The question of what it will cost the farmer really depends on what the individual elevator companies, including the pools and others, decide is required for their own elevator operations, including their elevator construction. That is a simple answer.

It is clear that the costs of upgrading the system, referred to by the right hon. gentleman, are the costs of building new and additional elevators, part of the ongoing elevator system which traditionally, under his regime, as at all times, have been part of the ongoing costs of operating the elevator system. I hope the right hon. gentleman is not trying to mislead the public into thinking that in any way any of these moneys cover the very important injections of cash by the Government of Canada into the rehabilitation and rebuilding of the rail system. That is totally falling upon the Government of Canada, the people of Canada and the taxpayer, and in no way is part of any of these cost increases. I hope he also would agree that this rebuilding program for rail lines is a most important advance and an important contribution by the people of Canada.

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman speaks of misleading. I am not going to try to compete with him in that regard.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I simply ask him this question. What justification is there to take out of the pockets of the western farmer, at a time when the farmer is having great difficulty to carry on, in many cases, more money to fund upgrading and expansion of the grain handling system? Is that not something that should fall on the people of Canada as a whole, and not on the western farmer?

Mr. Lang: Mr. Speaker, again I emphasize that any increase in charges will be an increase by the individual elevator companies including, for instance, the Saskatchewan Wheat Pool. The right hon. gentleman may make his representations to these companies if he thinks they should do with less money than they believe they need for the ongoing maintenance of the elevator system. These costs are designed to cover those very things which have always been covered by the charges of grain companies for grain handling facilities.

The right hon. gentleman made no different policy in that regard while he was prime minister. These things have always been part of the costs covered by the grain companies, and that is the situation today as well. The difference is that unlike the do-nothing approach during his regime, we are now buying hopper cars and rebuilding rail lines.

Mr. Paproski: Chippy!

* * *

FISHERIES

CANADA—U.S. AGREEMENT

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. In view of the fact that no agreement was reached with the United States fisheries officials on Friday, the deadline given by the minister regarding the opening of the Washington coast to Canadian fishermen, will the minister follow through with his threat given in the House on May 8 that "if the American side does not live up to the agreement, the Canadian side would not be bound to it either?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the negotiators met on Friday; they exchanged messages during the weekend, and I met with our team just before coming into the House. The Canadian negotiators will be meeting with the committee of advisers involving fishermen and processors, etc., tomorrow and I will probably also meet with them. We are keeping this matter under constant review, but at the moment I am unable to make a definitive statement on this subject.

Mr. Patterson: Mr. Speaker, I would like to ask the minister how long he expects the Swiftsure Bank to be closed to Canadian fishermen. Will any compensation be forthcoming from the federal government to Canadian fishermen affected by the needless closure of this bank? I would point out that this bank is entirely within Canadian waters, and the United States demanded that it be closed to further fishing despite the fact that Canadian conservationists have stated that it need not be closed.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. gentleman, who is very familiar with these matters, will recognize that the problem of Swiftsure is mainly the interception of salmon either of American origin or heading for American rivers. Obviously, if the temporary agreement cannot be held together and if it cannot survive the present difficulties, then we will obviously reassess that closure.

* * *

AIR TRANSPORT

SUBSIDIES TO EPA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is for the Minister of Transport: it follows on questions put last week by the hon. member for Madawaska-Victoria and the hon. member for Cape Breton-The Sydneys. It concerns the future of Eastern Provincial Airways, the major regional air carrier in Atlantic Canada.

Can the minister tell the House whether he has under review the present subsidy arrangements which appear to be inappropriate and are causing Eastern Provincial Airways to sustain yearly losses and menacing its ability to service Atlantic Canada?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, if the hon. member will refer to the answers given to questions in the House, he will know that we have under consideration and discussion between Transport Canada and the several regional airlines the whole question of the various regional groups and the possibility of acquiring the Dash-7 aircraft and what the potential financial involvement of the government may be in any such solution. We are interested in providing good air service and in helping the regionals to give that service in some circumstances where they may find it difficult to do so on their own.

Mr. MacKay: Mr. Speaker, I appreciate the minister's answer, but could he go a little further and give the House some assurance that he has under immediate review the question of subsidies, which topic he did not answer? Is he also giving consideration to changes in the routes which could be utilized, provided Eastern Provincial Airways were given equitable consideration for the purchase of Dash-7 aircraft, which is something I believe will be of benefit not only to de Havilland corporation but to Eastern Provincial Airways as well? Is he giving consideration to serving the Halifax-Bangor run, something which has been a matter of concern for some time in eastern Canada?

Mr. Lang: Mr. Speaker, obviously, when I referred to the possible involvement of the government, it was very clear that I would include the possibility of subsidies which may be either in relation to the acquiring of aircraft or in relation to ongoing operations. I would not specify that one is better than the other, necessarily. Indeed, I would not say that either of those is necessary. The point of our discussions at this time is to determine whether any such help is required or, instead, whether good utilization of aircraft by a sensible arrangement of routes can provide all that is needed. That is what our discussions are about.

APPLICATION BY EPA FOR INCREASED SUBSIDIES

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my supplementary question is directed to the Minister of Transport. Would the minister advise the House whether Eastern Provincial Airways has recently made application to the department for increased operating subsidies? If so, will these subsidies be used to provide the additional intraAtlantic service which the hon. member was referring to in his question?

● (1442)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, in the course of the discussions we have been having, the airlines, including EPA, have indicated their requirements in their view. We are analysing some of these requirements. We could label it as a request for increase, but we want to be sure of the over-all picture of requirement, knowing how many routes are involved.

I may say, in answer to the earlier question, that while we are looking at specific routes, I would not want, today, to particularly touch on one or another because very often applications to the Canadian Transport Commission are also involved.

* * *

SOCIAL SECURITY

REQUESTED INCREASE IN BENEFITS FOR ELDERLY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is to the Minister of National Health and Welfare. She will not be surprised to learn that it is based on the report on old age insecurity produced a short while ago by the Social Planning Council of metropolitan Toronto. That report emphasized the very large number of senior citizens who are being required to live below the poverty line.

In view of the emphasis on the fact, which the government has not really yet recognized, that most senior citizens live on the pensions they receive and not on other income that the government thinks they may have, and in view of the fact that this parliament seems to be going to last a little while longer so that it can do some important business, can the minister tell us what the government's response will be to this serious situation?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, that is a tough question for a Monday afternoon. It means that if hon. members agree to cut from other programs of my department about $630 million, we can have an income supplementation program for those in need aged 60 to 65. However, no one will want to do that. By answering in that way, I think I am showing the concern we all have with regard to trying to develop programs to meet that need but we are not ready to do so with the actual economic constraints.

In addition, I would like to mention the research work that is being done in evaluating what can be done in rearranging existing provisions like fiscal exemption based on age, which affects older people. I would be very interested in hearing the views of the opposition on that.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I noted the statement by the minister that if we would propose cuts in some other areas, that money could be available. I can tell her that there are places, especially in some other departments, where cuts would be highly desirable.

Mr. Gillies: Name them.

Mr. Knowles (Winnipeg North Centre): National Defence.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): In view of her suggestion that a study is being made of a possible rearrangement of fiscal planning such as income tax credits, may I ask whether a serious attempt will be made to do something in this area in this parliament, bearing in mind it is not just those between 60 and 65 to whom she referred who are in trouble, but all senior citizens, particularly unattached women.

Miss Bégin: Mr. Speaker, the hon. member knows that questions touching fundamental changes in fiscal policy should be directed to the Minister of Finance. He also knows, because I have informed the House on a few occasions, of the research work being done in my department, exploring all tools that can eventually be used for redistribution and income supplementation program development. That, of course, touches upon the fiscal dimension of allowances to older people.

* * *

FINANCE

DISCUSSIONS WITH QUEBEC ON SALES TAX

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance. At his press conference last week, the Prime Minister indicated that he would be willing to meet with the premier of the province of Quebec to try and resolve the sales tax impasse, provided the government of Quebec put forward a proposal for discussion.

Now that the Quebec minister of finance, Mr. Parizeau, has put forward such a proposal, one similar to that put forward earlier in the week by Claude Ryan, the Liberal leader of the province of Quebec, is it the intention of the Prime Minister or the Minister of Finance to modify their rigid position regarding the provincial sales tax and to meet with their counterparts in the province of Quebec to discuss the Parizeau proposal?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the right hon. Prime Minister has repeatedly stated that we were prepared to discuss with the provincial government. This is the first time it gives us any sign of life, and it did so through a press conference rather than through direct channels. We are still willing to meet with its representatives. This is the first time since budget night, that they have given us any sign of life; if they want to meet with us we will wait for their call or their communication. I read, like the hon. member, Mr. Parizeau's position and I am happy to see that people now realize that it was our right and prerogative to act as we did, that is to reduce the federal tax to compensate for the money which Quebec did not want to accept. Whether that would be in 1977 or 1978, as I said two weeks ago, it is a question of terms and we are quite ready to discuss them with anybody. In any event, our intention is to reduce federal income tax for Quebec taxpayers.

[*English*]

Miss MacDonald: Perhaps the minister would use the forum of the House of Commons to indicate whether he would be prepared to meet with his counterpart from the province of Quebec. Since the Parizeau proposal recognizes the provincial right to set its own priorities with regard to reductions in provincial sales tax, has the Minister of Finance contacted any of the provincial ministers of finance, particularly the minister of finance of the province of Manitoba to offer this same course of action rather than the one which was dictated to them on the night the budget was brought down?

Mr. Chrétien: Mr. Speaker, that is a very bad misrepresentation of the situation. For three weeks before the budget I had discussions with the ministers of finance. I told them I would like to hear from them, yes or no, the day of the budget. All of them complied. Every one of them had the plan approved by their own cabinet before calling me back. Only Quebec refused to go along with the gentlemen's agreement whereby we were to be contacted the night of the budget.

As far as talking with Quebec is concerned I said in French a minute ago that I have been waiting since April for the Quebec government to show some compromise. I have made three propositions to them. Never have they made any counter-proposition. All along I have respected the right of the provinces to do what they want in their budgets, just as I have kept the right to do what I want in my budget, and that is to cut federal income tax.

[Miss MacDonald (Kingston and the Islands).]

REQUESTED WITHDRAWAL OF BILL C-56

Mr. Heward Grafftey (Brome-Missisquoi) Mr. Speaker, at the risk of being labelled an unrepentant separatist bent on the whole destruction of my country—

[*Translation*]

—I should like to put a supplementary to the Minister of Finance. In view of the statement Mr. Ryan made last week, and that of Mr. Parizeau over the weekend, and the questions put in the House of Commons this afternoon by the hon. member for Kingston and the Islands, I should like to know whether the Minister of Finance is now willing to withdraw Bill C-56, on the sales tax, for a month, and accept the amendment suggested by the opposition in order to renegotiate a sales tax agreement with the province of Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I can see how embarrassed the hon. member is, since on Thursday last, when the Progressive Conservative party said it was willing to send a cheque directly to the Quebec government, on the very same day the proposal made by Mr. Ryan said nothing of the kind. His proposal was to the effect that we were completely entitled to reduce our income tax, which is what we are now doing. The provincial government is perfectly entitled to do what it wishes with its sales tax, as Quebec did when it acted unilaterally according to its own priorities.

At this point, we want to reduce income tax, as we did in the other provinces; it is strictly a matter of ways of achieving this. But I can understand the embarrassment of the hon. member who made a proposal to the Parti Québécois. He cozied up to that party and on the same day they are told it is no longer a cheque they want, for they are willing to increase their own taxes, and that we have been saying for several weeks.

* * *

● (1452)

[*English*]

PUBLIC SERVICE

ERROR RATE IN CLASSIFICATIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the President of the Treasury Board based on a memo in his department dated November 17, 1977. It reads as follows:

> The recent audit of personnel administration position classifications showed 262 positions of 1,176 positions reviewed were mis-classified, for an error rate of 22 per cent. This situation is serious as the relativity is threatened throughout the PE group if no corrective action is taken. Such action must be effective and immediate if the group is to retain its credibility within the public service.

What effective action has the President of the Treasury Board taken with respect to this very unacceptable situation? I ask this question because apparently many within this group who were overclassified, to the tune of 19.3 per cent, are responsible for classifications in the public service. What action has the minister taken in this regard?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, there will have to be further action taken with respect to the establishment of the accuracy of the figures. I fully agree with the comments of the hon. member as far as they go. We are conscious of this situation. The diagnostic approach to that particular occupational group was the subject of a separate study. The overclassification is approximately as the hon. member has indicated. We want to do what we call a desk audit, which includes interviewing the people concerned, before we take final action in correcting the overclassification.

Mr. Alexander: Mr. Speaker, the only figure the minister questioned is the 19.3 per cent. Is it the intention of the minister to rewrite the standards to make all those who were wrongly classified appear correctly classified? I ask this question because this, as well, is a procedure which is spelled out in the memo, which states:

Phase VI, Implementation of change—amendment of manual as required.

This is supposed to be in effect from May 15 until October 1. Is the minister contemplating rewriting the standards so that what looked bad at one time will now appear to look good? Is this where we are heading?

Mr. Andras: No, Mr. Speaker.

* * *

AIR TRANSPORT

INSURANCE FOR PASSENGERS OF COMMERCIAL CARRIERS

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is directed to the Minister of Transport: it relates to the tragic air crash at Cranbrook, British Columbia, which we were discussing in the House last week.

The Ministry of Transport has regulations in effect which make every commercial air carrier carry insurance on the lives of all passengers. Now that the Cranbrook air crash hearings are over and it is very clear that no passenger was to blame, would the minister follow up the regulations of his department and direct the insurance companies, which have been paid for this insurance, to make payments to all passengers so as to honour their contracts which the passengers paid for when buying their tickets?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would require a legal opinion as to whether the regulations and my powers go as far as the hon. member seems to indicate. I know that the matter is under very serious discussion at the moment among the various parties involved, and I am not at all sure that I have a right to interfere with those discussions at this point in time.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, in view of the minister's statement of government policy that the government has no responsibility to see that its regulations are carried out, I would like to ask a supplementary question. In view of the fact that the lawyers in this case are advocating that the passengers be paid, in order to take the responsibility from the insurance companies, would the minister now reconsider the policy of the government and go back to the original purpose of the policy, which was that the insurance companies should meet their contractual obligations and pay the passengers when death, not negligence, is proved?

Mr. Lang: Mr. Speaker, obviously, I did not say that we had no responsibility with regard to our regulations. There can be no doubt about that. But the question is what those regulations require. That may well raise certain legal questions as to responsibility which are not answered by the existence of the regulations. I must have that legal opinion before I can take any further position.

* * *

HEALTH AND WELFARE

PRESENCE OF SODIUM NITRITE IN BACON—CONNECTION WITH CANCER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of National Health and Welfare. It concerns the recent announcement in the United States that the government there is going to move to lower the amount of sodium nitrite in bacon because of the possible connection of nitrites with cancer in laboratory testing.

I would like to ask the minister whether she is aware of the move in the United States and, if she is, why is the Canadian government not following suit by putting restrictions on the amount of sodium nitrite in bacon in this country?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I did not hear of any recent development in the United States on that question. The Americans do have a different approach from ours, and if the hon. member would permit, I would like to inquire and give a full answer in the coming days.

Mr. Nystrom: Mr. Speaker, the United States will be moving to reduce the amount of sodium nitrite to 120 parts per million by June 15, and to 40 parts per million by next year. Meanwhile, in Canada the legislation allows 150 parts per million. I would like to know whether the minister will undertake to check with her officials to see whether Canadian officials can look into the issue in this country with a view to making the same move the Americans have already made, which is very important.

Miss Bégin: Mr. Speaker, we do not develop Canadian policy simply by copying the moves made by the United States. I would like to stress that, and also to speak of the particularly good work done by the health protection branch of my department. As I said in my first answer, I would want to look at the recent developments in the United States and to see if there is any need for change in Canada.

Business of the House

ENERGY

FUNDING OF MARITIME ENERGY CORPORATION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. I would like to know if there has been a resolution of the previously unresolved question of a federal commitment to the Maritime Energy Corporation in terms of financing and funding. The premiers met in Annapolis Valley over the weekend. They enjoyed the apple blossoms and other natural beauties. I wonder, also, if they have requested a meeting with the minister so that this question can be resolved and so that Fundy tidal power or Pointe le Preau will not be held up?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have not yet received any communication from the premiers asking for a meeting. In reply to the pitch for tourism in the maritime provinces by the hon. member, I would be very pleased, however, to receive an invitation to join them down there and to try to advance the Maritime Energy Corporation and, of course, phase two of the Fundy tidal power project.

Mr. Nowlan: Mr. Speaker, I have a supplementary question for the Minister of Finance. Relatively well-substantiated reports indicate that, while at some time in January the minister made a statement of principle regarding a federal commitment to the funding of this energy corporation, the Department of Finance now feels that this is not the time to make any further financial commitments.

Has this question been resolved between the Department of Finance and the Department of Energy, Mines and Resources so that the premiers can have a meaningful meeting and come here and/or hear from one of the ministers regarding a fundamental commitment along the lines promised by the minister last January?

Mr. Gillespie: Mr. Speaker, the hon. member may be alluding to a press report which I believe was carried in some of the newspapers over the weekend. I have not seen this press report but I have been told about it. I am not sure on what it was based, because the Maritime Energy Corporation is moving forward. The articles of association in principle, in outline terms, were agreed among the three premiers and myself earlier this year. We agreed that we should form the corporation. Once the corporation is formed, then the money can be put in. But I am sure the hon. member would agree that the corporation should not be funded until it is set up.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to raise a point of order with respect to the business of the House concerning an exchange which took place on Friday dealing with the bill which was introduced that day by the Minister of Veterans Affairs, Bill C-58, which would increase pension benefits for veterans.

● (1502)

Just so the government House leader will have an opportunity to consider his position with respect to that bill, I want to inform him that the official opposition would be prepared, if this were acceptable to the government House leader, to allow that bill to proceed through all stages within a period of one hour. If that is not acceptable to the government House leader, let me point out to him that we would be prepared to deal with second reading in very short order this afternoon, or this evening, in order that it could go to the Standing Committee on Veterans Affairs which, I understand, is sitting tomorrow.

In any event, I want to assure him that it is not the intention of the official opposition to impede the proceedings with respect to that bill and the passage of that bill in any way that would impede the House in dealing with the tax bill about which my hon. friend is anxious. I am sure it is important for him to know that it is our intention to allow the government and the House to deal with this bill without in any way impeding the passage of the tax bill.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on the same point of order. May I say that I suggested a couple of times that we could deal with that bill in half an hour, so I am certainly prepared to agree to deal with it in an hour. As the hon. member for Grenville-Carleton (Mr. Baker) has said, perhaps we could put it through all stages at that time, but if there is any desire to send it to the standing committee let us give it second reading soon, because the committee meets tomorrow night. If the government House leader is not prepared to respond in the affirmative on that point right away, perhaps we could have an inter-party discussion about it some time in the next half hour.

Mr. MacEachen: Mr. Speaker, I appreciate the comments that have been made with respect to the veterans legislation. It would be difficult to call the bill today in the absence of the Minister of Veterans Affairs (Mr. MacDonald), but I will be pleased to discuss the matter with my friends in the opposition, and I hope that in dealing with that bill I will be able to secure some understanding on how we can deal with other major measures that I have put before the House with the view to terminating this part of the session by the end of June. I can understand the readiness with which my hon. friends will deal with the veterans legislation, but there is other legislation, including the tax bill, which must be dealt with.

Some hon. Members: Oh, oh!

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 167, 349, 792, 1,279 and 1,307.

[*Text*]

PUBLIC SERVICE EMPLOYEES

Question No. 167—**Mr. Friesen:**

1. What is the average salary level of all employees in the Public Service?

2. What is the average salary level for employees in each Crown corporation?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. The average salary of all active employees in the public service under schedule 1, part 1 of the Public Service Staff Relations Act, as of December 31, 1977 is $14,774.

2. Air Canada, $17,700; Atomic Energy Control Board, $19,506; Atomic Energy of Canada Limited, $17,892; Atlantic Pilotage Authority, $23,022; Canada Deposit Insurance Corporation, $14,000; Canadian Arsenals Limited, $15,968; Canadian Broadcasting Corporation, $17,011; Canadian Film Development Corporation, $14,955; Canadian National Railway, $15,606; Canadian Saltfish Corporation, $16,397; Canadian Wheat Board, $13,094; Cape Breton Development Corporation, $15,560; Central Mortgage and Housing Corporation, $15,656; Crown Assets Disposal Corporation, $14,061; Defence Construction (1951) Ltd., $17,280; Economic Council of Canada, $19,113; Eldorado Nuclear Limited and Eldorado Aviation Limited, $17,275; Export Development Corporation: By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors. Farm Credit Corporation, $17,572; Federal Business Development Bank, $14,262; Freshwater Fish Marketing Corporation, $13,950; Great Lakes Pilotage Authority Ltd., $30,852; Laurentian Pilotage Authority, $18,491; Loto Canada, $16,610; Medical Research Council, $18,200; National Battlefields Commission—Administrative Staff, $14,151; General Labour and Trade, $5.98/hr.; National Capital Commission, $15,061; National Harbours Board, $12,237; National Research Council of Canada, $20,136; Northern Canada Power Commission, $15,510; Northern Transportation Company Limited, $16,400; Pacific Pilotage Authority, $18,561; Petro-Canada, $19,000; Royal Canadian Mint, $14,000; St-Lawrence Seaway Authority, $15,650; Science Council of Canada, $22,000; Seaway International Bridge Corporation Ltd., $15,845; Teleglobe Canada, $16,125.

RCMP

Question No. 349—**Mr. Caouette (Témiscamingue):**

1. Did the RCMP pay witnesses to provide testimony in court cases during the period 1967 to 1977 and, if so, how many?

2. What was the total amount spent by the RCMP on payments for testimony?

3. Were such payments made with the knowledge and consent of the respective Ministers of Justice?

4. Were the presiding judges in the relevant court cases aware that witnesses were being paid by the RCMP to testify?

Hon. J.-J. Blais (Solicitor General): 1. The RCMP does not "pay witnesses to provide testimony in court cases" per se. Witnesses are paid witness fees in accordance with statutory provisions with such payments normally being handled by clerks of the court. On occasion, however, these payments are made by the RCMP and the moneys recouped from the applicable level of government. In exceptional cases, where in the interests of the witness it is deemed necessary to do so, the RCMP has paid for relocation and living expenses in order to protect him and/or his family from recrimination. The RCMP does, of course, pay awards to informants for services rendered in the course of investigations which can and often do culminate in charges being laid. In some cases, although not the usual practice, the informant may be called upon to testify in court.

2, 3 and 4. Not applicable.

Question No. 792—**Mr. Caouette (Témiscamingue):**

1. Does the RCMP relocate its witnesses and is it normal practice to promise them the downpayment on a house and, if so, in what amount?

2. (a) Is it common or normal practice to give witnesses cash to relocate themselves (b) is their safety guaranteed and (i) if so, in what way (ii) if not, is the cash for relocation a payment for services?

Hon. J.-J. Blais (Solicitor General): 1. Yes, on occasion and as required. (a) No. (b) Not applicable.

2. (a) No. (b) Yes, if considered necessary; (i) the procedures taken to ensure safety would be rendered less effective by public disclosure; (ii) not applicable.

PUBLIC WORKS

Question No. 1,279—**Mr. Cossitt:**

1. What amount was spent by the government in each of the past five years for the construction of government owned buildings, structures of any kind whatsoever, highways, etc., in the Province of Quebec and what was the total for the five years?

2. What is the budgeted or estimated amount that will be spent for such things in the fiscal year (a) 1978-79 (b) 1979-80?

3. What was the figure in each of the past five years for buildings, structures of any kind whatsoever, etc., rented by the government on a lease-back basis within the Province of Quebec and what was the total for the past five years?

4. What is the budgeted or estimated amount that will be spent for such things in the fiscal year (a) 1978-79 (b) 1979-80?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): 1. 1973-74, $36,405,000; 1974-75, 55,913,000; 1975-76, 97,695,000; 1976-77, 117,682,000; 1977-78, 173,241,000 (estimated); total, $480,936,000 (estimated).

2. (a) 1978-79 An estimated amount of $190 million will be spent on construction of government owned buildings, structures, highways, bridges, etc. This amount includes all new construction/acquisition costs including consultants costs and the cost of land purchases. (b) 1979-80 Figures not available at present time.

3. Public Works Canada is not involved in lease-back projects in the province of Quebec. The department has two lease purchase projects in the province of Quebec—Les Terrasses de la Chaudière and Place du Centre—and expenditures for these are as follows: Prior to 1976-77, nil; 1976-77, $2 million; 1977-78, $12 million (estimated); Total, $14 million (estimated).

4. The budgeted amount for the above projects for 1978-79 is $35 million; no budget has yet been established for 1979-80.

CHEMICAL WARFARE

Question No. 1,307—**Mr. Jones:**

1. Is the Canadian government aware that the Soviet Union's breeding of killer viruses and microbes, and if so, what are the specific names of these? What are the details of their effects?

2. Is the Canadian government aware that the Soviet Union stocks several kinds of chemical warfare agents, and if so, what do they include? What are the details of their effects?

3. How well prepared is Canada for any serious influx of dangerous diseases? What are the details of our operations in this regard?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Various bacteria and viruses are propagated in specialized laboratories in a number of countries. Some of these agents cause severe and frequently fatal disease in humans, as for example, smallpox (variola virus), viral encephalitis (western equine encephalitis, eastern equine encephalitis, St. Louis encephalitis), plague (Yersinia pestis), and viral hemorrhagic fevers (ebola and marburg viruses). One purpose of such laboratory propagation is in attempts to isolate and identify, from clinical specimens, the causative agent of disease in a human; another reason is for the preparation of the reagents required for the laboratory serological diagnosis of such diseases. We have no information that the Soviet Union is propagating these or similar agents for other purposes. The symptoms of these different diseases are varied but the clinical manifestations of some such as smallpox, viral encephalitis and plague are well known. The hemorrhagic fevers are associated with a variety of symptoms, predominantly severe headache, sore throat, muscle pain and internal bleeding.

2. It is probable that a number of countries have experimented with different kinds of chemical warfare agents. These range from agents such as lacrimators (tear gases), to those causing skin blisters and burns (vesicants), to those causing rapid death (nerve gases based on organo-phosphated).

3. It has been recognized that with increasing international travel there is also an increased risk of importation of dangerous diseases previously unknown in this country. A working party set up by the Department of National Health and Welfare has prepared a Canadian contingency plan for a co-ordinated response to national communicable disease emergencies. It is also known that the control of dangerous imported and domestic diseases depends upon the availability of a laboratory with facilities which permit accurate early diagnosis under conditions which provide maximum protection to the laboratory staff and to the general public and a hospital isolation facility. The federal government is committed to the construction of such a hospital isolation unit and a maximum security laboratory. In addition, there is extensive contact between federal and provincial governments to assure the required acquisition of associated portable isolation equipment.

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[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 751 could be made an order for return, this return would be tabled immediately.

[*Text*]

PUBLIC WORKS

Question No. 751—**Mr. Howie:**

Since January 1, 1977, what amount was spent on interior landscaping by the Department of Public Works and on what projects?

Return tabled.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Friday, May 26, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. Jake Epp (Provencher): Mr. Speaker, in its editorial on May 20 the Winnipeg *Free Press* said the following of the federal budget:

It is now starkly clear that the federal government has bungled the sales tax announced in the April 10 budget.

That editorial comment is not exclusive to the Winnipeg *Free Press* or is it a viewpoint exclusive to western Canada. That viewpoint is one that is generally held by Canadians who have studied the debacle which has resulted from the April 10 budget, and the only defenders of the position and the counter-

positions taken by the federal government have been the Minister of Finance (Mr. Chrétien) and his government.

It has become clear that the budget was rushed. Now the government, I think quite justifiably, might say that the opposition and the various critics asked for a budget especially in view of the fact that we were approaching a spring or early summer election, and in order to overcome the fact that there was no economic package on the order paper the government came forward with a budget. I, as one member of the House, do not criticize that fact, but I believe that the government, in attempting to bring in the budget and to keep its options open so that an election could be called by the Prime Minister (Mr. Trudeau) by the end of June or the beginning of July, looked upon the budget as election bait. The Minister of Finance has gone to great lengths to explain that the budget was a responsible budget and that he had avoided the obvious attempt which might have been made to bring in election goodies on the eve of the calling of a federal election.

When one looks at the budget, and the machinations of the government subsequent to bringing in the budget, one comes to the conclusion that in fact it was election bait. I do not think so only because of the Quebec situation. I say that because of what happened in the province of Manitoba and also in the province of B.C. A point that has been lost in the public debate is that the province of Manitoba had scheduled its budget for the evening of April 10. Because of the time zone in which Manitoba finds itself, that province is one hour behind Ottawa, and the minister of finance of Manitoba when he was rising to make his budget address was not 100 per cent certain that the proposal which had been made to him by the federal finance minister was going to appear in the federal budget. Obviously, the tax room, and the economic activity which is generated in Manitoba with its population of one million people, must be husbanded very carefully by the minister of finance of that province. So when he rose to his feet in the Manitoba legislature that evening he was not 100 per cent sure how his budget would be affected by the federal budget, and I will speak about that a little later.

Things have gone so badly since the April 10 budget that the following article appeared in the Montreal *Star* of Wednesday, May 17, written by W. A. Wilson. I understand that in the past Mr. Wilson has written some favourable comments about the Liberal government. He wrote:

Mr. Chrétien goes from political naïvete to inconsistency. This has become theatre of the absurd.

I imagine that a fair amount of theatre always surrounds the House of Commons, but I suggest the Minister of Finance has taken the leading role and he is probably waiting for an Oscar award for the role he has played in further dividing this country.

There are positive points in this budget, and I want to mention some of them. One is the matter of capital gains. Let us go back to the budget of March, 1977. After representations from both sides of the House, and from farm groups and organizations concerned with small business in Canada, pressure was applied on the government to remove the capital gains tax so that when a farm or small business is sold, the money could be rolled over for the purchase of a larger unit, either a farming unit or a small business.

● (1512)

After listening to the former minister of finance, who was gone to his just reward in Toronto, at the time of the March, 1977, budget we came away with the understanding that what had been proposed was that a farmer could sell his farm and roll over the return of that farm into a larger unit and not pay capital gains. In fact he would be deferring capital gains until such time as that farm would be disposed of ultimately by him or his heirs. During the debate on the March, 1977, budget, at no time was it suggested that it was in any way different than I have just explained.

Then what happened? A regulation was drafted in the Department of National Revenue. It was approved by the only member which Manitoba had in the cabinet, who also went to his reward. The drafted regulation in fact made an absolute mess of the proposal. What the regulation said was this: for example, if a farmer was selling his dairy operation and buying a grain farm with the proceeds from that sale, in fact he was not involved in the same farming operation any longer.

Anyone who has lived on a farm, or anyone who represents a rural riding, especially those with mixed farming backgrounds, knows that farmers might sell their egg operations and buy more land with the proceeds. This government, in its wisdom, and to make sure no Canadian makes a profit from the farmers' hard work, brought in the regulation. The hon. member for Battle River (Mr. Malone) brought cases to the attention of the government, as well as myself. Those cases involved farmers who had sold their farms, bought larger units, and were assessed for capital gains. The government has a total and absolute misunderstanding of the farming community.

Thank goodness we now see the March, 1977, budget reflected in the April, 1978, budget in the manner in which it was presented a year ago. That is a breakthrough. Why it had to take another year I do not know. I implore the government to inform those farmers and small businessmen, who were assessed capital gains during the intervening months, that those capital gains will not be assessed.

Another positive proposal in the budget is in the area of research and development. Research and development have been a pet project of mine in the House for some time. I have talked about the tantalum mine in eastern Manitoba where tantalum, lithium and cesium are located. In fact the largest known supply of cesium is located there. A week or ten days ago the major shareholders in that mine sold their shares to Hudson Bay Mining and Smelting. Hudson Bay Mining and Smelting is a corporate citizen in Manitoba which we all respect. Its history in that province is a long standing one. Its corporate awareness of the needs and the services provided to people in its employ is second to none.

Hudson Bay Mining and Smelting has now bought that mine, and that sale must go before FIRA. I will be making

representations this week to that agency in the hope that it will approve the sale and transfer of those shares. When the former minister of mines and resources in Manitoba, the honourable Sid Green, heard about Hudson Bay Mining and Smelting purchasing this mine, becoming involved in its operations, and creating new jobs, he said that the minute the NDP came back into power in Manitoba it would be nationalized.

We have the example of the potash industry in Saskatchewan and the flight of capital which resulted there. Frankly, we are deeply concerned that outbursts such as that should not affect us adversely, that the mine will operate once again, and that employment will be forthcoming. The Cesium operation needs much more than research and development.

The focal point of the budget is the federal government's proposal for reducing provincial sales tax and reimbursing the provinces for their lost revenues during that period of time. As every hon. member knows, generally the proposal was a 2 per cent reduction, to be reimbursed by the federal government, contingent upon the proviso that the provinces would reduce their sales tax by an additional 1 per cent for six months. This was modified in Saskatchewan and British Columbia to a 2 per cent over-all sales tax reduction which extended over a period of nine months rather than six months.

An interesting thing developed with this plan. Manitoba proposed to reduce its sales tax by 2 per cent. Then it would take an additional 1 per cent, which would amount to between $20 million and $21 million, and use that amount of revenue for the creation of direct jobs. That province has been greatly concerned, as a change of administration took place, about getting the productive capacity of Manitoba moving once again, bringing about the encouragement of industry and permanent job creation. As everyone knows, that 1 per cent was totally provincial revenue. It was a provincial contribution. There was to be no reimbursement from the federal government.

Last week the hon. member for Kingston and the Islands (Miss MacDonald) and myself directed questions to the Minister of Finance. We found out that the Minister of Finance accepted a number of counter proposals from various provinces, and at least asked the other partners in Confederation whether these counter proposals would be acceptable. What did he do with Manitoba? He rejected it out of hand. This program was totally provincially funded. It was a program for job creation. Every person, regardless of political stripe, would admit that program was totally within provincial jurisdiction. He rejected it out of hand. He did not even have the decency to ask the other partners in Confederation whether that program would be acceptable.

Obviously the first difficulty is the encroachment on provincial jurisdiction. The hon. member for Kingston and the Islands brought this point out clearly in the House. I do not believe it is necessary for me to repeat it, even though with this government perhaps I should change that view. The encroachment on provincial jurisdiction is another step toward dismantling Confederation as we know it. It was a blackmail of the provinces, especially the province of Manitoba which has only one million people. Manitoba is attempting to regenerate growth and investment confidence. This was a serious blow. If Manitoba, for example, did not accept the proposal, the taxpayers of that province would have been put in a position where they would have been paying federal taxes to reimburse other provinces for the proposal. I have referred to the taxpayers of Manitoba. I do not make a distinction between federal and provincial taxpayers because they are the same persons.

The Minister of Finance knew he had the provincial governments over the proverbial barrel. The proposal did not treat the provinces equally. I have already said that he rejected the Manitoba proposal out of hand. The Alberta case has been well documented, and I do not have to speak for the Alberta members here. They have done an excellent job of representing the wishes of their province, even though I must admit, after hearing the Minister of Industry, Trade and Commerce (Mr. Horner) last week, I am not so sure any more.

● (1522)

Alberta went along with the proposal as long as it was a provincial sales tax rebate proposal. In the negotiations between the federal government and the government of Quebec this became a federal income tax rebate proposal. What is the difference between an Albertan and a Quebecer who are earning the same amount of money, have the same expenses, and the same needs to provide for and educate their families? Why should the Alberta family not get the same benefits? I do not see any reason why the Alberta family with the same income and needs should not be equally entitled to the rebate which the Quebec family will receive.

The Minister of Industry, Trade and Commerce attempted to defend the proposal in the House last week. He mentioned, for example, that other provinces had much higher tax rates than does the province of Alberta. In fact he pointed out that Alberta's provincial income tax rate was only 38 per cent of the federal rate, which is less than in other provinces. The only conclusion I can draw from his speech, and Albertans will, I am sure, correct me if I am wrong, is that Albertans can in fact afford to pay more. He was putting forward the proposition that they were not paying their equal share.

I understand, after speaking with Albertans, that there is a former member of this House who went to his reward in the other place. For a while he was the minister of agriculture for the Trudeau administration. He said to Albertans, before he crossed the floor, that he was going to Ottawa to present Alberta problems to the federal government. Before long he was not presenting Alberta problems to the federal government, but rather he was going back to Alberta telling Albertans how good the federal government was for them. Being the shrewd people they are, Albertans did not buy that and did not elect any Liberals. This gentleman, of whom I speak, received his reward in that other place.

What is needed in the budget is a return to an equitable position for all Canadians. Just to illustrate the inequity which has in fact taken place on an individual basis, the budget presented on April 10 would allow someone who was resident

in the province of Quebec in 1977 a federal income tax rebate of $85 maximum, providing he paid income tax. If that person had moved to another province in 1978 he would also receive the benefit of the 3 per cent sales tax reduction in the province to which he or she had moved. However, the Albertan who might have moved since 1977 to the province of Quebec would not get the benefit of that rebate. That is just one of the inequities, and there are others.

I have already pointed out that everyone in Alberta is not rich. Not everyone in Alberta has an oil well in their backyard next to the swimming pool. That is just not realistic. They are ordinary Canadians like the rest of us. The Minister of Finance has created a special status for some people, and once you give special status to any group you give less than equal status to someone else.

Let me return to the Manitoba situation by reading from the budget statement of the hon. Don Craik. It was made approximately one hour after the federal budget was brought down in Ottawa. Perhaps this will clarify some of the questions in relation to consultation. Mr. Craik stated:

> It has been barely two weeks since the provinces were first advised that the federal government might be prepared to underwrite a portion of a provincial sales tax reduction . . . and confirmation that the plan would proceed only came late last week. As members will appreciate, negotiations were quite intense during that period, and, in fact, further discussions will have to take place to resolve a number of outstanding details. We would have preferred more time to negotiate possible variations in the size, term and selective application of the abatement.

I think that is very clear, and it comes from a province that accepted the proposal.

This is a federal country, a partnership of equals, so let us begin treating them like equals and not like individuals we can browbeat, blackmail, and put over the proverbial barrel. This type of victory is a hollow paper tiger, but the losers are the Canadian people.

What should have been in the budget? I for one would favour tax cuts, and in that sense I think the Minister of Finance took the right approach. However, in our tax cuts we must provide more room for the provinces. This would not be a dismantling of central government. Some critic of that statement might immediately suggest that we are trying to dismantle the central authority, but that is not what I am suggesting.

In my brief experience in municipal affairs I discovered that municipalities are being required to deliver more and more services to the local residents within their jurisdictions, but they do not have the ability to increase land taxes because such increases add to the cost of housing and the cost of doing business, so that enterprises become non-competitive. Municipalities receive per capita grants in aid from the provinces. The provincial governments have been strapped in respect of getting sufficient revenue to pass on to the municipalities while at the same time carrying on the provincial obligations of each province. What is needed is more tax room available to the provinces in order that money can be spent for projects of local concern.

One of our difficulties today stems from the fact that the average taxpayer does not identify with some of the grandiose programs that emanate from Ottawa. However, he does identify with local projects that improve the quality of life.

What has happened in the last ten years is that both the provinces and the municipalities have not had the tax room in which to provide and deliver services needed locally. The budget did not do anything to address itself to the deficit. This year the government projects a deficit of $11.5 billion, to be added to the deficit of roughly $8.5 billion of a year ago.

● (1532)

The federal government has said that it will reimburse the provinces with the lost revenue they would have received if the sales tax proposal had not taken effect. The fallacy here is that in dividing taxpayers into provincial taxpayers and federal taxpayers, when I pay my federal taxes the province does not say to me, "Look, you have already paid your federal taxes, you do not have to pay your provincial taxes." Municipalities also want their share, and here we are speaking about the same taxpayer.

If the federal government had reduced its amount of spending by the total amount of money it was reimbursing to the provinces, the program would have had more credibility. I notice that the parliamentary secretary thinks that that is passing strange, and in fact he thinks it is funny. However, we cannot continue with the amount of deficit spending this government is piling upon future generations. It cannot continue, because the cost of servicing the debt is becoming a major component in our federal public spending.

The nature of the beast is that governments do not want to cut back for they fear the wrath of the taxpayer. But what is our alternative? We can go back to the money markets and obtain money through foreign borrowing, which in turn increases the amount of servicing the debt, thus putting additional pressure on the dollar. This is where we are right now, and every Canadian is paying for the legacy of this government at this point in time.

I say to the government: rhetoric is no longer needed, show us action. Where is the government willing to cut back, or does it suggest that an $11.5 billion deficit for this year, on top of an $8.5 billion deficit last year, is keeping a good account of Canada's fiscal position? For too long the federal government has thought that it could spend money ad infinitum and reap the rewards politically. Now Canadians, not the government, are reaping the results of a government that has never put its financial house in order.

A lot of words have poured forth about the tax proposals in this budget, but there is another area of federal intrusion into provincial jurisdiction, and I would like to mention that briefly. That is the carrot in federal-provincial relations or negotiations, which has been that when the federal government puts forth a proposal to the provinces, the provinces can not reject it because the government is going to pay half the cost, or what is sometimes described as "the province is only going to pay 50 cent dollars." If one uses that criterion, then the proposal of the Minister of Finance is even better for the western provinces because he is giving 66 2/3-cent dollars instead of the

traditional 50-cent dollar. In the Atlantic provinces, of course, it is a 100 per cent rebate.

What this situation has done is to allow the federal government further encroachment into the provincial field, because the provinces first have to meet priorities established by the federal government, and only after that can they consider their own. I ask the government today, whatever happened to cooperative federalism? Was it also just a myth?

Another situation that happens is that when the federal government has established a cost sharing plan, as we are seeing now, for instance, in medicare and post-secondary education, the federal government either threatens or, in fact, does cap the federal contribution, that is, it places a limit on the amount it will contribute. In speaking about the delivery of health care services or education, the ultimate bodies responsible are the provinces. They have made plans and given commitments on the basis of federal involvement, and when the federal government caps a program or threatens withdrawal, the provinces receive the political reaction. As I have already mentioned, the provinces have too little tax room in which to operate, and this is simply another intrusion into provincial jurisdictions.

There has been one other attitude to come forward in the debate on Bill C-56. I am speaking as an individual Canadian, but I hope my view is shared by many Canadians, and it refers to the term which the Prime Minister used in answering questions in this House. The Prime Minister used the phrase "the Canadian common market". I moved a motion under the terms of Standing Order 43 in which I pointed out that Canada is not a common market but a united country, with a national government for all Canadians, with ten equal provincial partners. It has been a partnership since the day the Fathers of Confederation formed and founded this country. In fact their negotiations would never have come to fruition had it been anything less. Anyone who has studied Canadian history can see, jumping at them from out of those pages of history, the attitude of the Fathers of Confederation to bring about a country based on cooperation and equal partnership. This is much more so than in the history of the United States.

My motion read:

> That this House affirm that Canada is a federal state comprising of a national government for all Canadians and ten equal provincial partners.

The response, Mr. Speaker, which I thought would be an obvious, resounding yes in affirmation of ourselves, was a meek and lonely no from the government benches. A common market is an association of sovereign states which have joined together for reasons of trade or whatever to advance their common cause. The fact must be stressed that they remain as sovereign states, and the European Common Market is such an example. The provinces are not sovereign states, but equal partners in this federal Confederation making up our country. I hope that the Prime Minister will clarify that statement and, if unity is to prevail in this country, that he will cease and desist from using that phrase. I hope also that the Prime Minister will take my plea to heart.

[Mr. Epp.]

• (1542)

Lastly, the budget of April 10 brought out one other factor, and that is that when the Prime Minister, his cabinet, and supporters have no other argument, they wrap themselves in the Canadian flag and say that if we disagree with them we are against unity. Are the views of the Prime Minister—especially when he says we are a common market—the views that are to prevail? If we disagree, does that mean we are not Canadians? Just think of it, Mr. Speaker—if we do not agree with the government suddenly we become Canadians with dubious credentials.

When all is said and done the legacy of the budget of April 10 will not be the sales tax and who got what from whom; it will be that we had an inflexible federal government that rammed its way through, rather than a government interested in maintaining the unity of this country and building up its economic fibre.

Some hon. Members: Hear, hear!

Mr. Peter Stollery (Spadina): Mr. Speaker, I would just like to point out to my friend, the hon. member from Provencher (Mr. Epp), that I was a little late in arriving and so did not catch the beginning of his speech, but I understand that he quoted rather selectively from the Winnipeg *Free Press*. When that was brought to my attention I said that my friend from Provencher would not do a thing like that.

As I listened to his speech, however, I heard him explain that he was in favour of tax cuts and that if he were putting a budget together he would cut taxes. But then he said he opposed any form of deficit. It was as though he felt that a tax cut did not actually represent a cost to the treasury. He went on to say that the provinces have less room fiscally, yet we know that between them the provinces and the municipalities represent 60 per cent of the tax base in Canada.

I still thought the hon. member would not distort what appeared in the Winnipeg *Free Press*, but then he went on to explain about the federal-provincial partnership that was developed in 1867. I would recommend to my hon. friend that he read the Confederation debates that took place in Quebec city in 1865. They would give him a broader grasp of the concept of 1867. Hon. members from Upper Canada and Lower Canada debated long and hard, and I think the hon. member for Provencher would learn a great deal if he took the time to read this little volume put out by the New Canadian Library, published by McClelland and Stewart in Toronto.

At any rate, he was quoting somewhat selectively from the Winnipeg *Free Press* which, I understand, has taken a rather strong position in support of the government and recommends that we not make any more concessions on the sales tax question to Quebec or any other province. I believe three or four provinces are involved at this point.

It is a curious thing that in this Chamber as soon as you touch a raw nerve you get a reaction from the other side. They do not want to hear anything that might remotely resemble

facts, but as long as you go off on a fictional tangent they will listen.

I should now like to make a few brief comments about the positive proposals in the budget as set out in the bill. I think it is important to explain to Canadians what is being done and what problem is being attacked by the budget measure to decrease sales tax. I often think that we are rather cut off from the rest of Canada as we sit here in Ottawa, particularly the manufacturing areas of Canada. Some hon. members are not as familiar with the manufacturing sector as those of us who come from central Canada and areas like Toronto which has a very active, efficient, and competitive manufacturing sector.

After World War II you could sell anything you could make. Now that the third world countries such as Taiwan, Korea, and Singapore have entered the market, with between one and two billion new industrial workers since 1965, our manufacturing sector finds itself in some difficulty. Of course the problem is not unique to Canada.

I always enjoy listening to members tell about the highly efficient performance of West Germany's industry. Statistics show, however, that since 1970 there is one per cent less people working in that fabulous economy. That is because they face the same difficulties that beset all the countries that developed the older manufacturing sectors, such as textiles.

I read an interesting item at the week end about the zipper market and its complexities. The Japanese have built about 400 zipper factories which now compete with the United States, as the zippers are sold there and not in Japan. The United States is trying to get the Japanese zipper manufacturers to accept voluntary controls, because if the Americans impose some kind of tariff or restraint on Japanese zippers it would also affect the Canadian manufacturers who export specialty zippers to the United States. To add another complication, the United States actually sells us more zippers in dollar terms than we sell to them. That is the kind of thing that the opposition not only over simplifies but sometimes does not even understand.

If we take steps to restrain trade in one area, it will affect trade in another area. Our representatives sit around, as they are doing in Geneva for most of this year, trying to work out this very complicated business. Just think of the complexities involved in such a small area of manufacturing as zippers when Japan has over 400 factories that sell only to the United States.

● (1552)

The Minister of Finance (Mr. Chrétien) has been trying to solve one of our problems in Canada which we always face. It concerns economies of scale. Here we are in a country that has a small population in terms of density. In southern British Columbia, southern Ontario and southern Quebec, where there is the greatest density, we have to develop a manufacturing sector which can compete with countries such as Japan which not only has a large population, but has traditionally sold to South America, as well as the Far East. These countries have tremendous advantages over us in economies of scale; countries like Japan, the U.S., Germany, etc.

I was talking to one of my constituents the other day who works in a factory making steel pipe in Toronto. We were discussing the fact that we import different kinds of pipe and yet we only export two kinds of pipe. He explained to me the reason that we do not make 30 different kinds of steel pipe with certain stress characteristics is because we do not have a market for these 30 different sizes of steel pipe with certain stress factors so we make two kinds of steel pipe, and we undercut the opposition outside of Canada. We have a large export market in that particular type of pipe because we have a use for it in Canada and we have developed the expertise. If we try to manufacture 30 different types of steel pipe, with various stress factors, all of them will suffer and all of them will lose money. That particular sector that we have developed and are competitive in will just go down the drain, as well as the jobs that go with it. What do we have to do? We have tried a variety of things over the last year.

The hon. member for Provencher spoke previously about tax cuts. Not just my friend from Provencher but other hon. members in this House talk about tax cuts every three months or so. As soon as we have any tax cuts the opposition tell us that we have created too much of a deficit. If we do not have any tax cuts we are told there are no tax cuts, so therefore the government is no good. Whatever happens, the government is wrong.

An hon. Member: Right on.

Mr. Stollery: That is one of the great things about a democracy. Of course those members conveniently do not mention the fact that with a small population and tremendous obstacles, under this government our country has developed into one of the very sophisticated manufacturing economies in the world. That is the phenomenal thing. Canada's achievements with its small population and the difficulties of transportation; sending goods across an empty country; distances as far as from here to Europe—it's a Canadian miracle.

Then we turn to job creation. Imagine a country like Canada, with all of these problems, and yet for every year for the past ten years, except one I believe, we created more jobs in Canada than any country in the western world.

Some hon. Members: Hear, hear!

Mr. Stollery: That is an achievement. It is not something which should be treated as insignificant and that it does not matter. It is a positive thing.

The kinds of remarks we hear from across the way only cause Canadians to lose confidence in themselves. That is probably our national problem. We lose confidence in ourselves in spite of the fact that we do so well. We have two languages and, with all of the complexities hon. members on the other side would not understand—

Mr. Alexander: Go back to Toronto.

Mr. Stollery: —we have these achievements. I do not mind going back to Toronto. I like Toronto. It is a terrific place. I would rather be there right now than here.

Mr. Alexander: We will fix that up.

Mr. Stollery: I am trying to explain a few things to you that you obviously do not understand. We all know about Hamilton. Most of us would rather be home on this side than here in this House. But we have business to do, and so we are here.

As I say, we have the difficulties of trying to shift some of our manufacturing emphasis into the high technology area.

Over the past two or three budgets, ministers of finance have made tax cuts. I forget myself just exactly what they are and I have to look through the statistics to see how many tax cuts there have been. When the former member for Rosedale was minister of finance I believe there was $1 billion in economic stimulus given to business and consumers. Then there was another $1 billion given in additional purchasing power provided by the automatic indexing of family allowances and income tax and other social assistance measures, at the beginning of 1977. Automatic indexing did the same thing this year in January, and that was in excess of $1 billion, I believe. Right after the new year, when I was trying to get information from the Department of National Revenue on the base rates for 1978, they were not calculated at that time. They have to do their computation of the indexing and it takes them some time to do that.

In 1977 there was another $1 billion which went to consumers in the form of personal income tax, of up to $100 for low and middle income tax payers. This was directed to consumers in January and February, the most difficult months. It took the government five weeks to get that bill through parliament because of the opposition and filibustering that went on. I believe we have to apply time limits in order to give people $100 tax cuts—

An hon. Member: Same old speech.

Mr. Stollery: Here we have an hon. member saying we should have tax cuts. When we do propose tax cuts, there is a filibuster. When we propose sales tax cuts, there is a filibuster. This is the sort of so-called responsible opposition. Every time something is attempted to be done for the citizens of the country which is positive and will assist the economy, there is a filibuster. That is the opposition's set response around here.

Some hon. Members: Shame!

An hon. Member: You are misleading the Canadian people. You are less than honest.

Mr. Stollery: This is the way they carry on.

I would like to talk about the research and development aspect which is addressed in this bill and in this budget. Sometimes Canadians say that we are not doing any research and development. The first Canadair jet rolled off the assembly line last week. We sold 110 of those before the first one even came off the assembly line. This involved the highest technology there is, aerospace technology. It created 4,000 jobs. In spite of this, some Canadians say we are not doing enough research and development. And this is a government owned operation, as my friends explain.

● (1602)

We really have quite a large research and development sector in this country, despite the extraordinary problems this country faces with two languages, tremendous distances, and a small population. We are not only into the manufacturing high technology sector. A few moments ago, I spoke of economies of scale. If you have economies of scale and a large base, you dispense with a great many of the problems we have in Canada.

In the areas of fisheries, we are a world leader in technology and scientific research. As the Minister of Agriculture (Mr. Whelan) pointed out when he made his speech on the budget, we are a world leader in agricultural research. I see the hon. member here who represents Guelph. The Guelph agricultural school is renowned for its agricultural research, having developed famous strains of wheat. I am not a specialist in agriculture. However, when I was a child I remember hearing about No. 1 winter wheat being developed in Canada in order to extend the growing season in the northern latitudes of this country. I did not want that to go by without comment.

As I stated earlier, the Minister of Finance has tried several ways to get Canadians to part with their cash. He has been modestly successful. Bank savings have never been so high. One problem with tax cuts is that instead of spending the money and thereby encouraging demand, some people have the tendency to put that money in the bank.

The average Canadian understands that various ways have been tried. There have been tax cuts which give Canadians a greater take home pay. In this regard, from 1968 to 1976, personal income in this country, that is to say wages, salaries, fringe benefits, pensions, investment incomes and so on, increased by 72.6 per cent, including inflation. There was a 72.6 per cent increase in personal average income.

Mr. Peters: For those who work.

Mr. Stollery: That is an across-the-board figure taking all factors into consideration, including unemployment. Average family income in Canada went from $7,688 in 1969 to $19,110 in 1976, a true increase of 35.2 per cent, including inflation. That takes in all of the members of the family.

Personal disposable income per capita advanced at an average rate of 13 per cent per year from 1970 to 1976. That is a rather enviable record in a time of severe economic world difficulties with the new industrial workers, the energy question, and the food shortages of the early seventies.

I remember listening to the Prime Minister of Jamaica, Mr. Manley, when he was addressing a group of Jamaican Canadians in Toronto. He stated that Canadians were upset about energy costs. He told them that about 1973, every time he

went to bed at night, the price of wheat increased another few cents a bushel before he woke up in the morning. The price of bread increased in a country that has very little hard currency and is not able to grow wheat. Those are the kinds of problems that have overtaken the world. Therefore the figures I have quoted speak well of Canada over the past decade.

Canadians are putting money in the bank. Canadian bank accounts have never been so high. Therefore the Minister of Finance has tried the tack of making goods cheaper. By cutting the sales tax a couple of percentage points he felt that Canadians would be encouraged to buy more.

With ten provinces and ten provincial governments, we have many difficulties in this country. The provincial governments are not elected to take on the federal government. However, after being elected, they somehow adopt a mantle never given to them. Therefore, the Minister of Finance courageously—

Mr. Alexander: Leave that word out.

Mr. Stollery: —courageously decided to make goods cheaper for the constituents of the hon. member for Hamilton West (Mr. Alexander). The hon. member may be opposed to that, but the Ontario minister of finance is one of those who proposed it. Therefore, I do not know why he is complaining. If the hon. member wants goods to be 2 per cent or 3 per cent cheaper in Ontario, he had better think again about that. When buying a shirt or the various other goods they buy, hopefully my constituents will get them a little cheaper. I hope they will benefit by this courageous move by the Minister of Finance.

If I have a reservation, it is in the manufacturing sector. There have been different incentives. More money is available for research and development. There have been sales tax cuts as well as personal tax cuts. The announcement this past week to reduce the difficulties with regard to the capital gains tax on family businesses being passed on to the second generation is another incentive.

All of these are positive moves and should assist the manufacturing sector, the medium sized businesses and small businesses. I do not know how small is small any more. It is difficult to define.

Management now has a responsibility. A year ago some corporate tax cuts were announced. I hope that management puts these incentives to good use. I hope they are not used as an excuse to be inefficient, to not go ahead and look for areas in which they can be more competitive.

In Toronto we have a very aggressive small manufacturing sector which manufactures neckties, sportshirts and items like that. They usually are made in small quantities, and in the Spadina district, which I have the honour to represent, this is an extremely efficient business. It does well. It has adapted when it has had to.

● (1612)

I often wonder about the shoe business. People talk about the problems of the shoe business, and there are problems. On the other hand, I see signs advertising Roots shoes. I know very little about shoes, but I understand that the Roots Company was developed by young Toronto entrepreneurs. That company is not closing up. It seems to be opening new stores. If I am not mistaken, I think it has a store in New York.

I am concerned, however, because the management of business does not take some of the steps it should be taking. Management has a practice of starting a business and taking an unduly high salary, instead of putting more money into market research where it should be going. I have seen this happen time and time again.

My family in Toronto has been very successful in small business, but not by taking large salaries. I think we operated for 70 years. We weathered two depressions. The depression of 1922 was the one which really hit small business in this country. There was the depression in the thirties. My family was successful because it did not take too much out of the company. We did not form associations to restrict competition and trade. I have seen much of that in Canada. Instead of looking into market research individually and finding out how better to compete, companies spend too much time forming associations. Then, of course, they complain when the inevitable disaster overtakes them. However, the inevitable disaster does not overtake a business which takes proper steps.

I would like to finish by suggesting that when hon. members opposite go to Toronto, they should go to the industrial areas of North York and Mississauga. In those places they will see hundreds of small manufacturing and warehousing companies which are doing well. Seeing that makes one feel good. The trouble with hon. members opposite is that they spend too much time in the editorial offices of the Toronto *Star*. All they see there is Lake Ontario. Fellows, that is not the city; you have to look the other way.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was not sure I would be speaking until the hon. member who just spoke made a number of comments. I do not want to participate along the same line as that used by many others because I think that problem will iron itself out. It was touched on briefly by the hon. member for Spadina (Mr. Stollery). The problem I refer to is the sales tax argument between Quebec and the federal government. There will probably be an argument put up by some of the other provinces which did not realize that there was a possibility of negotiation. They are now learning about that. That problem will be solved, but it is one of the problems we have in this country.

Many of us sometimes think of the infallibility of the Liberal party in the province of Quebec. The Liberals were of the opinion that they would win a large number of seats in that province. I am sure most people did not think the Liberals could screw that up, but the Minister of Finance (Mr. Chrétien) has gone a long way toward that, and now we have all the provincial parties in the province of Quebec on one side, and the federal government on the other. It reminds me very much of the days of Duplessis. Mr. Duplessis was in power for a long time, and he was very successful. I suppose most of us agree that this kind of bickering between the federal and provincial

governments, and between the federal government and the people of the provinces, is not to our advantage because all it does is aggravate the problems we are facing.

When discussing Bill C-56 we should be concentrating on what we can do to end the problems we have. When the hon. member for Spadina spoke he, like many others, spoke about how good things are. Hon. members opposite never talk about the one million who are unemployed. They talk about the people who have been added to the work force. Canada is growing. It has not reached a zero population growth yet, so I presume the number joining the work force will continue to increase each year. Perhaps Quebec has a negative population growth, but that is not true of the country in general, and I think anyone can use figures to show that things are good.

The hon. member for Spadina also said that we have increased returns to the individual, but he did not mention that we have a 12 per cent per annum increase in the cost of living. For probably the last ten years that has been the rate. That makes an increase of 120 per cent, so it is to be expected that people will need more money to make ends meet. Even people on welfare need more money. Our unemployment rate is considerably higher than our welfare rate was ten years ago, but all that is really not important. What is important is that we are in serious trouble, and things are not getting any better. They are getting worse.

I will soon be facing my ninth election, and in all my years here I have never experienced the build-up to an election we saw this year. It was engineered with all the finesse the backroom boys could muster. Everything was built up, and then all of a sudden the polls said "no dice". The polls said that the Liberals could not win. Being an animal of power, the Liberal party decided not to go, and everything has been geared down. Perhaps this House should have been geared down. Perhaps we should have taken a recess and started fresh on a new session. However, that did not happen. The Gallup poll found out what many members of parliament already knew, that the country was in serious difficulty.

The average person feels offended and insecure when he finds himself out of a job, and when he finds his neighbour and two or three others on his street looking for work which is not available. When his children are educated and try to enter the labour force but cannot get jobs, the average person feels insecure.

I think one of the things which really upset the Canadian taxpayer was that the government decided to let our money find its own level in relation to United States currency. As the American dollar dropped—which it did drastically in relation to international currencies—the Canadian dollar dropped along with it. Then suddenly the Canadian dollar started dropping even lower than the American dollar. The government did the same stupid thing the Diefenbaker regime did a number of years ago. It started putting out money in dribs and drabs. Most of the people who had that experience were aware of the fact that the problem of the falling dollar cannot be solved by investing relatively small amounts of money.

• (1622)

If the Minister of Finance had said, "We are willing to go through the whole works, whatever we have in foreign exchange, and to put it into that fund", maybe the investors would have said, "That may stop it, so we better get out", and they would have stopped playing around with the dollar. I am not aware of who made any money on our dropping dollar—it may have been Liberals or it may have been Conservatives.

An hon. Member: How about the NDP?

Mr. Peters: I do not think it was anyone in the NDP. I was one of those who was interested in the fluctuating value of the dollar and in the relationship of the dollar to mining, particularly to gold, and I watched the dollar very carefully. I came to the conclusion that if one is playing around with one tenth of a cent in the Canadian dollar and one wishes to protect one's money by buying or selling futures in the dollar, one will have to invest somewhere in the neighbourhood of $1 million to get a return. I do not think any of my colleagues have that kind of money.

I play the market as if it were a game of Monopoly. It is make-believe playing on the market. In my limited experience, even with Monopoly money, I would not have been able to make much money on the Canadian dollar. One has to have a lot of money to pay the margin on the dollar, whether it goes up or down. But I am sure people did, and I am sure some money was made in this country on the Canadian dollar because, if people had not been buying or selling it, obviously its value would not have been fluctuating that much; it would have been more stable. I think that influenced very greatly the ordinary Canadian. I notice that at auctions in particular. If you go to an auction and you watch people bid, you find that money is of no value to some of them. They bid more money on used articles than they would spend in the local store on the same brand new article. When people get to the point where they almost throw away their money, they see no value to it, they will meet with disappointment. I think that that as well had a great effect on the Canadian public.

Where do we go from here? How do we handle the problem? The government in its budget did somewhat the same thing as it has always done. True, it added two or three other useful measures in the tax field. But what were most of the tax changes? They were mostly in development and exploration and, in a small way, in research and development.

The government has never really decided what it wants the economy to do, and it has never decided what area it wants to develop. If you want to see a true lack of planning, just look at how we apply our tariff laws when we are trying to develop an industry which perhaps should not exist in Canada in the first place. We have done this with textiles and with a number of other industries which will probably not be able to compete.

There are many other industries which are capable of competing, and one of them is communications. Fortunately there has been development in this country, much of it as a result of the work done by the National Research Council, and

the government itself has promoted research. This reminds me of the difficulties which we encountered in the last war when we found that the Germans were controlling the patents on optical lenses. Research in that area in Canada developed in a short period of time by a totally different method which was better and cheaper. After the war we gave it to the German I.K. Faben Corporation which held the original patent.

We have also been innovative in the field of communications and have developed new technology which is now being sold to other countries. High speed urban transportation is another field which we should develop. We should develop it in our own interest since it is highly saleable in other countries. We have to pick a number of fields where we can become expert. We should probably develop forest product machinery.

Also, we are probably experts in diamond drilling. In fact two or three companies in my riding are supplying much of the diamond drilling equipment that is sold in many countries in Africa and in the Far East and in almost every drilling operation around the world. This is a field which we have been able to develop and where more money should be invested.

Sooner or later the government will have to make a decision as to where it wishes research and development to concentrate, and it will have to reward people for their work in that particular field. This can be done by several methods which are now being used in the tax field. It should only be done if some conclusive development is achieved by a company which will be beneficial to the industry and to the whole country. We should specifiy which industries we wish to develop, and then we should then put money into those developments.

What is being done now? I know some of my friends on the other side are very interested in financial matters. It is interesting to note what we have done in terms of tax concessions for development in various fields. It makes one wonder just what we are doing in the field of development, and the write-offs which we allow for development in such areas as oil and gas, for example. Surely all Canadians are confused about this. We have had a barometer in that respect that moves as if a major storm were to erupt every other day.

One day one reads in the financial pages that a number of natural gas companies are petitioning the general public and making propaganda so as to get contracts to sell the surplus gas they have, and a couple of weeks later the same thing is happening with oil companies. After the immense scare we had two or three years ago, there have been five or six applications for the sale of crude oil to the United States to export an additional amount because a company has suddenly found that it has more oil than it can use, and the same is true of gas. We think naively that when we need it we will get it back. In a pig's ear we will get it back! If the Americans need it, they will surely not give it back, and they will certainly not honour a contract which we allow some company to enter into.

We gave concessions in northern development and northern exploration, and we allow them a 100 per cent write-off. If it is frontier development, we add another sixty three and two thirds per cent to that. The result is the creation of such companies as the Beaufort Exploration Company, which is backed to some extent by Dome Petroleum. They have agreed to write off the liabilities, to carry the insurance, and to do the exploration for Beaufort Exploration Limited. What is Beaufort Exploration Limited? It is a company which is set up as a tax haven, a tax dodge. It is interesting to read what they say will happen under certain circumstances to people who invest a certain amount of money. We are not referring here to the guy with a minimal salary.

● (1632)

Anyone who is well off can become involved in investments. Members of parliament are getting into the category of the well off. The degree to which a person is well off depends on where he lives. He can be faced with a tax level of 50 per cent. In Manitoba the basic tax level of a person who is well off is 54 per cent, whereas in Ontario it is 43 per cent. A person in Manitoba with some money to spend could buy shares, for example, in Beaufort Exploration. These shares are being offered in units of 100 at $10,000, plus a $400 handling charge. Through certain arrangements a person can also purchase another $10,000 worth of preferred stock.

I should like to refer to a man in Manitoba who has an income of approximately $30,000 per annum. With that income he is required to pay income tax on approximately $24,000 of his income, amounting to $8,134. If he purchased one unit at $10,000 of Beaufort Exploration, with its tax exemptions and havens, he would experience a reduction in his tax payable of over $6,500. If he bought two units for $20,000, he would experience a reduction in his tax payable of over $8,000.

The person who has an income of $100,000 per annum is required to pay taxes on approximately $94,000, which would amount to $50,000. If he purchased one unit of Beaufort Exploration, his tax payable would be reduced to $39,000. For an investment of $10,000, and with an income of $100,000, that person would receive a reduction of approximately $11,000 in his tax payable. The after tax cost saving by the purchase of one unit of Beaufort Exploration would be $494. That $494 would come directly from other taxpayers. That is what is done for the rich of this country. If they make investments which cost $10,000, they receive almost $500 in their pockets.

If a person has a $200,000 income, it is projected that on an investment in one unit costing $10,000 he will receive from taxpayers almost $1,500. The other taxpayers pay for the full cost of the stock. With the present tax structure, he is allowed to write off the total investment and also benefit by receiving $1,500.

Much has been said about what is being done for the little guy by the reduction of sales taxes, but we must remember what is being done for the big guy as well. We must remember what the person who is making a fairly healthy income is allowed to write off, especially when he purchases $10,000 worth of Beaufort Exploration stock. Also he has the option to purchase another $10,000 or 100 units of preferred stock, as well as the rebate of $1,500 from the taxpayers because of his

$200,000 income. This is what is being done with our present tax structure. It would be wise to scrap the whole thing.

At the present time we require development in the Arctic. That development should take place where, when, and how it is needed. The government went a little way toward encouraging development. It set up Panarctic and the Canada Development Corporation. It has gone into development in a limited way, sometimes more, sometimes less. The government has not decided that the end product is jobs and that incentive must be provided to industries for that purpose. The government has attempted to provide jobs with a shotgun approach in order to make everyone a little bit happy, the result of which is that nothing has been done for most people.

I am reminded of what the former hon. member for Sudbury talked about in the House years ago. He was referring to insurance companies. He called them parasites, he called us parasites, and he went on to say that people who live off the workers are parasites.

Not long ago I listened to a speech by Mr. Doug Fisher, a former colleague. He pointed out that, according to Statistics Canada, there are 700,000 people in Canada working for a living, producing the wealth of this nation. These figures refer to miners, forest product workers, fishermen and farmers. He went on to point out that we have 2.5 million sales people in Canada. There are only 700,000 workers, but there are 2.5 million listed as sales persons, as well as over one million clerks. It makes one wonder, if we have that few people doing all the work and the rest of us living off them. Are teachers, politicians, salesmen, and advertisers living off the workers because they are not producing our nation's basic wealth? If we are to go ahead in this country, it must be in highly modernized and technical fields. At the present time one farmer can farm 1,000 acres, whereas before his father was hard pressed to farm more than 160 acres. We are highly mechanized and can outproduce other countries in most of our basic resources.

If we are to develop jobs for people, they should be in the manufacturing field. We must make a choice of a limited number of areas in which we should concentrate our research and development. The entire direction of the government should be toward that end. Perhaps the government will make a mistake in the choice of industries requiring research and development, but we will have to bear with it. It will be necessary to choose what industries should be developed, and hopefully some of the natural assets of this country will be used. The industries will have to be developed to a point where they can compete with anyone in the world who is involved in those fields. We need a government which is prepared to market our products, form trading blocs to negotiate with other countries, and use that system so that we have an opportunity to sell.

When I was in Cuba a year ago I was shocked by the number of small Ford Cortina automobiles on the streets. I asked why those automobiles bore a Spanish name. One official pointed out that Cuba had approximately 20,000 of those cars. They had attempted to order those cars in Canada, but Canadian Ford indicated that they could not be sold to Cuba because of a law in the United States. Thus, those 20,000 cars were purchased from Argentina instead. In any event Ford receives the money, but because of different arrangements in Argentina it was necessary for Cuba to purchase the 20,000 Ford Cortina automobiles there rather than in Canada. Perhaps it was not such a good deal, but if Argentina did not lose on it, why should Canada be prevented from becoming involved?

I am sure it was a shock for all hon. members, particularly cabinet ministers who realize that it is necessary for Canada to move goods, to learn that we had expertise in fields at one time which we no longer have. Canada is a very large country with the largest coastline in the world. We have to move goods. I remember that during the war we had one of the largest fleets in the world. We had developed a very large merchant navy. We put it together with haywire and tin cans, and all the rest of it. It may not have been so good, and the government was sure as hell interested in getting rid of it after the war. Do not forget that a lot of those ships, Liberty ships in particular, went to Onassis. That is how Onassis built his fortune. That is how he got his multimillion dollar enterprise controlling a large part of the shipping world. He started it with our Liberty ships which he bought for almost nothing because we wanted to get rid of them.

• (1642)

I was interested in attending at NATO. I am not really interested in NATO. They are carrying out a paper war. They move papers around like we do here, I suppose. They have tanks and all those other things. They were suggesting that if we had difficulty in Europe and the Russian overran us, we would be able to hold them off for two weeks and by then reinforcements would arrive. How will those reinforcements get there? Will they get there by aircraft? We do not have any transport planes that will carry a sizeable number of troops, and certainly will not carry equipment. We do not have any ships. At NATO they suggested we will use United States ships. Hell, the Americans will be there and will be using every bottom they can find, rent or borrow across the country to move the stuff they have to move. They will not be lending ships to Canada.

We were the experts at building ships. We had a reputation which had been built up over three or four hundred years of shipbuilding in this country, building everything from tea clipper ships to Liberty ships. We were recognized and renowned as shipbuilders, the builders of fast, useful ships with good utility. We can build them, but the government got out of this enterprise because it decided we are not in that business. We were not interested in a merchant navy.

Norway did not say that. Norway did not have any ships. It decided it better get some because its people lived on the sea. Norway now has one of the largest merchant navies in the world. It seems to me if Canadians are going to move troops overseas, and everybody is talking about defence, then we better obtain some long range contracts with Norway in order

that we can rent some of their ships, because we do not have any. We could build ships that would sell in other countries.

Canada is a real big country. What are we doing playing around with airplanes? We have played around with the Twin Otter, The Beaver, and now the Dash-7, of which we have not sold any. Perhaps we have done better with the Lear jet. I presume that is the one that Canadair has, or a modification of that Lear jet. We may have done better with it because there is a market elsewhere.

We had probably the best team of aeronautical engineers in the world. We had a team in the aeronautical field that you would not believe could be built up by a country like Canada. We did not raise those people; we brought them in from elsewhere. Most Most of them came from Europe. They are not here now because they left and went to NASA. They really are the basis of the whole NASSAU operation. They were the areonautical brains of the world. We had more than our share. We did not steal many from Germany, but we sure got a lot from the British when they decided to go out of the airplane business. We lost all that, not because of anything those people did, but because of the fiasco of the government in relation to our air program.

We could have developed one of the best aircraft industries in the world. It is my honest opinion we could have built a transport plane that would have been useful to Canada in meeting Canadian needs. This likely would have had a spin-off in the military field. We did not move in that direction because we really did not make up our minds what field we wanted to move in. We really did not decide what industry we wanted to develop. We developed a branch plant economy related to the United States. In many ways this was not a bad economy as long as things were going up. When they started to go down, the parent companies weighed jobs against transportation costs and found it easier to ship things in than to develop them here and sell them. They pulled back on development in our country. This has happened in respect of many industries, particularly those which have an up and down attitude in relation to the economy.

We could go on with a discussion about what we are doing in respect of transportation. We could develop in a number of other fields in which we are obviously competent. We could develop a car in this country to meet the northern parts of a number of countries. Our needs are not unlike those of Sweden, Norway, Finland, the north part of England and parts of Japan. We could develop a car, just as other countries have done, if we concentrated on one or two cars and put an industry together, saying, to hell with the Americans, if they want to take their industries back to the United States we will build our own." I do not think we have much of a future in the automobile industry, because every time I listen to people talking about that industry I learn of another truck or automobile plant that is moving back to the United States. Perhaps we should not eliminate those branch plants, but we should start to develop a Canadian industry of our own. We have to be selective, and this must be a government supported effort with the co-operation of the provinces and the people.

We have to make war on unemployment in this country. There are many highly trained young workers in this country who have never worked. Often girls come to the office looking for jobs. They are just out of school, and hold degrees. We want people with typing skills and experience. We need people who have dealt with people on a one to one basis, and who know how people react, and how to talk to them. These people have had no experience. This is a very limited field, but this situation is true in many areas.

I heard farmers talking the other day about having young people come to work on the farm in the summer. After a while one farmer allowed a young lad to drive his tractor. He said he had two loads of hay on the wagon behind the tractor. He also had one of those little four wheel drive jimmies. He asked the 17 or 18 year old lad from town whether he could drive it. The lad said that he could, and the farmer told him to stay behind the tractor and wagon. He did stay behind for a short distance, but as soon as they reached a wider part of the road he drove by and down the road like crazy. He had obsolutely no sense when driving it, not understanding how it worked. He was lucky to arrive at his destination. The lad told his mother he would not mind working there for nothing because the farmer let him drive this vehicle.

It is not the boy's fault he has no experience. He is no dumber than anyone else, but he has had no opportunity to be around machinery or to operate it. He has no living experience. There are many young people today in this category.

If things get much tougher we will soon see gangs of these young people on the street, and they will eventually start the type of activity that is occurring in other countries of the world. We certainly do not need that sort of thing in Canada. This will not be entirely the fault of these young people, it will be the result of our own failures.

● (1652)

There is one other field where the government must implement a national strategy, and that is for industrial development. We have to get the people in the civil service working instead of pushing paper. I was speaking to a man on the plane this morning who described a situation to me. The government had established an extra district office and the people in the district office felt they were doing things about which they had no knowledge. He went on to outline a situation where he had bid on a tender for a garbage pail pad in this particular community. The pad was to be approximately eight feet long and four feet wide. His bid was $184. The government insisted that he get an architect and drawings. He told them to use their own people and build it themselves because he was not going to do that. The cost would have been around $2,000, where his bid had only been $184, to pour a couple of yards of concrete and to put a small amount of aggregate under it. This kind of situation illustrates what is occurring all over the country because all we are doing is moving paper.

I feel that where people are competent and well trained, we should be giving them an opportunity to develop an industrial strategy. We are better at these things than a lot of people

across the world. We are more competent, we have more initiative, and we certainly live in a colder climate where we have to do something at least to keep warm. We cannot just lie under the banana tree and get our food. We have shown our ability in the past, and we should give our young people an opportunity to participate in the future. This can only happen if the government puts forth an industrial strategy.

Recently I, along with other members, had discussions with the representative on tariffs who had returned from Geneva. Much of industry in Canada is involved with tariff protection, concessions, and subsidies. In listening to our representative, and I am sure the other members would come to the same conclusion, we are "babes in the woods". We do not know what we are doing and therefore we are obviously going to be taken advantage of by others. We are going to accept restrictions that we should not accept, and we are—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with the unanimous consent of the House.

Mr. Paproski: Mr. Speaker, he is doing such a great job, and since it is only three or four minutes before private members' hour, we would like him to carry on.

The Acting Speaker (Mr. Turner): Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Dartmouth-Halifax East (Mr. Forrestall)—Transport—Replacement for S.S. "Carson"—Location of shipyard undertaking construction; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Transport—Hall Report—Request minister consult Mr. Justice Hall on recommendations.

[Mr. Peters.]

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, it is becoming a pattern where my comments on matters of this sort are being interrupted by the bell to call it five o'clock or four o'clock. However, I must say that I sat back and wondered at the verbosity, articulateness, and inventiveness of the hon. member for Timiskaming (Mr. Peters) in skirting around this bill. In fact I do not know if he is even aware of the number of the bill we are discussing because he dealt with such matters as national strategy for industrial development, a need to develop the aircraft industry more fully, and the merchant marine.

The merchant marine is an area in which the hon. member and I see eye to eye, and we deplore its loss. He went on in that particular stream very, very effectively. Then he jumped to productivity in the public service. Finally, before you called him to order, Mr. Speaker, because his time had run out, he was on GATT and the discussions in Geneva.

I would like to draw to the attention of the hon. member that the bill before us today, aside from being numbered C-56, is described as:

An act to amend the statute law relating to income tax—

It refers to income tax, Mr. Speaker, and he may have overlooked that because I do not think income tax was mentioned. It goes on:

—and to authorize payments related to provincial sales tax reductions—

We have to congratulate the hon. member on his enormous ingenuity in being able to talk as though it were either a debate on the Speech from the Throne or on the budget, and his ability to cover all those areas and to avoid the two principal matters before the House, namely, income tax and sales tax reductions.

I see the hour is approaching five o'clock, Mr. Speaker, and I would like to call it five o'clock so that I might begin my comments at eight o'clock.

The Acting Speaker (Mr. Turner): It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills.

PRIVATE MEMBERS' MOTIONS

[*English*]

OLD AGE SECURITY

SUGGESTION PENSION BE PAID TO PERSONS AT AGE 60 UNDER CERTAIN CONDITIONS

The House resumed from Monday, November 14, 1977, consideration of the motion of Mr. Knowles (Winnipeg North Centre):

That, in the opinion of this House, the government should give consideration to the advisability of amending the Old Age Security Act and the Canada Pension Plan to provide for the pensions payable under these two acts to be available at age 60 to all persons who meet the other requirements of the said acts and who are not in or are prepared to withdraw from the labour market, and also to provide for the basic amount of the pension payable under the Old Age Security Act, at age 60 for those not in the labour market and to everyone at age 65, to be increased to $300 per month, for this basic amount to be escalated each year by an amount that will enable pensioners not only to keep up with rising living costs but to share in rising living standards, and also to provide for the elimination of any means or income test from the Old Age Security Act, so that the full pension thereunder will be recognized as the established right of all our people.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Mr. Knowles (Winnipeg North Centre): Question.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, at five o'clock I failed to ask for leave to proceed with the continuation of this debate of item 14. I just wanted to tell the Chair that since this is the first notice of motion on the order paper, that request, as I usually make it, was not needed today. Under the circumstances, Mr. Speaker, we are ready to proceed with the consideration of that motion and I think the hon. member is prepared to rise.

[*English*]

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, it is an honour to participate in this debate on the motion by the hon. member for Winnipeg North Centre (Mr. Knowles), who has demonstrated his keen understanding and sensitivity on the issue of pensions. His concern is shared on this side of the House by Liberal members who have expressed their support for this particular issue, in caucus and in their own ridings. It was the thinking of this government back in the sixties, which has allowed Canada to have perhaps one of the finest social security systems that exist in the world today.

One goes back to the Pearson years when this was possible. It was a Liberal administration that introduced the Canada Pension Plan as we know it, as well as the Medicare system. These were two very important steps taken on a long road of Liberal measures which included the Old Age Security Pension, the Guaranteed Income Supplement, and Hospital Insurance back in the 1950s. It would be quite correct to say that Canadians today look to parliament for social security protection as a continuation of these fine traditions established by Liberal governments.

• (1702)

The motion recommends that the old age pension be increased to $300 per month. There are arguments that could be made about the effect of such an increase on retirement savings. I am sure every member of the House would be in favour of it, particularly if it did not cost the taxpayer anything. At this point the debate becomes somewhat controversial because we all have different notions about whether the taxpayer can stand an additional load. We hear the Conservative party say that government spending should be reduced, and that taxes should be reduced. It would therefore be consistent that anything pertaining to an increase in benefit payments would require a substantial change in the policies of the official opposition. On this side of the House we like to think that as wealth is created and generated in the country it will be distributed properly and find its way to those members of society who need basic protection, either because of age or disability.

While I support the basic thrust of the hon. member's motion which is to make the pension available at a lower age, I would prefer that rather than fixing an age—the hon. member recommends 60—the qualifying age for old age security be made flexible. I think of people working in industries that are physically demanding and which wear out the worker sooner than other industries. People working in mines or construction, for instance, often have to do heavy lifting. The jobs are demanding from a physical point of view, and there is often a desire to retire sooner than people engaged in activities not so physically demanding. Perhaps it should be left to the individual to decide on his retirement age. If someone wished to retire sooner, conceivably he could draw a smaller pension than the person who wished to retire later.

In a democracy, we could surely develop a system that would leave options open to the individual. A pension system seems to be a logical place to provide for this flexibility and these options. There may be those who would wish or would need to retire at age 49, 11 years earlier than the age of 60 provided in the motion. And, of course, there may be people who would wish to retire later than 60. There is a trend in certain occupations and professions these days for later retirement. I would link this trend to the kind of work an individual performs.

As we move into the eighties—and perhaps even sooner—we should conceive a system to allow the individual to make a decision on his own, depending on his personal circumstances and the conditions that prevail in his profession or occupation. A system of nailing future legislation to a fixed age level is not as desirable as a system that would allow individuals to retire sooner if they wished but, of course, at a lower level of pension.

I should like to deal also with one aspect of the Canada Pension Plan which deserves to be given consideration in this debate and I commend the hon. member for Winnipeg North Centre for having put forward this comprehensive motion that permits us to debate this matter in its entirety.

In the past, some people have not qualified for a disability pension under the Canada Pension Plan because they had not

made the necessary five years of contributions. A situation could conceivably arise where someone contributed for four years and nine months but was denied a disability pension because the magic figure of five years had not been reached. I can understand the need for certain minimum contributions, but I suggest a change should be made. At times we may come across a situation that is very serious where, as a result of a highway or other accident that is not compensated by provincial legislation such as workmen's compensation, a person does not qualify for disability pension. We should make a change so that such person would receive a disability pension in proportion to the number of years he contributed to the scheme. For instance, if he had contributed for three years instead of the prescribed five, he ought to be allowed to draw a partial or reduced pension. The same would apply to a contribution that would reflect a shorter period of time.

● (1712)

Even if this were very modest in substance, it would still be better than the complete denial that a contributor has to accept under the present legislation when the contribution falls short, even by one day, of the prescribed five years.

The Canada Pension Plan could also be a vehicle for new approaches to the whole idea of a basic social security system. It seems to me there are a number of occupations which are not covered right now but deserve at least the benefit of a study to determine how they could be covered. For instance, there are a number of individuals in this country who would be glad to contribute the employee's contribution plus the employer's contribution to the Canada Pension Plan. I suspect they would be willing to make the total contribution, namely, the employer-employee portions, even a larger monthly contribution than the present one if they were allowed to do so if eventually this would lead to qualifying under the Canada Pension Plan for retirement and other coverages that are envisaged under this plan.

At the present time women raising their children are not allowed to contribute to the Canada Pension Plan. In other words, if a spouse is raising children and is not in the labour force, this leads to an exclusion which one can perhaps understand within the narrow confines of the law. But in broader social terms I cannot understand why a citizen who is willing to make a full contribution, namely, that of an employee plus that of the employer, at his or her own expense, ought not to be allowed to do so and then be allowed eventually to draw some benefits.

Although I cannot prove it because I have not had an opportunity to do the necessary research, I suspect that the number of people wishing to enter the labour force would be lower, namely, the so-called participation rate. People entering the labour force would not be doing so quite so dramatically as they have done these past few years if they were allowed to contribute as do those presently in the labour force. It stands to reason that if a person is at home and wondering about his future and his retirement income and not in the labour force, that person would not be contributing to the Canada Pension Plan as it stands now. Then that person would begin to wonder if he or she should not enter the labour force—to contribute to the family income in the first place—but at the same time as a thought and as a possibility one must anticipate the time of retirement, and that thought goes together with the thought of being in the system and of being allowed to contribute among other things to the Canada Pension Plan. Otherwise this cannot be done and that person cannot qualify, let's say in this case, for the provision of the old age pension that comes from this particular plan which, added to the old age security pension, gives a greater degree of assurance about the time when one retires and has to depend on a fixed income for retirement years.

It seems to me that in a society as we know it in Canada there ought to be, in the total scheme of things having to do with pensions and social security, a greater degree of flexibility. This flexibility ought to be coupled with a greater number of options which can be given to the individual. Perhaps I will sum it up in this form.

If one wants to receive a pension earlier in life, one could choose that route, excepting of course that one would receive a smaller pension by drawing it sooner. Secondly, as to the possibility of being a contributor to an important scheme, such as Canada Pension Plan, one should be allowed to contribute and be part of the system even when one is not an employee and therefore not in the labour force. This could be done by creating a special category, or a category that simply permits one to make a full contribution, namely, the employer's plus that of the employee. This would allow a person to continue whatever important role that person performs in the home, which we all recognize.

Others are perhaps more qualified to make a better speech on this subject. People not in the labour force would get this sense of security when permitted to be part of the system, and allowed to contribute to it, enabling them to make plans for the future and for that day which will inevitably come of having to live on a fixed income.

I am grateful, Mr. Speaker, to the hon. member for Winnipeg South Centre—

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

An hon. Member: I do not blame you for reacting to that.

Mr. Caccia: I apologize, the hon. member for Winnipeg North Centre. It is an important distinction. I am grateful to him for having put forward his thoughts on this measure. We do perhaps disagree on the technicalities and on the ways of achieving the ends, but we on the Liberal side are certainly as sensitive and concerned as he is.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I would like to join with the hon. member opposite in commending the hon. member who has put forward this motion. As is so often the case, he has taken an advanced position on many

social measures and has earned a rightful reputation in this House for doing so.

At the outset I would like to state that from this side of the House we find much that is commendable in the motion put forward. Like the hon. member who has just spoken, and the hon. member who has proposed this motion, I am sure that every member in this House has had representations, generally and particularly from time to time, especially during the last two or three years of difficult economic conditions involving the younger segment of the population. Like hon. members on both sides of the House on many occasions I have received representations that it is too bad that so many older people are working when they really do not have to, and when there is such a high unemployment rate among young people. I agree with the proposition that there is an incredibly high unemployment rate among younger people, but I am not sure that this is a good argument in itself per se for reducing the pensionable age to, let us say, 60 years of age.

● (1722)

Let me repeat what I said. Based on the argument that it is the younger breadwinner who should be given precedence in terms of employment as against the older worker, I wish to put forward my opinion that this, per se, is not an entirely valid argument.

I agree with the hon. member who put forward this proposition vis-à-vis the means test. I had hoped and thought many years ago that in relation to most social policy, especially in the area of pensions, we had gotten away from most if not every consideration relating to the means test.

I listened with great interest to the hon. member who put forward his ideas in a very constructive way. He asked for flexibility as we approach this subject, especially in relation to the age of 60. I think we are going to need that kind of flexibility.

I am not sure that I have the answer. I certainly do not want to go back to the means test, and I am not sure the computer has the answer in terms of finding us some middle ground between universality and the means test in terms of selecting those who, at the age of 60, by need and by desire, as the hon. member who just spoke said, should be drawing a pension at that age. While I want to get away entirely from any consideration of a means test, especially in the area of pensions, I think we have to look at this age of 60 on another basis than universality.

I approach this whole debate with one thing in mind especially. At the turn of the century we had not developed a sophisticated pattern of humane and decent delivery of medical and health care services. In this part of the western world, largely because of infant mortality, and the international definition of infant mortality being the death of a child between birth and one year, the average life expectancy of both males and females in North America was somewhere around 43 years of age. Today, largely because of the advances in humane, decent, and civilized medical and health care services, we now have a life expectancy of somewhere around 70 for males and 76 for females. I could be wrong in terms of exact years, but I believe it is generally around 70 for males and 76 for females.

The life expectancy was somewhat higher during the sixties and possibly the early seventies. However, because we have not come to grips in terms of cleaning up our environment—soil, water and air—in the last 12 years life expectancy for both males an females has gone down somewhere in the neighbourhood of one year.

In approaching this general subject, all members on both sides of the House should stop, look, and listen. It is my firm conviction that between now and the twenty-first century, based on my optimistic presumption, we will continue to make large advances in the delivery of decent and humane medical and health care services.

I join with the hon. member who made this proposition. There are members of that party who are largely responsible for many of our advances to date. I obviously think of the ex-leader of that party who had a lot to do with medicare in Saskatchewan. There is no excuse why we in Canada should not be able to say why we are not delivering the most decent, civilized, and humane social welfare and medical and health care services. However, in this case we must stop, look, and listen.

This is the most important point I can put forward in debate today. I realize there has been a lag in the last two years, but if we continue to finance medical health care and research properly, not only in terms of pure research but in terms of delivering medical and health care services at the community level, we will continue to make large advances. Between now and the turn of the century, there will be great advances in the area of cardiovascular disease treatment. I do not say that between now and nine o'clock tomorrow morning we will come up with an over-all cure for cancer. However, in terms of treatment and cures for certain aspects of cancer, notably breast cancer, great advances will be made.

We must come to terms with the greatest killer of our youth under the age of 35. I refer to highway and automobile deaths and injuries. While cancer may be the biggest killer, and cardiovascular disease second, or it could be the other way around, the biggest killer of our youth under the age of 35 is in or by automobiles. It is our third biggest killer in our country. Dr. Wilder Penfield and many other neurosurgeons in the western world call this an uncontrolled epidemic which is compounding itself by 8 per cent every year.

It is my belief that between now and the beginning of the twenty-first century we are going to come to terms with cardiovascular disease, many aspects of cancer, and we are going to get a handle on highway and automobile deaths and injuries.

Without getting into the crystal ball and tossing irresponsible figures into the air, I believe that while life expectancy has gone from 43 to over 70 up until now, by the turn of the century it will be somewhere around 86 years of age. I know a

lot of people joke and say they do not want to live that long, but the facts are that.

A bill like this should be analysed in terms of broad, social policy, realizing the advances that will be made in environmental medicine and preventive medicine, with a dramatic increase in life expectancy between now and the turn of the century.

I know the hon. member who put forward this bill is deeply sincere about it. He is very concerned about social and medical and health care policy. However, the bill should not only be analysed in terms of the fact that this government has messed up the economy of the country, that we have terrible youth unemployment and therefore terrible pressure is put on older Canadians to get out of the labour market. I sympathize with the decent spirit of the hon. member when he put forward this proposition, but it would be irresponsible for us to block ourselves rigidly into such a policy at this time without considering the long terms prospects of our aging population.

There are many charges on the treasury—federal, provincial and municipal—in terms of education costs. We are now educating a lot of our population past the age of 30. We are going to pension these same people off at age 60. In all fairness, without being ultra-conservative about it, I would ask the hon. member whether he has costed putting the retirement age of 60 under a universal program, because in terms of other priorities in the social and health field, one wonders where this priority would fit.

● (1732)

Because of the economic mess we are in at the present time, is there any money in the treasury for this kind of social thrust? I am not going to say that because this government has messed up the economy we should not take positive, creative and constructive steps in the social welfare and medical health care fields, but in terms of other priorities—preventive medicine, community medicine and all those things we should be doing in the social services bill which is soon to be brought before parliament in terms of day care centres, crisis intervention and that kind of thing—I wonder if the hon. member who proposed this measure has really thought about where this very costly measure should fit in the scheme of priorities. I wonder if he has thought about my deep conviction that, by the turn of the century, as I have said, the average Canadian and the average individual in the western world will be living to his or her mid-eighties. I reiterate that I quite agree with the hon. member that in many cases people could and should for many reasons retire at 60, but should this be a rigid, universal program? And I am not satisfied that we should go to a means test.

I would have preferred to have heard from the hon. member who proposed this measure debate about where he fits this measure in with the scheme of priorities I mentioned. I would have preferred if he had given us some detailed costing of the measure. When we are talking about proposals in the social, medical and health care sectors, I think it is very responsible to cost them out not only for our own use but—

[Mr. Grafftey.]

Mr. Knowles (Winnipeg North Centre): That is what the senators said about $20 a month 50 years ago.

Mr. Grafftey: The hon. member is often the conscience of the House.

Mr. Muir: As many others are.

Mr. Grafftey: He oftens feels he is the conscience of the House, but I put forward the proposition that when we are talking about billions of dollars, it is probably a good thing to cost these things out and consider priorities.

I say with firm and deep conviction that my party is dedicated—largely because members on both sides of the House have worked along these lines in a bipartisan spirit—to the proposition that many people in our society should not be getting an undeserved shafting through the system; and because there are hard working members in all parties in this House, there is no excuse for this. We have the infrastructure. There is no excuse for the fact that in Canada we should not be leading the world in terms of delivering at the community level decent, humane and civilized social services and medical and health care services.

Mr. McIsaac: We are.

Mr. Grafftey: I think a proposal such as this needs costing, but it also needs analysis in terms of other priorities in the social welfare and health fields. It needs to be seriously considered in terms of the proposition I put forward a few minutes ago relating to my firm conviction about life expectancy at the beginning of the 21st century. Today we are talking about universal pensions at 60 when life expectancy is 71 to 75. If we add ten years to that 20 years hence because of constructive advances in the delivery of medical and health care services, I think we owe it to future generations to stop, look and listen.

If we do talk about pensions at 60 while not going back to a means test, perhaps we should still not be talking about universality. Perhaps much of this is hypothetical now because of the state of the treasury.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, would the hon. member permit a question?

Mr. Grafftey: Yes, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Since the hon. member so generously, out of the goodness of his heart, is raising life expectancy in the year 2000 to 86, I wonder if he would be good to me and raise it to 92. I would like to see that year too, and to see it right here.

Mr. Grafftey: Mr. Speaker, I am not sure whether the hon. member is being facetious or not.

Mr. Knowles (Winnipeg North Centre): I am serious.

Mr. Grafftey: I base my projections on some pretty solid research work. I base my projection of a life expectancy at the

turn of the century of 85 on the firm conviction that somewhere along the line we are going to recommence our major intervention in the delivery of medical and health care services.

Let us think of what is going on in the area of bacteriology and control of diseases which heretofore killed. We know that biologically man can live to be 120 years of age. That is an ideal, and there are many problems which intervene and which make it an ideal; but I bring these matters forward because I think they deserve discussion now. I know that the hon. member has a deserved reputation for being ahead of his time, but given contemporary conditions and the points I have brought out I think this proposition deserves further and more detailed discussion.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, first of all I would of course like to congratulate the hon. member for Winnipeg North Centre (Mr. Knowles) whose motion is presented for the second time during the present session. On May 19, the Social Credit Party introduced a supply motion which contained a similar item, that is the lowering of the retirement age to age 60—

An hon. Member: Voluntary lowering.

Mr. Laprise: —the lowering of the voluntary retirement age to age 60, yes. This shows, Mr. Speaker, the importance of this matter not only for members of the New Democratic Party and the hon. member for Winnipeg North Centre who, for many years, has kept hammering the nail on the head, and I congratulate him for his perseverance and determination. He will certainly win his point. We of the Social Credit Party of Canada have taken all the opportunities made available to us to defend this argument and we have introduced numerous motions on the issue.

My colleague from Bellechasse, my colleague from Roberval, myself as well as others, have often asked that the voluntary retirement age be lowered to 60 not only for wives or women, but also for men. As early as in 1966, I presented a motion for the spouse, who is not entitled to a pension when his wife or her husband gets it to be recognized as a pensioner of the state. Now, since that time, part of that has been recognized by our legislation. The latter does not, by far, meet the requirements I had made and which were supported by many hon. members in this House. But the fact remains that a step has been made in improving the law.

But today, bearing in mind the production facilities of the Canadian industry, and the needs of the people, I would not say the aging population but as the number of older persons increases constantly, I believe it is important to allow those who reach 60 to retire if they wish to do so. We all know that some people who are in very good health or who have a job where they can continue to work may find it difficult to leave the work force at 60. They should have the right to work if they want to. However, we know that for many people, it is difficult to continue working at 60 in a plant or in the woods of northern Abitibi and northern Quebec, or in the mines of Matagami, Joutel or the Noranda area. After 60, it is difficult for someone to continue to work if he has lost his health because of his work.

Mr. Speaker, we believe that we are right in saying that those people should be entitled to retire at 60 if they wish to do so and also to have a sufficient income to live comfortably. This is precisely the purpose of motion No. 14 proposed by the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Speaker, when such innovations or motions are discussed, members on the other side of the House, on your right, Mr. Speaker, on the side of the majority, always ask: "Where shall we take the money?" They are always concerned about money and not about needs. A while ago, the hon. member for Brome-Missisquoi (Mr. Grafftey) was still concerned and nervous and was not ready to take a position on the issue because he was wondering if he should place money before people. For him, the dollar sign is even more important than the Canadian citizen who has worked from the age of 14 or 15 until 60 to develop Canada. For him, the dollar sign is even more important than the Canadian citizen.

Mr. Speaker, I felt sorry the other day when I read in *Hansard* for April 14 statements made by the Minister of National Health and Welfare (Miss Bégin) in answer to the hon. member for Bellechasse who had requested in his speech on the budget a more substantial pension for our senior citizens and I quote:

> Mr. Speaker, if I have correctly understood the speeches and remarks of the two parties of the opposition I have heard so far during the budget debate, Canadians did and won almost nothing . . .

But, Mr. Speaker, Canadians—but we know and we recognized that they have done much to develop their country. We want it to be recognized in a legislation which will bring down the retirement age to 60. We do not want to be given it as a charity but as a right that would be recognized once and for all as a right should be. That is what we ask for when we propose or support such motions.

The funny Minister of Health and Welfare (Miss Bégin) said about the hon. member for Bellechasse (Mr. Lambert) that he blamed the government for an alleged terrible loss of money he called the debt system. Of course, our national debt amounts to $38 billion but we should not worry about it. If we worry about that debt they call us timid. Mr. Speaker, last year that debt cost us $5.350 billion in interests and will cost us this year $6.500 billion. For those who worship the golden calf and who would do anything for the owners of the golden calf it is alright to pay out $5.5 billion or $6.5 billion in interests, but when we ask for $2 billion more to allow senior citizens who built our country to have a more decent living they cry shame and ask where is the money coming from.

Mr. Speaker I think we should make a distinction between paying interest and paying tribute to the owners of the golden

calf who did not raise a finger to develop Canada, we should make a distinction and allow those who developed their country to get a decent pension at the age of 60. I am shocked by this situation. What are the needs of older people? They need food like everybody, they need clothing like everybody and decent dwellings and they should have leisure activities like everybody. They are like other people. They have a right to those things. This is what we demand for them.

Mr. Speaker, is it not the desire of Canada to continue giving them those things they require and they need? I think that Canadian industry and Canadian agriculture, transportation means can move goods from one place to another. I think the services can meet the needs of all those people without depriving others since we have one million unemployed who only ask to replace those people who will be leaving their jobs. Those are the things we want to set in order.

Many young people join the labour market. We have teachers who do not know how to go about it right now. Young people come out of junior colleges and universities with degrees but cannot find work. They offer to do any kind of work. I know a young man in Ottawa who is now in the north working in the forest making fascine. It is a job for a labourer not a professional. You are not going to tell me that this is a young man who does not want to work. He is there with the flies at the risk of burning in the forest or faced with any other peril. But he wants to work, he needs money to continue his studies.

You have 60, 62, 63 or 64 year old people in that same forest at the same site who have to continue to work in the same conditions to earn their living because they cannot do anything else. I think it is in those things we want to put some order. I raised specific points to make sure the minister understood them well. If she is not here, I imagine she surely has serious reasons for being absent but she will have an opportunity of reading tonight's debate and to understand that the system in which we live needs to be changed also.

I was just handed a news appearing in today's *Le Droit* in which the Minister of National Health and Welfare stated in Longford Mills, Ontario, and I quote:

> Two million children live in poverty.

That is brand new, very recent. The minister just understood and realized that. She said, and I quote:

> The economic system must be amended to promote and not discourage work.

It looks like she has finally understood the situation and I hope that the measures she will take following tonight's debate will really be effective and bring about the necessary amendments to the Old Age Security Act so that the motion of the hon. member for Winnipeg North Centre as well as all the recommendations that have been made from both sides of the House will be considered and that at last senior citizens will be allowed to retire a little bit sooner if they wish to and will be able to live a decent life since the country can provide them with that possibility.

[Mr. Laprise.]

● (1742)

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I am becoming very intrigued—and I hope other members of the House are also becoming interested—with the motions being presented to the House on the subject of retirement. It is very clear that every member who has addressed the House recently on the subject of retirement has expressed different opinions. What is becoming increasingly important is that, while we are all striving to reach a common goal, namely, the well-being of Canadians, the objective is being approached by a great variety of seemingly contradictory routes.

It was recently that the House was debating the motion to consider the advisability of enacting legislation to raise the compulsory retirement age from 65 to 70 for any person aged 65 or more who does not wish to retire and is prepared to give up his or her entitlement to any private pension plan or annuity. Today we are asked in part to give consideration to the advisability of amending the Old Age Security Act and the Canada Pension Plan to provide for pensions payable under these two acts to be available at age 60 to all persons who meet the requirements of the said acts and who are not in, or are prepared to withdraw from the labour market.

● (1752)

The hon. member for Brome-Missisquoi (Mr. Grafftey) asked a pertinent question about the cost of the program envisaged by the hon. member for Winnipeg North Centre (Mr. Knowles). In the time remaining in the hour allotted for private members' business, I think that is a good point for discussion.

Let us look at the proposed increase in old age security benefits. The old age security program expended close to $4.5 billion in the 1976-77 fiscal year, roughly $3.3 billion of which was spent on the basis OAS benefit program, $1 billion on the guaranteed income supplement and $0.1 billion on the spouse's allowance.

Since there are at present just over two million old age security recipients in Canada, a $1 increase in the OAS pension implies a cost increase of more than $24 million annually. The member's motion proposes that the Old Age Security basic benefit be raised to $300 per month from its present amount of $156.66, almost doubling the current rate. It was easy to calculate that two million pensioners each receiving $300 per month or $3,600 per year would be paid $7.2 billion per year altogether. It was noted that this would represent a rise in total program expenditures of roughly $3.8 billion, or 84 per cent greater than the present cost.

As well, the member proposes that the income test currently applied to the guaranteed income supplement be removed. It is not entirely clear from the motion whether the benefit would be incorporated in the $300 he proposes, or tacked on to this

amount. If we make the latter assumption, all OAS pensioners over 65 would be entitled to the full GIS benefit in addition to the $300 per month basic pension. This was worked out to a total expenditure of roughly $2.4 billion at present rates, or $1.4 billion more than current GIS expenditures. The total OAS program expenditures would therefore rise by about $5.2 billion per year at current rates, if the benefit increases suggested by the hon. member for Winnipeg North Centre are applied to the over 65 population, bringing the total program cost to $9.7 billion.

The hon. member suggests also that benefits under both the old age security program and the Canada Pension Plan should be made available at age 60 to those not in the labour market. This is, in effect, the reinstatement of the retirement test which the Canada Pension Plan formerly applied at age 65. However, it would apply at age 60. It is estimated that this measure alone would increase old age security costs by another $4 billion annually, making the total cost for this program $13.7 billion per year, or nearly treble the present total annual cost of the OAS program.

If legislation were introduced to allow CPP retirement pensions to be payable at age 60 in 1979, and if we assume that only half the eligible population takes advantage of early CPP retirement, we find that benefit payments would rise by $40 million in 1979 and would cost the Canada Pension Plan fund an extra $640 million by 1985.

If cost calculations are to reflect with any degree of accuracy the potential effect of these measures on the Canadian economy, they must go beyond a simple counting of increases in numbers of pensions and the dollar amount of benefits paid. We must bear in mind the rather obvious fact that an increase in the number of pensions means a corresponding decrease in the number of people in the labour force who must pay the taxes and contribute to support the larger population of pensioners. That is to say, we are not simply increasing by five the number of years for which the eventual pension must be paid; also we are lowering by five the number of years in which the individual contributes toward the benefits of others.

Then there are other hidden costs associated with lowering retirement ages and increasing benefits on which we can only speculate at this time. If income security benefits such as old age security are drastically increased, will this encourage people to be more dependent on public pensions and to decrease their personal retirement savings? Certainly the average private pension benefit will have to be smaller or the contribution rate much higher if we lower the average working career by five years and increase the average payment period by the same amount.

As far as they can be reasonably estimated, the costs of the hon. member's suggestions to change CPP and OAS benefits would require at least $7.7 billion extra in the first year after implementation. As was carefully detailed in an earlier speech, the annual amount to be expended only could be expected to increase rather than decrease over the long term.

I hardly think it is necessary to provide more details at this time on this particular proposal. It is abundantly evident that we are being asked to consider literally an increase of billions of taxpayers' dollars in very general and respected government expenditure terms. These figures force one to conclude that the hon. member's motion, however well motivated, is not very realistic in terms of what the country can afford. I do not reflect upon the motivation of the hon. member, but I must say it is not very realistic at this particular time.

Mr. Knowles (Winnipeg North Centre): That has been the argument for 50 years. It has been the same argument from the beginning.

Mr. Anderson: As far as I am aware, the hon. member has not come to the House of Commons and said that we have $7 billion, $10 billion or $13 billion extra. As I have said, the hon. member is well motivated, but at this particular time when we are carrying a deficit in the expenditures of the federal government of Canada it would not be fair or realistic to ask Canadians whether retirement ages should be lowered or raised.

The Acting Speaker (Mr. Turner): It being six o'clock, the hour provided for the consideration of private members' business has now expired. I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (p. 5548).

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, when I called it five o'clock this afternoon I was expressing my wonderment over the facility with which my colleague, the hon. member for Timiskaming (Mr. Peters), could talk about the bill yet avoid its subject matter. I assure you I am going to talk about Bill C-56 which deals with income tax and provincial sales tax reductions.

● (2012)

I have been waiting for some time now to comment on the constitutional morass into which the government has stumbled, if, indeed, it has stumbled and not gone there of its own free will by design and where, as a matter of fact, it seems likely to sink or at least get itself frightfully mired down as a result of cooking up the $85 Quebec taxpayers deal that has so enraged not only Quebec but all the provinces of Canada. I will deal at length with this further blunder, the consequences of which can only be to drive a wedge more deeply between the federal government and the provinces.

It is tempting, Mr. Speaker, to ridicule the government for its apparent insensitivity in this area, a government made up of a party which has claimed for ten years now to be the only party capable of dealing with Quebec. Canada as a whole, however, is the principal casualty. Therefore, ridicule is just not the response that is called for by this particular issue.

Indeed, my approach is one of sorrow for Canada because of what this government is doing and seems bent on doing. The truth of the matter, of course, is that the vast majority of those making up this government are too close to Quebec to be in a position to take an unimpassioned approach to the problems contemporary Quebec has raised in Canada as a whole. This is not only in general constitutional terms but even in terms of this tax deal, which has become such an issue. They have convinced themselves that the proposal they have advanced in this legislation is compensatory in the sense that if, in a somewhat different way, it is doing in Quebec and for Quebeckers what it has already done for the other provinces and the inhabitants of those provinces, then it is right. There is no comparison. It is a completely new approach to the problem. It has to be, otherwise this legislation would not contain clause 59, which is the first subject of my comments.

This is a money raising bill with a clause providing for the outlay of funds. This matter has already been raised in the House, but it is a strange procedure that in a bill, primarily concerned with raising money, there is a provision, the last one, dealing with the spending of money. For all other provinces it was a matter of vacating part of the income tax field for each taxpayer, $100 worth to be exact, so that the province could occupy it. The taxpayer, of course, gains nothing out of that particular shift from one payee to another. This book transfer has been done in most of the provinces.

However, we must recall that the federal tax collecting agency, Revenue Canada, which at the moment is not represented in the House by a minister, does not collect income tax for the province of Quebec. Quebec assesses and collects its own income tax, and that is a distinguishing feature which we have to bear in mind. The federal government, however, was not going to allow the provinces to replenish their treasuries, generally speaking, leaving Quebec aside for the moment, without some quid pro quo on the part of the provinces that benefited thereby. The provinces were expected in return for that extra revenue which they were going to get to cut provincial sales tax levies by 3 per cent for six months. My own province of British Columbia opted to cut the levy by 2 per cent for nine months.

The provinces gain revenue, on the one hand, by getting into the income tax room vacated by the federal government, but they lose revenue on the other by collecting less in the way of sales tax. It looks pretty fair and sounds like a good deal, and it probably was until the "feds" started fiddling around with the Quebec situation because Quebec had said, "Not on your life" to the proposition put forward by the federal government. They did so on the ground that the sales tax was provincial jurisdiction and the "feds" had no right whatever to suggest how the province can impose or collect its sales tax, a simple constitutional reply. I would say it is fair constitutional ball. I remind the House that the federal income tax collecting agency, Revenue Canada, does not collect the provincial income tax assessed in Quebec.

Thus, we had on the one hand several provinces agreeing to lower their sale tax and, on the other hand, Quebec refusing to do so in the across the board manner as proposed by the federal government. Instead, Quebec eventually decided in its own budget and within its own jurisdiction to drop the sales tax entirely but only on certain classes of goods that are manufactured in Quebec so as to benefit the manufacturers in that province—shoes, clothing, textiles and furniture. Their object was to preserve employment in those industries. Having done this, the Quebec tax authority asked for its prorated portion of the income tax deduction from which the other provinces had benefited, a sum amounting to approximately $186 million.

By this time the situation had become really complicated. The federal government refused the Quebec counter-proposition and claimed that the province had failed to co-operate. Things went ding-dong from it, and then the federal government hit on the novel idea that is set forth in this bill—to return as direct payments to Quebec taxpayers the amount they might have otherwise had returned to them had the provincial government played ball like the other provinces.

To get the picture properly into perspective, Mr. Speaker, I would like to read into the record an excerpt from a letter which was sent by the federal Minister of Finance (Mr. Chrétien) to the provincial minister of finance in Quebec. The Minister of Finance in his paragraph three starts out:

> In your letter of April 27, you indicated that you did not accept the federal counter-proposal . . . The federal government has therefore decided to pay the Government of Quebec, as it undertook to do on April 21, an amount equivalent to two percentage points of the selective eliminations of the sales tax that you announced, that is, about $40 million. In order to rebate the remaining $186 million, the federal government will temporarily withdraw from the personal income tax field by reducing the tax paid by Quebec taxpayers by a corresponding amount.
>
> For the Quebec taxpayer, this reduction will be equal to the lesser of $85 or the tax otherwise payable. The purpose of the rebate is to compensate Quebec taxpayers for the provincial sales tax which they will have to pay on all items not subject to a reduction from 8 to 6 per cent for six months.

This was the proposal made to the other provinces. Going to the next paragraph:

> The sum of the $40 million to be paid to the Quebec Treasury for the selective eliminations of the sales tax and the $186 million to be rebated to Quebec

taxpayers corresponds to the $226 million allocated to Quebec in the Budget speech.

There we see the arrangements that were proposed, counter-proposed and finally laid down by the federal Minister of Finance.

There are several interesting features arising from this unusual proposal and they deserve mention. First of all, it provides a tax rebate to Quebeckers that was not provided to the citizens of the other provinces, $186 million worth if I read this correspondence correctly. In the case of the other provinces, hon. members will remember that the federal government vacated an area of income tax that was immediately reoccupied by the provinces. No citizens from the other provinces gained by this process; they were merely being taxed by a different authority at a different rate, sometimes higher, sometimes lower.

● (2022)

Second, the 3 per cent reduction of sales tax on purchases within a province benefits all citizens buying items subject to sales tax, from cars to stereos to building supplies to drug items. The elimination of the sales tax in Quebec benefits only those who buy shoes, clothing, furniture and textiles. But that is Quebec's decision and if Quebeckers do not like it as a long term thing they know what they can do—they can vote on it at the next general election in Quebec.

Third, the federal proposal will extend up to an $85 rebate to income tax payers only in Quebec. The Quebecker who pays no income tax will not benefit. That is an important point. It is favouritism of the worst sort. The revenue collected in other provinces as a result of the federal government vacating part of the income tax field will become part of the province's general revenue and as such will go to pay citizens in those provinces. No amount of casuistry can produce arguments to convince me that what is being done for Quebeckers is the same as was done under the tax vacating process for other provinces.

There are two jokers in this pack, Mr. Speaker. There are a lot more jokers than that with all the government members who are not over there! The first one is that on October 15, when the tax vacating deal plus the sales tax reduction notion comes to an end, the provinces will have to decide whether to continue with the sales tax reduction or suffer the political consequences of reimposing it. That is a nice way to deal with the provinces; it is a neat political trick to go through the motions of producing what looks like a favourable deal for the provinces with the full knowledge that the unfavourable consequences when the concession comes to an end will be borne by the provinces.

Is this the way to run a federation? Is this the way to treat federal-provincial relations—through Machiavellian trickery? Does the six-month deal and the October termination deal have anything to do with a general election? I think it is enough to make one wonder. One has every reason to ask why, if this government really wanted to do something positive to stimulate consumer buying, which presumably was at the bottom of this whole operation—the assumed reason for luring the provinces into dropping their sales tax—it did not reduce the federal sales tax. They are losing $100 per taxpayer to the provinces as a general thing, at no gain to the taxpayer. Federal revenue, therefore, has dropped. Could it not have dropped by the same amount by reducing the federal sales tax? What mischief is this government about, what tortuous reasoning takes place within its councils, are questions the Canadian people have to ask.

I said there were two jokers in the pack. The second one may take a few words of explanation but it produces a surprising result. Quebeckers are to receive an income tax rebate of up to $85 because it proved impossible for the federal government to work out an income tax and sales tax deal with Quebec similar to the one worked out with the other provinces. That is, $85 on a six month deal that in most provinces produced a reduction of 3 per cent in sales tax across the board. It means, for those who get the $85, that they would have to purchase $2,833 worth of taxable goods in six months, 3 per cent of $2,833 being $85. Are income tax paying Quebeckers likely to buy that amount of taxable goods in six months aside from clothes, textiles, shoes and furniture? Is anyone? On top of that, Quebeckers get the benefit of total sales tax exemption when buying those items on which the Quebec government decided to eliminate the sales tax. It is a great deal—a great way to promote harmony in a federation!

The distressing conclusion to be drawn from this sorry mess in which we find ourselves is that this government seems determined to look always for political profit in its dealings with Quebec, and this time has failed utterly. The approach of the provincial legislature, voting unanimously to reject the proposal, is evidence of that.

We are bound to ask ourselves, as we have asked often and will ask as long as this government is in power, is this any way to hold a federation together—by exploiting a national crisis for political advantage? The answer obviously is no, it is not. Error heaped on error heaped on error: that is the record of this government. Once again I ask, how long are we to endure this "reign of error"?

Enough, however, of criticism. Surely there is something commendable in the bill before us. There is, even if it is not wholly commendable. I want to turn to clause 34 of the bill which has 19 long and tortuous subsections, all dealing with RRSPs and all arising out of paragraph 16 of the ways and means motion tabled by the Minister of Finance on April 10, 1978.

The first thing I want to say about this is that the motion broadens considerably the options open to those who have decided to make provisions for their retirement years by investing in RRSPs. I think this is a good thing. Prior to the tabling of the motion those who followed this route had only one option open to them aside from cashing in the savings in one fell swoop and facing the income tax consequences of doing so. Those consequences could be fairly heavy. That option was to convert those savings at any time between ages 60 and 71 into an annuity on which, of course, the annual levy of income tax would be paid.

It is worth recalling for a moment or two what the RRSP is all about. When originally conceived about 20 years ago the plan was designed to provide the self-employed person—the small business operator, the doctor, the garage owner, the lawyer—with an advantage already within reach of the salaried worker and the daily wage earner, namely, a tax exempt reduction in take home pay in order to build up a pension fund that could be drawn on upon retirement. Self-employed entrepreneurs were unable at that time to make provision for their retiring years and get a tax benefit as well. The RRSP provided that facility.

Over the years the emphasis on RRSPs seems to have shifted somewhat, just as the principle underlying the unemployment insurance scheme has shifted under this government. Whereas unemployment insurance was originally devised as an insurance to provide against the day when a salaried worker or daily wage earner found he was temporarily out of work, it has since become a means of collecting welfare entitlements that contributors are more and more coming to feel are their due. Having paid, they have to collect, just as the man who has paid fire insurance on his house for, say, 20 years decides in the 21st year that he is going to get his money back and sets fire to his house.

Something of the same sort has happened to the RRSP facility. Whereas it was originally designed as a pension planning scheme—a temporary relief from income tax on the funds being put aside—it is now tending to become a tax shelter with an incidental pension benefit. Everybody is getting into the act because the tax shelter benefit is there, even those who already have pension plans prepared for them by their employers under salary or wage deduction schemes.

● (2032)

The reasons for this shift from the pension scheme idea to the tax shelter notion are easy enough to understand. First of all, inflation has gripped most of us with its long entwining finger and threatens to throttle us, meaning fear for economic security in the years ahead which in turn dictates additional pension revenue than that provided by employers. Furthermore, the income tax cut by the government has been biting deeper and deeper into current income. So why not run for the nearest tax shelter, that of the RRSP?

RRSPs have become a way of saving for the future as well as saving oneself from the full burden of current taxes, with special emphasis on the latter advantage.

In his budget provisions in April the Minister of Finance responded in a sort of way to many of the representations that had been made to him to broaden the options open to the owner of an RRSP. These representations, so far as I can make out, were made by individuals but also by trust companies who, until that time, were unable to retain the use of the RRSP funds that may have drifted their way during the savings period of a working man's life. All annuities up until now had to be provided by the insurance companies. Individuals could save in a trust company but when it came time to roll that money over into an annuity, it had to go into an insurance company. The April budget now opens the door for a type of annuity payment that can be handled by trust companies who will in future be offering competition to the insurance companies. I am assured by those to whom I have spoken that the insurance companies welcome this particular competition.

This broadening of the investment horizons comes about largely because of a new vehicle proposed in the budget that may be used by the retiree any time between age 60 and 71. This is the RRIF, the registered retirement income fund, into which the RRSP owner may roll his savings.

The options now open to the RRSP owner are as follows: Firstly, he may cash in his RRSP and meet his income tax obligations at one fell swoop if he wants to. That is option number one and it is not new.

Secondly, he may buy an annuity for life, a straight life annuity, or a term certain, say a 15-year or 20-year annuity. These he must still buy through an insurance company. That is option number two and it is not new.

Thirdly, he may buy an annuity equal to the number of years remaining between the age when he buys it and age 90. For example, if he buys it at age 60 he buys a 30-year fixed term annuity and it will be paid for as long as the annuitant lives. It will be paid certainly for 30 years, and if he should die, then it expires. That is option number three which extends the fixed term feature of annuities and it is new.

Fourthly, he may roll over his RRSP into a registered retirement investment fund which he himself can manage, if he so desires, or which he can have managed for him by any trust company, even the one in which he had invested the RRSP. The payments from that fund may be drawn down annually until age 90 in quantities determined in the law. It is an ingenious scheme that gradually works up in such a way to a good deal more at the end than at the beginning and finally sees the total extinction of the fund in the pensioner's 90th year. That is option number four and it is totally new.

One thing worth nothing about these options is that whichever option is selected it cannot be acted upon before the age of 60 and must be acted on by age 71. Comments on these limitations would appear to be in order. There is a third age at issue here and that is the age of 90 which deserves some comment.

In connection with age 60 the following remarks are warranted. Why is it not possible to get the RRSP, without loss, before 60 with the same options? Suppose a self-employed entrepreneur, the owner of a plumbing fitments business or of a garage, or a doctor or a lawyer, wants to retire at 55, or even 50 if he has made a good thing of it. Perhaps an individual has had an illness and had to retire earlier than age 60. If he has been laying RRSPs aside regularly during his working life, why should he be denied access to them except under penalty—that is, with some considerable loss? Is it because public servants who have devised these schemes are unwilling to see anyone retire before they do and set age 60 down as the earliest age at which contributors may gain access to their funds?

I think the arbitrary age of 60 is nonsense and that that limit might well be removed. The size of the fund will obviously be less because it will not have been invested as long. I can see no reason whatever why, with notice, the funds should not be available with the same or even more options whenever the investor wants it, whether it is before 60 or after.

At the other end of that 60 to 71 time limit why should anyone have to roll over his savings at age 71? I see no reason at all. Maybe an investor finds himself comfortable financially at age 71 and is prepared to let his money go on growing. Why should he not be able to do so? Why should he be obliged to roll over his RRSP into an annuity? At 75 he may feel like a world cruise or decide to cash in his RRSP. Why shouldn't he? Perhaps some of his other investments have not panned out as expected and at 75 or 78 he needs extra support. Maybe inflation has caught up with him. It could happen. In other words, why should he not be able to defer the roll over of his RRSP until he wishes? Or, as in the case of the lower end of that age bracket, why should he not get those funds without penalty when he wants them at age 55, 58 or even 50?

My other comment concerns age 71 and the fourth option, which is a self-managed fund. It is a pretty ridiculous proposal when you look at it. In 99 cases out of 100, who at 71 and over that age until reaching the age of 90 will be able to manage his own investment fund? It takes a very long life of studying the markets in order to be able to make a fund grow. If he does, can his trust company know with any certainty what the annual pay-outs will be? As one commentator in the *Financial Post* said on April 15:

> This is going to turn the industry on its ear. Can you imagine the absolute chaos caused by an RRIF owner being able to run his own account but the trustee (i.e. the Trust Company) having at the same time to liquidate the fund according to a strict formula year by year?

Self-administered RRIFs at any age sound to me to be self-defeating. At age 71 they would probably be self-liquidating in the majority of cases.

Now, this age 90 limit brings me to my final comment. Many people live beyond 90. Life expectancy at 71 is nearer 85, true. But some die before 85, and some obviously live to 90 and beyond. Figures available to me indicate that in 1976, for example, there were 52,160 Canadians living over the age of 90.

These options nearly all close at age 90. The only one that does not, of course, is the life annuity option. This is the first one, the payment of an annuity for the life of the annuitant, be that for one or for 40 years. But even under this option presumably—at least this is the way I read the bill—an individual can contract with an insurance company for a period certain plus a life annuity which could carry the annuitant beyond age 90 should he live beyond that age.

● (2042)

Options three and four, however, foreclose at age 90. Why? Not only why, but what happens after age 90, for those who live that long? Who chose the mystic 90 figure and what does it represent? At age 91 an annuitant could feel way out on a limb if he had opted for either plan three or plan four, because both terminate at 90. The choice of that age baffles me.

I would far rather see the 90, if it has to appear at all, as a "for example." Let the annuitant decide the length of time he wants to enjoy his RRSP, but he should have explained to him all the options open to him. This is basically the role the insurance companies play—life only, fixed term only, term certain plus life, and the terms can be ten, 15, 20 or even 30 years, of course, with corresponding changes in the size of the annuity payments. As variations on these, there are joint life and term certain plus joint life when man and wife are deciding on working out their annuity as a joint operation.

I say again, in conclusion, that the RRSP owner ought to be able to get his RRSP without penalty, at least after leaving it invested for five or ten years, whenever he wants. He should be allowed to defer if he so chooses, even beyond 71. He should not be limited by the mystic age 90 either, only to find at 91 he is completely dependent on others for his everyday care.

Besides the individual criticisms, I find the broadening choice offered by the RRSP in this bill commendable. For that reason, I suppose we must commend the Minister of Finance for having such a brilliant group of public servants to bring forth these items for him, because I am sure it would not be on his own volition.

Mr. Bruce Halliday (Oxford): Mr. Speaker, during the past ten days we have had two special debates in the House when two opposition parties, first the Creditistes and second the Progressive Conservatives, choose a subject having to do with the economy to be debated for the day. It illustrates the importance which the opposition parties place on the fact that the economy of Canada is indeed in difficulty. The present government is doing very little to correct it and shows little concern about doing much in the future.

We have before us tonight, and have had for a number of days and, I suppose, a number of weeks, Bill C-56 which in a sense deals with the economy. This bill deals with amendments to income tax law, and sales tax in particular.

For the past several days we have heard a lot in this debate about the ridiculous proposal encompassed in this amendment involving the sales tax. I do not want to spend more time tonight on that aspect of this bill. Rather, I would like to summarize what in my view has been the general feeling around the country as to the effectiveness of Bill C-56. In particular, I want to discuss it in relation to the aspect dealing with the amendment of the sales tax.

People across this country realize that the government has shown itself to be very incompetent in the way it presented this particular cut in tax via the sales tax. Further, people realize that the government has once again shown a special status for one or more parts of this country which most of us feel is unwise. Third, there is no question but that the way they have implemented the tax with the province of Quebec is an attack on the poor which, again, the people of Canada do not appreciate seeing. Fourth, but not a bit surprising, this bill has

shown itself to be an encroachment upon the provincial rights of one or more provinces in this country. Again, we abhor that.

In summary, most Canadians disapprove of those four aspects of this bill intensely. When the next election comes, the government will realize that is the feeling of the people of Canada with regard to this bill.

I do not want to devote more time to that aspect. I would rather talk about an income tax component of this bill which I think is largely missing. What I want to say about it has to do with what might be called new thoughts or ideas on income tax and corporation tax. They are not new, but certainly are new as far as implementation of them in Canada is concerned.

I would like to put in a little brief tonight mainly on my behalf and not necessarily that of my party, because we have not discussed it at length as party policy.

It is incumbent upon all of us as legislators to play a more active role in looking at the income tax system in Canada, both at the personal and corporate level. We must try and find in that area of the economy a solution to a problem which is probably very basic to the troubles we now have with inflation, low productivity, low trade and so on. It will be found that a lot of those problems stem from our ineffective tax system.

As one looks at the total problem of taxation, one has to go back in perspective a bit. When taxes first became popular, and that is not too far back, they were levied to pay for essential services. Those taxes were levied against both corporations and individuals. As far as the individuals were concerned, the taxes were levied primarily to support functions of government such as immigration, national defence, foreign policy and other such areas where it was necessary to have a corporate body such as government look after them on behalf of the citizens.

We have gone a long way from there. We now have a government, particularly the one across the way in this House, which is no longer content with assuming that kind of control of power. They want to increase that power. They have extended their power into all sorts of other areas of involvement, into the personal life of yourself, Mr. Speaker, and that of every Canadian.

The government has shown its intense desire to take over the control and responsiblity that should reside in 90 to 95 per cent of Canadians who are quite capable of looking after themselves and do not have to be told by government how their money will be spent. We should be able to decide for ourselves rather than have a government do it.

This increasing encroachment is not only at the federal level. Many provincial and municipal governments are encroaching further and further into the power that they have to raise taxes and spend money. I want to express my personal disapproval of this and suggest, as I go along, how it can be corrected. The real role of government in this day and age should be to provide a climate for businesses which operate in this country, not to provide a very detailed, controlling influence over the Canadian people.

[Mr. Halliday.]

What is the current status of taxation in Canada? I have alluded to the fact that it is a real mess. We have all kinds of problems. I do not have to give a lot of quotations to convince hon. members of that. However, there are two or three I would like to refer to which will be supporting evidence of the difficulty we are in now as a country vis-à-vis our tax system.

Something that came out recently—and this will not be new to the parliamentary secretary whom I am pleased to see here this evening—is the report of the Royal Commission on Corporate Concentration. In its 400 pages, they do not deal mainly with taxation. However, on pages 274 and 275 the report of the Royal Commission on Corporate Concentration discusses taxation. I want to read just a few sentences to illustrate how this royal commission felt about our present tax situation.

● (2052)

It is abundantly clear from what we have said in this chapter that savings over the next few years will be inadequate to finance the necessary business investment and that current and expected risk-return ratios will be inadequate to induce risk capital investment. This and the other serious problems of the Canadian economy which we reviewed briefly in Chapter I concern us deeply.

The royal commission is concerned about investment in the future and that there might not be risk capital available, and I think we can supply a solution to that problem through a different tax system. The report continues as follows:

We think there must be more questioning of things that have heretofore been accepted as unchangeable. If the problems we face are as deep-seated as we think, then their solutions probably require equally fundamental changes in some of our economic arrangements. Mere tinkering with effects will not come to grips with basic underlying causes. All of us must be prepared to think about the unthinkable.

I suggest that this has been our problem with respect to taxation. We do not have any committee on either side of the House which is really concerned about taxation. We do not have any committee whose title has the word "tax" in it. I do not think any party in the House has that, which shows what little importance we attach to taxation. Nevertheless, it affects all of us in this country. The report of this royal commission says that we are going to have to have very fundamental and radical changes if we are going to get anywhere with our economy, and those changes have to be in our taxation system.

I want to read two or three more sentences which are very important because they deal directly with taxation.

It is appropriate to discuss the tax system in this chapter because a healthy, small business sector is one of the most realistic antidotes to the economic concentration that is inevitable in the Canadian economy, and which is a constant threat to competition.

I wish the Minister of State (Small Business) (Mr. Abbott) was here tonight so that he could see some of the real challenges which exist for small business and how he might do something about them. The report continues:

The health of small business depends, more than anything else, on a vigorous economy. In addition, the measurement of taxable income and the system to collect tax on it are particularly severe problems for smaller businesses. A tax on profits is disproportionately burdensome—

I want to emphasize this because this will be the crux of my argument.

—on a small business because retained earnings are often its principal source of capital. Finally, the complexity of the tax system creates a compliance cost that the small business is least able to afford.

I do not suggest that I agree with everything in that report, but there are comments on taxation as it exists today which are indeed very apropos.

Let me quote from a speech made only two or three days ago by the hon. member for Vancouver Quadra (Mr. Clarke). His remarks are recorded at page 5807 of *Hansard*.

—I am a chartered accountant who understands, probably better than most in the House who are not chartered accountants, some of the complications in the income tax and accounting laws and I have an idea of the huge costs involved in the legal advice needed in dealing with the income tax laws.

The hon. member for Vancouver Quadra was suggesting that we have indeed a very complicated tax system which is causing everybody difficulty. He was implying, I am sure, that there need to be some changes in that.

Finally, in support of my argument that we have a very unwieldy tax system I want to quote two very short quotations from a Mr. Peter Drucker. I understand that Mr. Drucker is a world renowned expert in management consulting, and he writes on business matters. In the appendix of a book written about Mr. Drucker there are two quotations from his work. The first is: "The corporate income tax is the most asinine of taxes". The other quotation is the following: "We are dedicated to the preservation and strengthening of small business, and our tax policy is designated to destroy small business." I hope the Minister of State (Small Business) will read these little quotations because they are very apropos. This quotation continues: "Small businesses are selling out because of tax laws designed for IT & T"; that is, International Telephone and Telegraph. Here again is another quotation illustrating how ridiculous our present tax system is and the very urgent need there is to do something about it.

What is the history of taxation in Canada, and how did we get into the mess we are in now? A year or two ago the Prime Minister (Mr. Trudeau) said that the free market system was not working. He seemed to think, for one reason or another, that the economic mess we were in then was due to the fact that the free market system did not work. He did not attempt to analyze whether it was because there was too little government involvement in the free market system or perhaps too much, but I suggest that if he had chosen to be honest with us and with everybody else, he would have told us in addition that the reason it did not work was because there had been too much government interference.

I think something has to be done along that line. The Prime Minister did his usual trick. Within a few months of his making that statement he saw fit to take the most reactionary Conservative on this side of the House over to his side of the House in order to give the impression that he was having a second thought and that perhaps the private sector needed to be encouraged a little. He brought the hon. member for Crowfoot (Mr. Horner) to his side to give the impression that an arch small "c", reactionary conservative could be part of the Liberal Party of Canada.

We know that the hon. member, who is now the Minister of Industry, Trade and Commerce, has no weight over there at all and that he is not having any effect. I suppose he will find that out too when the next election comes around.

If we are to look at what has happened in our tax system, we should start back at the end of the second world war. At about that time there was a great need for fresh capital to start our industry moving again. There seemed to be a need for industry to get working more and to become more effective, and there was an apparent need for capital. A former minister who is now deceased, the Right Hon. C. D. Howe, saw that in the United Kingdom there was a system known as accelerated depreciation which seemed to have an effective result as far as getting industry going again after the war. He brought this back to Canada and integrated it into our tax system. Accelerated depreciation is a form of tax relief which is nothing more than a manipulation of the tax system. As a result of that manipulation we soon developed a system in which savings were being accumulated by industry and by business because of so-called "tax incentives", and I put those words in quotation marks because there is no such thing as a tax incentive. A tax, by its very definition, is a disincentive. In any event, it was called a tax incentive, and I suppose we will have to accept that.

However, it soon became evident that companies were able to accumulate a lot of money in the way of savings, so much so that the time soon came that in its search for money to spend the government was able to auction off treasury bills and get its supply of money from what the private sector was accumulating by way of these accelerated depreciations and other tax incentives.

It was at this stage that we had the beginning of the decline in the role of profits in our basic economic system, which had functioned relatively well up until then. There was a decline in the role of the functioning of profits due to the fact that no longer did business have to borrow on the money markets, because money was then available through various types of tax incentives, accelerated depreciations, write-offs, and so forth.

One could arbitrarily say that there are two economic systems. One is based on a profit incentive. Under that type of system success in business in determined by reducing costs and by increasing productivity. I submit that it would be very difficult to find a system better than that.

Unfortunately, we have moved out of that system because of what C. D. Howe did back in the late forties or early fifties. We moved away from the profit motive being the incentive to produce and manufacture products. We got into the so-called tax incentive, which is the other type of economic system. However, under the tax incentive system the incentives do not encourage production or efficiency. Incentives are there to inflate costs. The greater the costs, the more successful a business can be.

● (2102)

We have the anomalous situation in our economy where presumably we are trying to produce more, put more people to

work, have more goods to trade and thereby increase our economic effectiveness, and as a result our success depends upon increasing our costs, not upon increasing our efficiency. As a result of that, business becomes subservient to government, and I suggest that the present government—and, I suspect, other governments in this country—enjoys the feeling of power it has over the corporate sector. That is what they have been able to achieve by interfering more and more in the tax structure in the country by introducing more so-called tax incentives.

It is by no means only experts who think this is the thing to do. By 1975-76 the then president of the Institute of Chartered Accountants, Mr. Marcel Belanger, came out very strongly against this type of incentive system based on tax incentives to inflate costs. That was the way you succeeded, not by becoming more efficient or by trying to make a profit. There are still many economists in Canada and the U.S. who seem to think that that is the way our economy should be growing, with greater and greater incentives and more interference by the government.

That is one of the examples of further intrusion into the economy, but there are two or three others. We see now a real demand by companies, as they do their accounting, to allow depreciation on the replacement value with our inflation, which has been aggravated by our change in the tax structure. We now find that it is unrealistic to have depreciation on a provisional cost basis, so companies are trying for depreciation on the replacement value basis because we have shifted from what was originally a healthy tax system to the unhealthy one we are now supporting. We also have a demand for accounting inventories on a last-in-first-out basis for much the same reason owing to inflation. All these are designed to increase the cost of a company's operation rather than to increase its efficiency or productivity.

When we have a system which cries out for more and more inflation of costs, we have to hire two types of individuals who are non-productive: we hire more tax lawyers and we hire more tax accountants, both of whom are non-productive, and thus we aggravate our inflationary spiral.

What are some of the results of this type of change which we have seen in our tax system? What we have seen happening in the last 25 years in this country is a shift in taxation from the corporate sector to the private personal income tax sector. This has had a serious effect on our economy, and, if I may, I want to document the extent of this shift in taxation.

A recent publication of the Economic Council of Canada entitled "The Tax Structure and Canadian Trade" written by J. R. Melvin has some interesting figures. He compares 1951, shortly after the change in concept introduced by C. D. Howe, with 1971. In 1951 corporation taxes were greater than personal income taxes so far as total tax revenue was concerned. Corporation taxes were more than 50 per cent of total government tax revenue. In 1971, just 20 years later, corporation taxes were about one quarter of personal income taxes. We can put this in another way. In 1951, corporation taxes were 6.6 per cent of the g.n.p., and in 1971, 20 years later, they had dropped down to being 3.7 per cent of the g.n.p. They dropped from 6.6 per cent to 3.7 per cent of the g.n.p.

What happened to personal income taxes? In 1951, they were 5.9 per cent of the g.n.p; 20 years later they had climbed to 13.9 per cent, almost two and a half times as much. There is a third way of looking at what happened in the period of roughly 20 or 25 years. The Canadian Tax Foundation in its annual publication entitled "The National Finances" had some interesting figures. They took the financial year 1950-51 and compared it to the year 1976-77, a 26 year difference. In 1950-51, the personal income tax revenue of the Government of Canada was $652.3 million. By 1976, 26 years later, that had jumped to over $16 billion for an annual rate of increase of 13.1 per cent. What happened to corporation taxes in the same 26 year period? They climbed from $809 million to $5,860 million. That was an annual increase of 7.9 per cent. So there, Mr. Speaker, you have an illustration of what happened to our taxation structure. In 26 years there was an annual increase in personal taxes of 13.1 per cent, and in corporation taxes of only 7.9 per cent.

Are there any examples of what this has meant in dollars and cents in Canada? There is one large U.S. oil company operating in Canada—I will not mention its name but it is no secret. In the ten years between the early 60s and the early 70s, that big company did not pay one cent in Canadian corporation tax. Can you imagine a large U.S. oil company operating in Canada not paying one cent of corporation tax for ten consecutive years? That same oil company turned around a very few years later and bought out the remaining existing Canadian oil company, the one that used to go under the white rose banner. It was bought out by the very company that paid not one cent of corporation tax in Canada in ten years of very active business in this country.

How do we stack up as a country vis-à-vis other countries? In the last few months some interesting figures came out from the U.K. statistical office. They compared a number of countries with reference to the amount of taxes that were raised in the country in relation to the g.n.p. in that country. I used to think that Great Britain was a country where you had to pay a lot in taxes, but I suppose that we in Canada have taken over that role. Those figures show the following results. If you take the total taxes raised at all levels in Canada, you find they represent 40.5 per cent of the g.n.p. In the United Kingdom it is only 40.3 per cent. But what is more remarkable is that other countries which are much better off economically than we are, such as the United States, have taxes totalling 31.4 per cent of the g.n.p. What is even more interesting is Japan, which is one of the booming countries at present. Their taxes are one half of Canada's. The taxes raised in Japan are 21.1 per cent of their g.n.p., while ours in Canada are 40.5 per cent.

This brings to my mind a comment I heard recently when I had occasion to be in Japan a month or two ago. We were talking about the unemployment situation here and in Japan and they told us that over there they were having some tough times with their industry keeping the workers busy. We mentioned our unemployment rate being somewhere around 8.5

per cent, but to our astonishment we learned that their rate of unemployment is only 2 per cent. We could not understand how they maintain such a low rate of unemployment, but they told us they had a philosophy in Japan according to which if you want to eat you must work. We seem to have lost track of that here in Canada. The concept certainly seems to be paying off in Japan, and they do not seem to have that requirement for taxation. As I said, they raise about half the taxes we raise in proportion to our g.n.p.

There are people here in Canada who think that the high taxation from which we suffer is a good idea. Only last week, on May 23, the hon. member for Waterloo-Cambridge (Mr. Saltsman), speaking on behalf of the NDP, agreed wholeheartedly with the government that our high taxes are quite justified. He thought they should be encouraged and that we in the Conservative party were out of our minds to think that taxes should come down. The hon. member thought it good that they should be so high. This is hard to believe.

The idea of heavy taxation is not only this government's idea, I do not want to give credit to this government for being the source of this concept of high taxation. We have to go back to the time of Marx, Lenin and Engels when they wrote the communist manifesto. All three men argued very strongly that, if a government wanted to destroy private property and the private enterprise system, it would be necessary to tax it. That is what this government is doing. We have not been told by the government that it wants to destroy the private enterprise system, but it is embarked on that. Certainly I cannot accuse the government of being communist, but it is implementing the communist system as far as taxation is concerned. There is no more powerful a method for destroying the economy of a private enterprise system than a system of very high taxation.

● (2112)

What is the solution? The Carter commission was set up in 1966 by the present government to look at taxation and see if it could come up with a more rational approach to it. The commission had enough insight to recognize the fact that there are two basic concepts of taxation as it applies to the corporate sector. One approach is the benefits approach and the other approach is the ability to pay approach. It remains unexplained why our lifelong system in Canada has been to tax corporations and people on their ability to pay. Obviously that does not work. There are various examples to show that it has not worked. The mess we are in now is proof of its being an inefficient system.

There are people in Canada who realize that the system of taxation based on the ability to pay is a lot of nonsense, just does not work, and that there are systems which work better. The system which works better is the benefits approach. If one wants to look at it from the point of view of corporations, it can be called a tax based on net business costs. The person in Canada who has done the most to push and propagate this concept is Mr. John R. Ferguson of Ottawa. Unfortunately he has not been listened to by the present government. The government does not seem to be interested in a more reasonable approach to taxation, which approach is available.

In the time remaining, it is difficult to go into a lot of detail explaining exactly what the benefits approach to taxation is as opposed to the ability to pay approach. In essence, if one wants a successful economy, profit and productivity must be encouraged. As soon as the approach to taxation is based on ability to pay, those two areas are being condemned. In the ability to pay system, the more one makes, the more tax he is required to pay. That discourages any kind of incentive, productivity and efficiency.

It has been well known that if something is not liked, it is taxed. The British found that if they wanted to tax chimneys, the result would be fewer chimneys. When they started to tax windows, people would start doing away with windows. Canadians cover up windows because if their windows are boarded up they pay less tax. In the last year or so, the government decided that it was necessary to conserve fuel and gasoline. By increasing the tax on gasoline, the government thought that would discourage its use. It is a well known fact that if the government wants to discourage something, it is taxed. We want to encourage efficiency, productivity and profits. Yet, the government turns around and taxes profits which discourages productivity and efficiency. It is hard to believe.

What are some of the differences between the ability to pay and the benefits approaches to taxation? Without going into great detail, I should like to mention the 11 different contrasts between these two types of taxation. These differences were enunciated by Mr. John Ferguson of Ottawa. I think they deserve a lot of consideration by the government, as well as all members of the House, if we want a real turnaround in our economy.

The first contrast is this: a tax on profit penalizes efficient companies and subsidizes marginal and inefficient companies. If the tax is based on net business costs, it will bear evenly on all businesses and thus would not penalize efficient nor subsidize inefficient companies, as does the current tax on profits.

A second harmful effect of the tax on business profits is: it results in many marginal expenditures being made for tax reasons rather than for sound business reasons. For instance, if a company decides that it has $10,000 to spend on advertising, $5,000 of it will be paid by the taxpayers of Canada because the companies are not required to pay any tax on that amount. It means Canadian taxpayers are subsidizing that inefficient component of the cost structure of that particular company. If the tax on net business costs system is implemented, the tax on costs would result in reducing or eliminating those expenditures, which are often made for tax reasons rather than for normal business reasons.

The third contrast is: it results in many businesses being tempted to inflate their non-cash charges in order to reduce their taxes. Of course, these are the harmful effects. A tax on net business costs would result in businesses being encouraged to reduce their costs in order to increase their profits and reduce their taxes.

The fourth harmful effect is: it has not provided an adequate source of government revenues mainly because of the provision by the government of tax concessions. The contrast of that is that a tax on costs would permit the government to eliminate the many tax concessions and reduce the effectiveness of the profits tax as a source of government revenue.

The fifth harmful effect is: it has resulted in the larger capital intensive corporations becoming relatively independent of the financial markets for the financing of their expansion projects and thus has inhibited the development of the financial markets. On the other hand, if there was a tax on net business costs, the result would be that the largest businesses in Canada would once again become more dependent on the financial markets for financing their expansion projects. At the same time, the removal of the tax on corporate profits would facilitate such market financing.

The sixth harmful effect is: by inhibiting the efficiency of the financial markets, it has reduced the effectiveness of monetary policy. On the contrary, with major businesses becoming more dependent, as they would under a tax on net business costs system, the financial markets and the monetary policy, through its influence on costs and the availability of credit, would become a more effective tool for combating inflation.

The seventh harmful effect is: it has resulted in pressure on accountants to stray from sound accounting principles in order to permit costs to be inflated for tax reduction purposes. If a tax on net business costs were implemented, it would permit accountants to spend more time on ways and means of assisting businesses in the reduction of their costs, rather than in the minimization of their taxes.

The eighth harmful effect is: it has led to inaccurate profit and loss statements and has generally clouded the economic picture of many corporations. On the other hand, the implementation of a tax on net business costs would lead to greater accuracy in profit and loss statements and present a clearer picture of business results.

The ninth adverse effect is: because of its complexity, it has resulted in an excessive administrative burden at both government and business levels. If a tax on net business costs were put into effect, it would eliminate the complexity of the present profits tax, and it could reduce considerably the administrative costs at both government and business levels.

The tenth adverse effect is: it has resulted in businessmen devoting an excessive amount of time and effort to the minimization of taxes, rather than the lowering of costs and the maximization of business profits. With a tax based on net business costs, the temptation for many businesses to spend time attempting to obtain from the government the maximum tax concessions possible would be reduced, and they would be permitted to concentrate on the maximization of profits.

● (2122)

Finally, Mr. Speaker, in number 11 the contrast here is that the tax on business profits has resulted in a misallocation of financial and other economic resources in Canada, and has contributed to a higher cost economy. You could avoid that through the tax on net business cost, because this would result in a better allocation of economic resources and, therefore, would result in a more efficient and lower cost economy.

There are many arguments there as to why we should reconsider in a very serious manner our taxation system both at the corporate and at the personal income tax levels. Taxation has now reached a very high degree. The level of personal income taxes now has reached the point that those of us who should have money to spend no longer do so because the money is being taken away from us. Corporations are no longer in the position of being able to provide money to the government for the kind of services they obtain from the government.

One could go through all the arguments which bring one to the natural conclusion that if we are to have an upturn in our economy we will require to take a very serious look at our whole tax structure, a look that was not taken adequately by the Carter commission. That commission acknowledged that there were two kinds of taxation. It identified the two kinds, tax on profits and the ability to pay approach, and pointed out that there was a tax on net business costs; but it completely omitted to consider the latter. It dealt only with the tax and the ability to pay. We have ended up some twelve years later with the kind of mess in which we now find ourselves.

As I indicated in my earlier remarks, there are enough real experts in the field of economics and taxation who now agree that, if we are going to have an economy which will begin to flourish, we must adopt a different taxation structure. I recommend that this government, in its attempt to create an upturn in the economy, take a serious look at taxation, particularly at the corporate and personal levels, to determine if there is a way around the impasse which we now face, and in this way hopefully lead this country out of this present morass.

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I welcome this opportunity to speak on Bill C-56, that all-inclusive bill covering many tax measures. Most of these measures are welcomed by this party as they are proposals which, over the past few months and years, we have put forward as changes that should be made in our tax structure. My main intervention will be in respect of the clause in this bill which deals once again with the rollover of capital gains.

On December 13 last we passed a tax bill which included this rollover on capital gains. It meant that you could sell one farm and buy another without having to pay capital gains tax. When we discussed that measure, Bill C-11, we felt we were really doing something concrete and conclusive in this field. However, because of an interpretation by the Department of National Revenue we discovered that we really had not done what we thought we were doing. The spirit of the discussion about the legislation was such that we felt we had put this feature into place. We now find that the Department of National Revenue has changed the whole concept, and in effect has ruled or interpreted that a farm is not a farm.

This sort of thing has been going on for the fair length of time I have been in Ottawa. We have bills before us, we discuss them and we think we have done something, only to find that because of some interpretation we really have not done anything at all. The people of Canada become disenchanted with this sort of thing. They believe they have something in place which is really not in place at all. They blame the politicians when the politicians are not really at fault. It is the bureaucrats in the departments, usually supported by the ministers, who cause all this trouble. What I am referring to is real and not imagined.

On December 13 we passed this bill which stated that if you sold a farm you could buy another without having to pay capital gains tax because there was a rollover feature. At that time we were considering how this would help those farmers around cities who were being squeezed off their land for the purpose of establishing subdivisions. When the land was sold they obtained large capital gains, but if they were being squeezed off in this way and purchased replacement farm land they would not have to pay the capital gains tax.

Let me point out what happened to one of my constituents. He sold his orchard, having been squeezed out by a developer for the purpose of subdividing. He went to Alberta where he found a grain farm he wanted to buy. He wanted to take advantage of this rollover provision in order to buy this grain farm, but it was interpreted by the Department of National Revenue as being not the same kind of business. In other words, the orchard was not a farm, or the grain farm was not a farm. That was the interpretation in this particular case. The man was told he could not take advantage of the rollover provision. When I questioned the minister about this at the committee he said they had obtained a legal opinion from their lawyers to the effect that grain farming was not the same type of business. I just wonder how many different types of lawyers there are, and how they can justify splitting hairs in this way.

I referred to the interpretation section of the Income Tax Act to find out what the interpretation of a farm was in so far as that act is concerned. That act states that farming includes tillage of the soil, livestock raising or exhibiting, the maintaining of horses for racing, the raising of poultry, fur farming, dairy farming, fruit growing and the keeping of bees, but does not include an office or employment under a person engaged in the business of farming.

Why is that interpretation not sufficient? Why do we require a different interpretation by the Department of Revenue in respect of another bill? I suggest this only confuses the people and the issue, and this is exactly what has happened. I know that the Department of Finance is embarrassed because of this interpretation. The government brought in Bill C-56 with a clause that is supposed to fix this interpretation up. Can you imagine, Mr. Speaker, what is going on in this government that, almost immediately after they have put one bill down, they come back with another clause in another bill to correct an interpretation by the Department of National Revenue, which in my opinion is a legal interpretation that is splitting hairs.

• (2132)

We know that there are a lot of things done by this government through regulations and orders in council after we pass a bill. Here is an example of where the cabinet should have come down and said to the department of revenue, "Take a look at what the Income Tax Act says; take a look at the interpretation of farms; what is going on here; why are we causing more confusion; why is it costing more money and why isn't it more timely?"

We are lucky to have this Bill C-56 so soon afterwards in one sense, but in another sense we do not know whether it is going to be passed or not. It certainly would never have been talked about if the Prime Minister (Mr. Trudeau) had not picked up a case of cold feet and put his running shoes on. We are lucky in the sense that he did get cold feet and did not call an election because this situation would have taken years to be straightened out, and as I say we do not know whether Bill C-56 will be passed or not.

My main argument this evening is that this government does not need to bring in an act with these clauses to straighten out what has occurred in an interpretation by the department of revenue. All they need do is tell those "legal beagles" to take a good look at it and get with it. I wonder what their interpretation of a lawyer would be and how many different types of interpretations they would have.

In the clause which the government has brought in to straighten out this error and embarrassment to the Department of Finance, they use two words, "or similar". Here we are speaking on this bill and we do not know the interpretation the Department of National Revenue is going to put on "or similar". I asked the question in committee, and what the minister told me was that he backed up his people in the department for what they had done and in the interpretation they had made. He did not tell me, however, and neither are they telling us, what the interpretation is going to be of "or similar". Is it going to mean an orchard or a farm raising grain? A farm is a farm is a farm, and I do not believe that the people who made this interpretation know what they are talking about.

I was raised on a grain farm in the late thirties before I went into the armed services, and for two years I operated my father's grain farm, a section of land in Alberta. I now own an orchard, and have owned one for the last 28 years. It is farming and I call myself a farmer. When I came to this place I was asked about my occupation and I said it is farming. That is my occupation as a member of this House.

However, look at the kind of interpretation these people are putting on this because we had a simple little bill to do something. We as parliamentarians and legislators never dreamt that we were going to have these kinds of interpretations. My argument is that these should not be in the bill, and neither does it need to be there. With all the regulations, interpretations and orders in council that we have coming out of this place and that are never brought to this House, the cabinet could have told these people exactly the kind of interpretation that we should have.

A farm is a farm. When you are tilling the soil or growing trees in an orchard it is farming, and there is no other interpretation for it. I still do not know what is going to happen when this or similar legislation comes down. I only hope that there is some measure of reality in the interpretation and that what we are talking about here is going to happen. I hope that some bureaucrat, somebody on the staff of national revenue, does not upset the meaning of what we are really talking about.

I come now to the main thrust of Bill C-56, which of course in the sales tax clause. We find that we now have a double standard in Canada as a result of this situation. It is really a clouding of issues. What we have is a confrontation between the provinces and the government, a divide and conquer situation which this government seems to enjoy. If this government wishes to do something concrete without getting involved in somebody else's business, they should be looking at this old, outmoded outdated federal sales tax. This is their field. It is the most outdated and outmoded tax that we have and ever will have. It is not fair. It hits the poor harder than any other sector, and it hits the business people, causing confusion and paperwork. In fact, in some instances it has been one of the highest costs of doing business that they have.

When I first came to this House I started to talk about this 12 per cent tax, and one of my arguments was with regard to the situation that if you manufactured $3,000 worth of business, you did not have to pay the federal sales tax. Well, $3,000 worth of business might have been all right 50 years ago or even 30 years ago when they dreamt this innocuous tax up, but it is not good today. It is absolutely no good, and it was no good to the former minister of finance twice removed. He did not think that it was an area to change, but we finally convinced him to change the figure from $3,000 to $10,000. At the time I spoke in this House I pleaded with him to make it more realistic, even as high as $15,000. We now know that this government is beginning to see the light, and it is mainly because of the opposition pointing out what should be done. They are now going to $50,000, a more realistic figure. But we still have a 12 per cent sales tax. This is where they should have been cutting—not getting into the provincial jurisdiction, not dividing Canada, not giving a different deal to Quebec.

● (2142)

We hear hon. members opposite trying to justify this tax. By giving this $85 rebate to taxpayers in Quebec they are not doing anything for the poor or the people who pay the sales tax in Quebec. The government was trying to buy time for an election. Thank goodness the province of Quebec extended that period to two years. I think they were going to drop it anyway. They did not buy this concept just because they thought they were going to get six months' help from the federal government—and that would be another plum for them. But they did not drop it for six months, they have dropped it for two years, and I would not be surprised if it is dropped for longer than that and perhaps by even more than the 2 or 3 per cent. These are not the kind of taxes that are good for growth in Canada. The 12 per cent federal sales tax has caused more trouble and has done more to inhibit growth than any tax system in the country. They do not have it in the United States or in any other country.

A manufacturer of pipes told me that his biggest cost was the 12 per cent sales tax. He showed me letters asking him to set up his pipe manufacturing company in the United States. If he did that he could export his pipes to Canada and make more money, as he would not have to pay the 12 per cent federal sales tax. This is the area the government should be working on.

We hear hon. members opposite talk about employment. They claim that because the opposition talk about unemployment they cause more unemployment. They should look at natural growth, which is going to create employment. Members of the opposition talking about unemployment is not what creates the biggest unemployment record we have had in Canada. That was done by the Prime Minister years ago when he told the people of Canada: "Do your own thing; you don't have to work if you don't want to. You can go on welfare or unemployment insurance." That is where the basic problem is.

Instead of coming to this House and doing something about our tax system that would give the people in the private sector an opportunity to work and create jobs, this is the sort of thing we have had. What we need is for this government to get out of provincial fields and do something that will create employment for this country.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I listened very carefully to the hon. member for Okanagan Boundary (Mr. Whittaker). In this own way he described the illness of this democratic system to a "T".

The basic problem faced by any party that becomes the government in this country is the question of how to bring some common sense into the decisions taken by cabinet ministers and their staff. He gave the example of a simple act passed in good faith by all parties last December which was abrogated by a legal decision emanating, I suppose, not only from the Department of National Revenue but the Department of Justice and which made a farce of what we are doing here.

Now the government has brought forward this new section to correct it. I think the hon. member deserves congratulations for bringing this practical, earthy story to the House as a reminder that what Canada expects is a little bit of common sense on the part of the elected representatives who sit in cabinet and who should take control of this nonsense.

I had many experiences when I was a minister. Horrible recommendations would come forward and when you questioned them you would find it was the legal interpretation of the law officers of the Crown of what parliament intended years ago with a particular statute. A minister with common sense would say "phooey" to such recommendations. That is what ministers are for—to put in an interpretation that makes sense.

Many years have passed since I held a portfolio but some civil servants still remind me of incidents that happened where

common sense was applied. We have a cabinet that for two or three parliaments now has degenerated into a group of yes men to their civil servants. When you consider the frustrations of honest, hardworking civil servants who bring forward proposals that are ruled out by this group of nit-wits, you see that is the real test of democracy in Canada. Conservatives are not prefect but the great majority that I see in this House are determined that, when we take possession of the benches opposite, that will be one of our major objectives.

Earlier in this debate the hon. member for Esquimalt-Saanich (Mr. Munro) brought to the attention of the House the section of the bill dealing with registered retirement savings plans. He did a thoughtful job of analysing the history of the plan and the various options available now in the act. There are positive things in this act and he pointed them out.

I should like to make a few comments on his remarks. He could not understand why the people who drafted this legislation were so careful to say that you had not the right to take your money out of an RRSP until you reached the age of 60. He could not understand why the government chose the age of 60 and not 55 or even 50. After all, the money belongs to the person who saved it. What the hon. gentleman should have known, with his long experience of the civil service, is that the civil service has grown up with the mentality at the top level that they have to show the people of Canada that they are not free. They do not honestly believe that the citizens of this country, whether working men or self-employed, have the native wit to make their own decisions and are willing to bear the consequences of their mistakes.

The belief that there is a lack of ability in the ordinary person to cope with problems is one of the weaknesses that has developed in the civil service in all countries over the last 30 or 40 years. This concept of elitism—that only those who get into the civil service know what God wants—faces the civil service in all countries. It also exists in large corporations, in large groups of people like the church, and so on.

When a person gets to the top level of a company or government there is a place for common sense. I think that is the lesson we learned today from the hon. member for Okanagan Boundary, and it is the answer to the mystery that the hon. member for Esquimalt-Saanich could not resolve about the age of 60. The civil service has to have the power to say this is the cut-off date. They will not accept the fact that this money does not belong to them but belongs to the guy who saved it.

● (2152)

The other age of 71 is simple to explain. One must take out the RRSP at age 71 for a very simple reason. Civil servants in the Department of National Revenue believe there is an article of faith that all money earned belongs to them. It is only by the grace of God and a lot of fast footwork that the taxpayer ever gets off with anything. They systematically search out every louse in this country to see if there is any fat and tallow they can skim off. That is their philosophy. They subvert the RCMP to join them in this. This attitude of the Department of National Revenue means that they think that all the money in this country belongs to them and an individual must prove that his money is his own money. Too many times the courts of this land have accepted that doctrine.

This age 90 bit is somewhat hilarious. The insurance companies for years have always assumed that a person is dead at age 90. As a matter of fact, many of the insurance companies used to pay the full face value of the contract on ordinary life at age 90. If a guy made it to age 90 he was simply an aberration. If he had a $1,000 insurance policy, they paid him the whole thing and said "You are dead, enjoy it."

Some hon. Members: Oh, oh!

Mr. Hamilton (Qu'Appelle-Moose Mountain): The actuarial people who run these insurance companies work everything on averages. If a person is supposed to die at age 71 and lives to age 90, he is an aberration. The mathematics of insurance companies is all based on so many people dying. Then they double the figure to give themselves a little profit. They are quite happy with their actuarial approach. This bill and the RRSP has given quite a jolt to the insurance companies. It will not kill them; there will still be lots of business for them. However, under this act people can still take a life annuity and a great majority will.

The hon. member for Esquimalt-Saanich did the right thing in pointing out that the government had made positive steps forward in allowing a few more options in taking money out of savings through RRSPs. In addition to the life annuity that one could take out, he mentioned a fixed term, but the term is for no longer than up to 90 years of age. He then mentioned this new device, the registered retirement income fund, to give control of investments of the annuity. But one still must take the RRIF out in fixed payments.

There is one point I would like to make before I disagree with the hon. member for Esquimalt-Saanich. He took the view that people at age 71 should not be worrying about investing any more money. My God, does he not know what is happening? A lot of people are living beyond age 71. They do not think they have lost their marbles at all. In fact, a lot of people at age 71 are just beginning to realize that they know something. When all this experience comes at age 71, or whatever age it is that it comes, they do not believe they will die when they are 72, and they want to get out and use all that experience to make some money. These people want the right to invest their money and make their funds bigger and bigger. As far as I am concerned, I say "God bless them."

I would like now to suggest additional options to this particular piece of legislation, which I have done before. Why did they not keep it simple? Accept the fact that this money belongs to the individual. Let him put it in a bank at any age he likes when he wants to use it, or let him put it into a credit union, a caisse populaire, any place that can be trusted to look after it. If he takes out any money at any time in any amount that he likes, let him fill out a simple T-4—and send it into the Department of National Revenue. The guy then pays income tax on it. If that occurred there would not be all these fixed

terms which must be calculated every year and which necessitates the employment of a lot of nitwits doing something which is not even necessary. Let a man or woman take the money out as they see fit at any time they like. If the individual wants to go on a spending spree in the first five years of retirement, let it be, that is his money. He will pay tax on it when he takes it out. If he wants to hold it back, thinking he will live to 150, let him do so. Let the individual choice be the common sense approach. Get rid of all these control techniques. As long as the tax collector gets his money when the guy takes his money out, that is all the tax collector has a right to.

I would like to conclude this part of my remarks by saying there is a big difference in philosophy now than when the RRSPs started. When the RRSPs started they were purely a device to help a person save until he died, to add additional money to whatever his pension or pensions were or, if he did not have pensions, to look after his own future. That was the original philosophy and it was a good philosophy.

As the years have rolled on a new philosophy has developed. The hon. member for Esquimalt-Saanich mentioned the tax-haven concept, but I go on and mention another more important philosophy. At this particular moment in Canada's history, facing as we do heavy commitments by the nation in a capital intensive enterprise for the next 20 to 30 years, one of the first functions of a good citizen is to save money not only for himself but to provide a capital pool for the benefit of all the people of Canada. Everything we can do in the tax system to encourage people to put aside what they do not need into savings builds up that capital pool, lowers interest rates and provides us with an amount of money that we need to undertake these great enterprises we have to face in the next 20 to 30 years.

I would like to see this philosophy pushed. I know in the last 15 years the RRSPs increased from a few hundred thousand up to two million. I would like to see that two million figure go up to six million or eight million. By age 60, 80 per cent of the work force of Canada have money of their own on top of their pensions, whether these pensions are in their business or are pensions provided by the state, but the individual is still encouraged to look after himself in his old age. This is the one thing that helps this nation and it helps the individual too.

The reason is very simple. As money circulates through the economy there is the principle of the multiplier effect. The multiplier effect means that whenever a person spends all the money he gets it goes into the system. If the multiplier is, say, three and one puts $1,000 into the system, $3,000 goes into the gross national product. Governments take out 40 per cent of that $1,000, which is about $400, and governments get their money back very quickly. So in addition to getting the $200 tax from the guy who takes the money out, the money goes through the system and they get another $400 from the tax of other people. This multiplier effect is what keeps the system going. May I call it ten o'clock, Mr. Speaker?

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

TRANSPORT—REPLACEMENT FOR S.S. "CARSON"—LOCATION OF SHIPYARD UNDERTAKING CONSTRUCTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise this evening in the usual manner to pursue further a question which I raised in this chamber on February 1, virtually four months ago. I am not complaining about my order of priority among things that are important in this House, but inasmuch as it had to do with a question I asked the Minister of Transport (Mr. Lang) respecting the government's intentions for the purchase or rental, offshore, of a vessel for Canadian National Marine to carry out ferry and related services on the east coast of Canada, it seems a little bit passing strange to myself and most Canadians that it is virtually four months later that I get around to debating it.

That is not necessarily a criticism of the Chair or of the orderly conduct of the business of this House; it is just a sad comment on the capacity of this House within its present procedures to deal with matters of concern to private members and, in turn, to many thousands of Canadians.

● (2202)

My question to the minister on that occasion was:

Would the minister indicate whether, in fact, officials of his department are now outside Canada seeking to place an order for replacement of the CN ferry *Carson* which sank off the Labrador coast late last year?

The minister replied:

Mr. Speaker, no firm position has been taken at this point in time for a replacement for the *Carson*. Officials of my department and of CN Marine are always alert in an effort to find out which vessels may be available for additional service in the ferry systems in the eastern part of the country. I have no doubt they are interested at all times to know at what prices they might be able to acquire vessels of various configurations.

The fact is he had no answer. He did not know whether his departmental people and CN Marine were in fact offshore actively pursuing the lease of purchase of ships built in countries other than Canada for use by a government agency in the ferry system of this country.

On May 16, under the byline of Kendal Windeyer, in the Montreal *Gazette*, there is an article headed "Shipyards lack work but ship lines charter vessels". The ship line referred to is CN Marine. The battle is quite clearly over who should build the ships which ply Canadian waters. CN Marine, a division of Canadian National Railways, decided it would charter two Swedish vessels on five leases for service between Nova Scotia and Newfoundland earlier this year. That article was written in the middle of May. Some time between the end of March and the middle of May, the minister decided covertly to permit CN Marine and departmental officials to go offshore for the purchase or lease of two vessels.

My question to the minister is, why does the government persist in letting this policy continue? We have had over 1,000 men laid off from the Halifax shipyards, and 800 or 900 men have been served notice by Marine Industries of Sorel, a shipyard owned by the government of Quebec. If the information I have is correct, we will see that government closing that yard. That will virtually throw these men out of work permanently. They are going offshore to France to purchase the requirements of the government of Quebec for ferry services in that province.

Canadian policy in this regard is not complicated. After deciding that you need a new ship, it takes a long time to design, award the contract, have the building take place, put the ship in the water and get it into service. You will not be ready to do that type of thing in 1983 unless you make the determination today, not in 1980 or 1981. You cannot have a ship ready in two years.

My question to the government is very serious. When is this government going publicly to indicate to the Canadian people that this policy will be for the government account, that it will identify the requirements, do the design work and build the ships in Canada, and put them to sea in Canada under Canadian registry? The ships must be built to Canadian standards with regard to pollution, operations north of 60 degrees or whatever else. They should be operated by Canadians, be subject to Canadian laws and pay Canadian income tax.

● (2207)

The leasing of two Swedish vessels returns nothing to our coffers whatsoever. It is immoral for this government to continue to posture with respect to Canadian shipbuilding policy in the way it has done in recent years. It has made no conscious effort to enunciate a clear policy. It has waffled, beat around the bush and avoided its responsibility.

The minister says that it is a good idea. He says, "By golly, that is something we have to get around to doing." What he should be doing is standing up and saying to Canadians and to the men who work in the shipyards of this country that we will build our requirements in our own shipyards using our own men and, to the extent possible, using our own material. We should not go offshore unless there is an extreme emergency, and there is no such emergency.

However, for CN marine not to have identified a continuing and ongoing need for ferry services in eastern Canada and to leave the matter in such a state that we had to go offshore to meet immediate needs is simply not acceptable. It is unjustified, and now is the time for the government to correct that. In responding this evening I hope the parliamentary secretary will be prepared to do something other than read a document prepared for him earlier today. I hope the parliamentary secretary will stand up as an easterner and address himself to the question.

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

Adjournment Debate

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I am delighted to respond to this question. I want to comment first, however, that it is more than passing strange—it is astonishing—that the hon. member for Dartmouth-Halifax East (Mr. Forrestall) should be bringing questions to the late show when earlier this very evening he refused to give unanimous consent to allow the Minister of Transport (Mr. Lang) to answer questions about the main estimates.

Mr. Forrestall: You are deliberately misleading the House.

Mr. Harquail: I am pleased that the hon. member consistently raises matters which show the government's continuing high priority regarding the needs of Atlantic transportation.

With regard to the replacement of the m. v. *William Carson* the Minister of Transport announced on April 26, 1978 that the 443 foot long stern loading vessel *Sir Robert Bond* will be converted for Labrador service this summer. The *Sir Robert Bond* is being converted at a cost of $3.6 million by Davie Shipbuilding, and it is expected that the vessel will be ready for service early this summer. The *Sir Robert Bond* will be modified to carry passengers, including cabin accommodation, but will retain its capability to haul substantial freight.

All Newfoundlanders realize that the vagaries of the sea from time to time result in tragic losses such as that of the *William Carson*, but I am sure that all hon. members are grateful that, while the ship was lost, all 128 persons on board were rescued due to the brave efforts of the ship's crew and the efforts of land-based search and rescue forces.

After the sinking of the *Carson* the government moved swiftly by reconfiguring the fleet so that Labradorians had service last summer despite the loss of the *Carson*.

By taking these immediate interim measures which were followed by the decision of the Minister of Transport to convert the *Sir Robert Bond* for Labrador service this summer, the government has acted in a decisive and positive way.

Mr. Forrestall: We will deal with that tomorrow afternoon at three o'clock.

TRANSPORT—HALL REPORT—REQUEST MINISTER CONSULT MR. JUSTICE HALL ON RECOMMENDATIONS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I am moved to point out at the outset of my remarks that it has occurred to me that the Prime Minister (Mr. Trudeau) must be wondering day after day why he did not go to the people. It seems to me that ever since he made that fateful decision a few weeks ago everything he and the government has tried to do has turned to dust.

The question I want to raise tonight is another example of the bumbling, fumbling and incompetence demonstrated not only by the Prime Minister and his cabinet but now by the rank and file of the Liberal party as well.

I was going to raise this evening a question which I thought was one with which the Minister of Transport (Mr. Lang)

dealt in a very unusual and peremptory way on May 15. Your Honour will recall, as all hon. members of this House assembled tonight will recall, that on that day, I raised with the Minister of Transport the very simple proposition that, knowing his strong feelings about transportation policy and about western grain transportation, just possibly he would consult the chief architect of the royal commission appointed by him, Mr. Justice Emmett Hall.

● (2212)

The minister was mortified that I should make the radical suggestion to him that somehow a man who had spent two years as the head of a very worth-while study group on which something like $1.8 million has been spent should be consulted with respect to the implementation of the report. The minister at that time said that he was really surprised because he thought the report was quite clear and there was really nothing much to discuss with Mr. Justice Hall. I suppose that Mr. Justice Hall heard this kind of reaction on the part of the minister, this inflexible, unflinching attitude that the minister took with respect to the reasonable request put forward by myself and other members on this side, and is reported to have said in Regina on May 24, according to a CP story, that:

Lip service has been given to the report rather than being implemented.

The article points out the following:

One year after the release of his report on the prairie grain handling and transportation system, former Chief Justice Hall is a disappointed man.

The federal government has virtually ignored the recommendations in the report, Hall said in an interview.

This flies diametrically in the face of what the minister has said, and it seems to me, therefore, that we should have the expertise of Mr. Justice Hall before the committee. My colleagues and I have fought the good fight, but lo and behold, what has happened tonight is that a motion has been brought forward that Mr. Justice Hall and Mr. Fred Anderson, the chairman of the Prairie Rail Action Committee, be brought before the Standing Committee on Transport and Communications. This was fought tooth and nail by the Liberal members of that committee. They thought it was heresy and the worst thing that could be suggested, except for one backbencher, the hon. member for Kitchener (Mr. Flynn), who at the time of the vote screwed up his courage and stood together with the opposition members. I should point out that this man is not held in very high regard by his own party. He has been edged out of his seat, so no wonder he is thinking independently.

So we were able to carry this motion tonight by nine votes to eight. The parliamentary secretary might want to report on what happened at that meeting because he must be chagrined at the fact that the very worth-while suggestion of the opposition members was accepted by the committee. That committee, with only one member from western Canada on the Liberal side, fought tooth and nail to prevent Mr. Justice Hall from appearing before the committee. I say it is not acceptable that this government should move in an area which is so important to western Canada when it does not take every opportunity of utilizing the expertise that Mr. Justice Hall brings to the particular topic of grain transportation; and second, that when the government does act, its actions fly in the face of the many recommendations contained in the Hall commission report, while the government is saying that it is accepting the recommendations in the report.

It will be interesting to cross-examine Mr. Fred Anderson of the new Prairie Rail Action Committee to find out what is the rationale for their decision. It seems to me that one of the problems in determining whether certain rail lines will be brought into the permanent network and others abandoned is that we do not as yet know what will be the position of the grain and elevator companies with respect to their own plans. I say we are opening a very large can of worms in western Canada when the grain companies have not yet decided what they will do as far as elevators are concerned, and we are making decisions as to which lines should be abandoned and which should not.

I will be interested to hear the parliamentary secretary try to justify the rather insane attitude taken by the government in refusing to discuss matters with Mr. Justice Hall and fighting tooth and nail to prevent him from coming before the committee.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, since the hon. member has invited me to report my observations about the meeting of the Standing Committee on Transport and Communications this evening, let me tell the House and the country of the obstructionist tactics of the official opposition, which were also clearly observed at the previous meeting of the committee when the opposition members refused to allow the Minister of Transport (Mr. Lang) to answer questions and thus we were unable to question the minister on the main estimates. They followed the same negative tack this evening in not allowing him to answer questions in respect of the Hall commission report. We witnessed this for many days when we were considering Bill C-17 for the recapitalization of Canadian National.

● (2217)

To anyone who pays attention to the meetings of the Standing Committee on Transport and Communications, the strategy of the official opposition is not a surprise. I should like to indicate to the hon. member that I deferred my time in order to answer these questions.

The hon. member for Battleford-Kindersley (Mr. McIsaac) was able to put some very good questions to the Minister of Transport. The minister was able to enlighten the committee at length about the position of the government regarding the Hall report. Also the minister has had meetings with farm groups and individual farmers about the Hall commission report. Hon. members opposite should not lose sight of the fact that it was the Minister of Transport who instituted this commission and who has stated repeatedly that it is his intention to implement the main recommendations of the report. The Hall commission report is clearly written. The

Government of Canada has had no difficulty in understanding its intent, which can readily be determined from the actions we have taken during the past year to implement its recommendations.

The actions the federal government has taken are well recognized in western Canada, but it would be useful to outline them again here. Eleven days after the Hall commission report was tabled in the House of Commons, the most important recommendation in the Hall report was implemented when some 1,800 miles of prairie rail line was added to the basic network guaranteed to the year 2000. This increased the total guaranteed package to 14,226 miles, which now make up three-quarters of all prairie trackage.

The creation of the Prairie Rail Action Committee is another extremely important initiative by the government. It distresses me that certain parties choose to downgrade the time and effort that four westerners are putting into the work of this committee. It has already made a valuable contribution to the evolution of our grain handling system by quickly relieving the uncertainty in several communities concerning the future of their rail lines, and promises to do the same for many more communities before its term is up.

But perhaps the most beneficial program the Government of Canada has implemented is its program to upgrade prairie branch lines. This process began last fall and its effect is visible for all to see on the Conquest subdivision. The government has committed $175 million for the first three years of what will be a ten-year program. When it is completed, all branch lines will be capable of carrying hopper cars at higher speeds than is generally the case now. This will sharply increase the volume of grain which can be moved by our transportation system. Due to the rapid deterioration of the system, we had to move quickly to prevent it from breaking down completely, and this the Government of Canada has done.

The recent decision to invest in improvements in Prince Rupert is yet another example of carrying out a Hall report recommendation.

If I had more time, I would be able to tell the House more about transportation, Mr. Speaker.

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at two o'clock.

Motion agreed to and the House adjourned at 10.20 p.m.

HOUSE OF COMMONS

Tuesday, May 30, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ENERGY

FORMATION AND FUNDING OF MARITIME ENERGY CORPORATION—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. My motion concerns the critically high electricity rates now being paid by residents of the province of Nova Scotia. The Nova Scotia Board of Public Utilities has received an application from the Nova Scotia Power Corporation for a rate increase of 25 per cent which, if approved, would take effect this July and make the cost of electricity in that province the highest in Canada. Therefore, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That this government take immediate steps to expedite the formation and funding of the Maritime Energy Corporation; and that this government consult with provincial governments in Atlantic Canada on an urgent basis to get construction started on a power grid to utilize the resources of Newfoundland and Labrador for hard-pressed Nova Scotia.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The introduction of such a motion for debate at this time requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OFFICIAL SECRETS ACT

CALL FOR AMENDMENT TO PROHIBIT SECRET TRIALS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I offer a motion under Standing Order 43 which I earnestly hope will receive the unanimous support of this House. I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House associates itself with the hon. member for Peace River (Mr. Baldwin) in his insistence that the trial of a public servant in secret is intolerable and that the Official Secrets Act should be amended forthwith to make secret trials thereunder impossible.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

FINANCE

QUEBEC SALES TAX—REQUESTED DEFERRAL OF SECOND READING OF BILL C-56—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

Considering that all political parties in the Quebec legislature, all members of the opposition as well as several Liberal members strongly object to the formula suggested by the Minister of Finance (Mr. Chrétien) concerning the provincial sales tax, and considering that the Prime Minister (Mr. Trudeau) has stated that he was prepared to meet his provincial counterpart to find a fair solution to that dispute, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House urge the government to accept the amendment moved by the hon. member for Oshawa-Whitby, namely that Bill C-56 be not now read a second time, but that it be read a second time this day one month hence, so as to pave the way for a solution between both governments concerning that dispute about the provincial sales tax.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

INDIAN AFFAIRS

ILLEGAL ACTION OF PEIGAN BAND IN ALBERTA—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In light of the fact that the Peigan Indians are denying the Lethbridge Northern Irrigation District access to the head gates of a southern Alberta irrigation system, that as a result 800 farmers on 114,000 acres of land in the area do not have the water they desperately need, and that the Peigan Indians have broken the law by defying an Alberta Supreme Court injunction forbidding the band from interfering with, obstructing or molesting employees of the Lethbridge Northern Irrigation District, I move, seconded by the hon. member for Lambton-Kent (Mr. Holmes):

That the Minister of Indian Affairs and Northern Development (Mr. Faulkner) notify Chief Nelson Small Legs, Sr., immediately that under no condition can he condone the actions of the Peigan band in defying the law, but that he is willing to participate in negotiations aimed at settling the dispute to ensure that the band's claims are given fair consideration.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

CANADIAN TRANSPORT COMMISSION

BUS FARE INCREASES IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for unanimous consent for the following. In view of the fact that since the Minister of Transport (Mr. Lang) kidnapped the CN buses in Newfoundland and brought them under federal regulatory jurisdiction, the CN immediately received a fare increase of 8 per cent, followed by a second increase last November 1 and a further 15 per cent on a so-called interim basis until the Canadian Transport Commission made a decision on the fare increase application, and in view of the fact that the CTC held its last hearing on the fare increase on May 2, 1977, at St. John's—seven months ago—while bus users are paying the 15 per cent increase under the Otto user-pay principle and interim, like demand, may be forever, I move, seconded by the hon. member for South Shore (Mr. Crouse):

That the Canadian Transport Commission be awarded the "Rip Van Winkle, Sleepy Hollow Award" for turtle-like slowness in decision-making at Ottawa, that the bus users of Newfoundland remember that while "interim" bus fare increases may be for ever, Ottawa is not, and will not be if Liberal candidates are discarded as a result of—

[Mr. Speaker.]

Some hon. Members: Order.

Mr. Speaker: Order, please.

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URBAN AFFAIRS

REQUESTED REINSTATEMENT OF CO-OPERATIVE HOUSING PROGRAM—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I move, under the provisions of Standing Order 43, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urge the Minister of State for Urban Affairs (Mr. Ouellet) to direct CMHC to reinstate the old co-operative housing program with capital mortgage funds and operating subsidies at least equivalent to the 1977 level until such time as the co-operative sector is satisfied with the new program.

That the Minister of State for Urban Affairs and CMHC meet with co-operative housing and non-profit housing organizations in order to discuss necessary revisions in his proposed programs.

Mr. Speaker: The presentation of such a motion for debate at this time, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

GARRISON DIVERSION—REFERENCE OF STUDIES TO COMMITTEE—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the Garrison diversion project has serious environmental implications for Manitoba's rivers and lakes, and in light of the undue delay by the Minister of State (Environment) (Mr. Marchand) to refer the IJC's final recommendations to the appropriate committee, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That this House direct the Minister of State (Environment) (Mr. Marchand) to refer the Andras plan, the IJC's recommendations, all studies and related correspondence to the Standing Committee on Fisheries and Forestry for its immediate consideration.

Mr. Speaker: Presentation of such a motion for debate at this time, pursuant to Standing Order 43, can only be done with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

GOVERNMENT POSITION ON SOVIET THREAT TO NATO

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Deputy Prime Minister. It relates to a contradiction between the policy of the Government of Canada and the policy of the government of the United States concerning NATO, policies apparently in each case based upon different interpretations of the same NATO document regarding growth of the Soviet threat.

President Carter, on the basis of that document, has said that the military lead the west once enjoyed has been reduced, whereas the Prime Minister, presumably on the basis of the same document, said that he does not think worry about the threat is supported by documents before NATO. Will the Deputy Prime Minister explain that contradiction?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not have either document before me, but I did attempt to reconcile what the hon. member regards as a contradiction. In the one case, obviously, the President of the United States was referring to the growth in the military capability of the Soviet Union. NATO itself has undertaken a study of the long-term trends in that respect.

I believe what the Prime Minister was talking about—which is quite a different matter—was the political atmosphere, or whether there would be a return to the atmosphere of the cold war. I think there is quite a difference between those two points. That is the distinction I draw between the threat in terms of military capability and the threat in terms of political atmosphere or the cold war atmosphere, and I believe it is to the latter the Prime Minister was addressing himself.

● (1417)

Mr. Clark: Mr. Speaker, that is a nice attempt at a distinction. The Deputy Prime Minister spoke of two documents. There are not two documents, as nearly as we can gather; there is only one. The difference does not occur in the documents; the difference is between the interpretations of the significance of those documents by the government of the United States and the Government of Canada.

Just to clarify to the House, can the Deputy Prime Minister tell us whether it is the official position of the Government of Canada that the Soviet arms build-up in central Europe does not indicate that the Soviet Union is moving toward a harder line in its dealings with the west? Is it the government's position that there is nothing in the Soviet build-up for Canada to be concerned about?

Mr. MacEachen: Mr. Speaker, that would not be the position of the Government of Canada. The position of the Government of Canada would be that any build-up in Soviet strength would be a very serious matter indeed, and it is for that reason that Canada has within the past several years taken a number of important decisions in order to maintain its contribution to NATO at a very high level.

Mr. Hees: You mean, like half of what we promised originally.

Mr. MacEachen: At the present time, there is before the summit leaders in Washington a long-term review which was previously put before a meeting of the defence ministers, and that military analysis is one with which Canada will concur in a statement to be made by the Prime Minister in Washington today.

Mr. Clark: Mr. Speaker, that leaves open why the Prime Minister is saying one thing in television interviews and another thing in official statements. The advantage of that is that it is getting the international community accustomed to what we have had to put up with in Canada for a long time.

Some hon. Members: Hear, hear!

Mr. Clark: The Deputy Prime Minister spoke about the build-up which the Soviets have established not only in Europe but also a build-up of Soviet activity, directly and through the intermediary of Cuba, in Africa. What we want to know in this House of Commons, because the Deputy Prime Minister characterizes this as very serious—

An hon. Member: You are speaking for yourself.

Mr. Clark: A member on the Liberal side says I speak for myself. It may well be that Liberals on that side are not worried about Canada and its role in NATO, but we on this side of the House are.

Some hon. Members: Hear, hear!

Mr. Clark: What we want to know, here in this House of Commons, from the Deputy Prime Minister is, what does the Government of Canada intend to do? What steps does it intend to take in face of this very serious, to use the Deputy Prime Minister's words, build-up of the Soviet threat in Europe and in Africa? Will he tell the House of Commons what steps Canada intends to take, or do we have to wait again for word from Washington where the Prime Minister is speaking?

Mr. MacEachen: Mr. Speaker, it is not necessary to wait for word from Washington, either directly or indirectly.

Mr. Hees: You will make up a story here.

Mr. MacEachen: Canada has continued to give its support to the NATO alliance as an absolutely indispensable deterrent and an absolutely indispensable assurance of our security. That view will be reiterated today by the Prime Minister and his colleagues in Washington. My hon. friend will realize that over the last several years we have taken some very important steps in order to strengthen our participation in the NATO alliance. At the NATO summit, which I attended with the

Prime Minister two or three years ago, a declaration was made by the Prime Minister that our contribution would be effective and it would be in accordance with the obligations which our allies expected of us. It is because of that, for example, that we have purchased the new battle tank and undertaken our commitments with respect to the long-range patrol aircraft.

● (1422)

At the present time, of course, whatever the new military long-term plan is, Canada will play its part, as each and every member of the NATO alliance will be expected to play its part.

POLICY RESPECTING NUCLEAR WEAPONS ON CANADIAN SOIL

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my supplementary question is for the Deputy Prime Minister and President of Privy Council: it concerns the Prime Minister's speech to the United Nations in New York. The Prime Minister left the impression, at least with UPI, that Canada was in the middle of a nuclear disarmament program right now.

Could the minister correct the false impression left by the Prime Minister, and confirm that none of the nuclear missiles in Canada will be leaving in less than five years and that it will be at least three years before the program is completed?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe the situation with respect to Canada's nuclear position is very clear. We do not produce nuclear weapons. In so far as our participation in Europe is concerned, we do not have nuclear weapons. At the present time, nuclear weapons are installed or are available for use on the Voodoo aircraft.

As my hon. friend knows, it is our intention to move out of that field with the acquisition of new aircraft which will not be equipped with nuclear weapons of any kind. There is no ambiguity. The Prime Minister, in fact, stated the situation which was fairly well known and which I am glad is now clearly and generally known.

Mr. McKinnon: I have a supplementary question, Mr. Speaker. In New York, the Prime Minister heaped fulsome praise on President Carter for postponing the development of the neutron bomb. This morning, the Chief of Canada's Defence Staff supported the deployment of the neutron bomb, stating that it was less ominous than the alternatives and, further, that it would raise the nuclear threshold, that is, make nuclear war less likely. As this opinion is clearly divergent from that of the Prime Minister, could the Deputy Prime Minister clarify the confusion?

Mr. MacEachen: Mr. Speaker, I have not examined the testimony of the Chief of the General Staff before the committee. I have been told, however, that the press reports of his statement do not reflect accurately what the Chief of the General Staff said before the committee. Quite apart from his statement, I can repeat what I said earlier in the week, that is, that Canada supports the decision of the United States in postponing the production of a special battlefield nuclear weapon.

I believe that decision by the President of the United States was a right one, and it is supported by the Government of Canada. It is hoped that the Soviet Union, about which the Leader of the Opposition spoke earlier, will show equivalent restraint in its own deployment of forces and its own force levels. In this case, the action of the President of the United States has put the Soviet Union clearly on the defensive.

Mr. McKinnon: Mr. Speaker, perhaps I could put a very simple question that has been asked in this House before. Would the Deputy Prime Minister tell the House if Canada is in favour of, or against, the use and deployment of the neutron bomb?

Mr. MacEachen: Mr. Speaker, the policy statement made last Friday by the Prime Minister is the policy of the Government of Canada.

* * *

INDUSTRY

CANADA-U.S. AUTO PACT—INVESTMENT IN CANADA TO REDRESS LOSS OF JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Considering that the number of permanent jobs lost to Canada because we do not have our share of investment out of the auto pact is in the neighbourhood of 20,000, or enough to support a community of 60,000 Canadians, and considering that the Canadian ambassador in the United States has now joined the critics of the government in pointing out that our deficit in automobile parts "far outweighs the Canadian surplus" in automotive vehicles, could the minister, now, at long last, tell the House if he has managed to obtain from the automotive companies investment commitments which will redress this deplorable loss of Canadian jobs?

● (1427)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in answering that question I would like to point out that I certainly do not agree with the preamble of the hon. member's question. We are not losing 20,000 jobs. I have said repeatedly that we have a deficit of probably 5,000 jobs in the total automotive industry which applies to the automotive agreement.

We are negotiating with the three major companies and I hope to be able to make an announcement some time in June with regard to one, if not all three, of the major companies and their plant investments in Canada.

Mr. Broadbent: Mr. Speaker, the minister not only disagrees with the Canadian Automotive Parts Association, a business group, the United Auto Workers, a trade union, the government of the province of Ontario, which is a Tory government, but he also disagrees with the Canadian ambassa-

dor in Washington. I do not know who supports him on that side of the House—

Mr. Clark: It is pretty lonely over there.

Mr. Broadbent: —but if he has their support, they are the only Canadians that are on his side. He told us a few days ago—in fact, a few weeks ago—that he will be announcing soon some commitment by one or more companies.

Could he tell us specifically, considering the last time we got new investment proportionate to our share on this side of the border was in 1965, when we got written commitments from the three companies, that what he will produce for the House will be the written commitments for the next three years by the leading companies, to make sure we get the compensation and investment that will produce the jobs we are entitled to?

Mr. Horner: Mr. Speaker, in attempting to negotiate with the automotive companies the building of parts plants in Canada, we run into—as the House is aware—a great deal of competition from some of the southern states where there is a difference in wage rates of perhaps $1, $2 or $3 an hour from wages in Canada. If one took a look at a plant employing something like 3,000 people, by calculating wage rates at over $1 an hour less it would come to, relatively speaking, in the neighbourhood of $12 million a year difference.

That is a real bargaining power through which the companies are trying to negotiate assistance from all levels of government to counteract the advantages in locating their plants in the United States, particularly in some of the southern states. These are the conditions under which we are attempting to negotiate. When I make the announcement, I hope to have written confirmation of plants to be built in Canada.

Mr. Broadbent: Mr. Speaker, I know the minister has only had that portfolio for about eight months now, but I ask him, is he not aware that clause 1 of the pact—near the end of the clause, the last sentence—prohibits governments on either side of the border from using a variety of means, among which would be tax incentives, because the principle of the pact is to get a fair share of growth on both sides of the border? The hon. member for Windsor West has pointed that out to the minister a number of times. If he is aware of that, has the Government of Canada objected to the United States in terms of the pact being violated in this regard?

I come back to the commitment point. Will the minister tell the House that he will have for us, in the next two or three weeks, commitments from the industry for investment to redress the loss of jobs? Failing that, will he finally acknowledge what the rest of us have recognized, that he has failed to do the job, and will he submit his resignation?

Some hon. Members: Hear, hear!

An hon. Member: They need him in the cabinet.

Mr. Horner: Mr. Speaker, in 1970 there was a great deal of confusion with regard to the figures being used concerning the automotive agreement. In 1970, Canada and the United States agreed upon a specific set of figures. So the hon. member can use any kind of figures he wants, but Canada and the United States are attempting to use comparable figures.

The job loss, as I have said, is in the neighbourhood of about 5,000 in this country today: that is in the total automotive trade. The unique thing is that we have a surplus of $2 billion in vehicle assembly. In assembling these vehicles, we need parts. Therefore, if one cut back on assembly, one would automatically cut back on parts; and we have to really increase our parts production in Canada.

● (1432)

I have said repeatedly that nothing would make me happier than to be able to announce three or four more plants to be built in Canada. I hope to be able to do that some time in June. I cannot say anything more than that.

* * *

[*Translation*]

FINANCE

QUEBEC SALES TAX—INQUIRY AS TO ADVANTAGES OF GOVERNMENT'S PROPOSED SOLUTION

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Finance. Last week, in reply to the question put to him by an hon. member of the opposition, the right hon. Prime Minister said that the problem posed by the retail sales tax was not understood by hon. members, and he indicated that only the right hon. Prime Minister and the Minister of Finance understood the problem. Referring to an article published in today's *Le Droit*, I have a feeling that hon. members of the opposition are not the only ones who understand nothing: there are others as well. Speaking of the Minister of Finance, this is what the article says, and I quote:

> We want to reduce our taxes and Quebec is willing to increase theirs. That is what we have been telling them to do for several weeks.

Here is my question: can the minister explain very clearly to this House what the advantages are for the Quebec taxpayer if, on the one hand, the federal government reduces its taxes, while on the other hand the provincial government increases its taxes by a comparable amount?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have explained repeatedly that that is precisely the technique we followed on budget night. In the other provinces, federal taxes were reduced for every taxpayer. At the same time, the provincial governments of those provinces increased their personal income tax. With the profits thus made, it was decided to reduce the sales tax.

Here is what we did, which is very clear in my mind: on budget night, we reduced the federal income tax in the case of the other provinces which then increased their own income tax; this is what Quebec refused to do, like the other provinces.

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question.

In terms of money, what advantage does the taxpayer have if the federal government cuts its taxes while the provincial governments raise theirs at the same moment? What difference does it make to the taxpayer? That is what we would like to understand.

Mr. Chrétien: Mr. Speaker, on budget night all provinces except Quebec agreed with the federal government. They increased their provincial income tax, an increase which was offset by a corresponding cut in federal income tax, and they used the profits they made with their increase to cut the provincial sales tax following the proposal I had put forward. In other words, the taxpayers of these provinces have benefited from a cut in the provincial tax which is called sales tax in the provinces.

Mr. Lambert (Bellechasse): Mr. Speaker, I would like to ask another supplementary question.

To conclude this debate, which I believe has lasted long enough, would the Minister of Finance be willing to act as negotiator between the Prime Minister and the premier of Quebec in order to come to a final agreement on this matter? I understand that Bill C-56 places him in a certain dilemma, everybody understands that. But I think that everybody would also accept that two responsible men meet in order to bring this dispute to an end. Would the minister be prepared to act as a go-between to organize such a meeting?

Mr. Chrétien: Two weeks ago I believe, Mr. Speaker, the right hon. Prime Minister and myself stated in the House that we hoped the Quebec government would make us a counter proposal. The Prime Minister said that he would be ready to meet with Quebec representatives if progress were to come about. The day after the budget, when the Quebec government reduced its sales tax in a different way, we made some counter proposals, as the hon. member is well aware. The only replies that the Quebec government gave to our counterproposals were categorical noes, and last Friday the Quebec minister of finance said that he was beginning to change his position. As I said yesterday in the House, and I repeat today, if he wants to meet me I am at his disposal to try and come to a solution, but in the meantime we must continue with our own parliamentary procedures to pass this budget. I must add, Mr. Speaker, that I repeatedly contacted the Quebec minister of finance, and exactly two weeks ago last Monday I spoke to him over the phone. He told me that he might phone back. I am still waiting for his call.

[*English*]

RESULTS OF ANTI-INFLATION PROGRAM

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As it is now 31 months since the government announced its anti-inflation program which it stated was designed to ensure that we would be down to 4 per cent inflation in this country by October, will the Minister of Finance now indicate what went wrong with this program, bearing in mind that, year over year, we are now at an inflation level of 8.4 per cent? Judging from current price increases, our inflation is flourishing, rather than going down to the 4 per cent level we were told it would reach in October of this year.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have stated in this House many times that the controls program was very useful in reducing the level of inflation in Canada. When we started the program, we were faced with 11 per cent inflation. We have reduced it to 6 per cent. Unfortunately, it has moved back to 8 per cent, due to food prices and the fact that the Canadian dollar is not at the same level as it was at that time. However, our costs in Canada are much more in line with our competitors.

Generally speaking, the export performance in Canada, in relation to the situation we were in during 1975, is much better. I think the program has been useful. When it was not needed any more, we phased it out: the program began to be phased out last month, on April 15. I am very surprised that the hon. member asks this question when we phased out the program only a month ago.

Mr. Stevens: Mr. Speaker, I am certainly surprised, as are members of this House, by the minister's reversal of the question. In the first year's report of the Anti-Inflation Board, they pointed out:

> The essential element of the program is gradual monetary and fiscal restraint. Without some moderation in the growth of the money supply and a somewhat more restrictive fiscal policy, the program could not be a success.

With that warning in mind, will the minister now indicate to the House if, in fact, the fiscal policy of this government which allowed a growth in federal spending of 12½ per cent in the last four years, including the current year, has been a contributing factor to the inflation levels we are now living with?

Mr. Chrétien: Mr. Speaker, in 1974-75 the increases from year to year in the spending programs of the government were 25 per cent a year. We have reduced it since that time to around 10 per cent. That has been a very significant change in the policy of the government in terms of monetary policy. As everyone knows, the governor of the Bank of Canada has very significantly reduced the increase in the money supply. He is within the target he set for himself last fall when this matter was discussed in this House.

Mr. Stevens: Will the Minister of Finance indicate to the House if the 25 per cent spending spree he referred to in 1974 was a contributing factor with respect to the inflation we felt in Canada? Can he advise why we should anticipate 3½ per cent inflation in 1981, when the 4 per cent target for this year has been so badly missed?

Mr. Chrétien: Mr. Speaker, I do not think that is a question. The hon. member is making a commentary. He is talking

about a program that was dismantled a month ago. That is not really the purpose of the question period as I understand it.

IMPACT OF INFLATION ON THE POOR AND ELDERLY

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of Finance. Certainly, nobody expects the government to exercise restraint at the expense of the poor and the pensioners of this country. For example, the Canada Pension Plan has so far this year fallen behind by almost $4 a month, in real terms, and OAS payments continue to fall behind in spite of indexing. The current round of inflation is leaning very heavily on these people, as evidenced by surveys in Toronto by Statistics Canada and other sources showing that half the old age pensioners of this country are falling below the poverty line.

● (1442)

Hon. Jean Chrétien (Minister of Finance): We have a system in Canada whereby pensions increase in line with the CPI. There is a formula in the legislation. This is a system we have used for some years, and I do not intend to change it at this time.

Mr. McGrath: I regret the minister does not seem to be aware that in spite of indexing, old age pensioners and people receiving pensions under the Canada Pension Plan are falling behind. Does the government intend to bring in a measure prior to the adjournment for the summer recess to provide for a continuation of spouses' allowances to make provision for those who are hardest hit, female pensioners, and to provide for an adjustment in the income supplement which obviously is inadequate since indexing does not seem to meet the demand?

Mr. Chrétien: Mr. Speaker, I have to deal with two different lines by opposition spokesmen: a few minutes ago the hon. member for York-Simcoe said we were spending too much, and now the hon. member for St. John's East wants us to spend even more.

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ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION—EXAMINATION OF CABINET MEMBERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is addressed to the Deputy Prime Minister: it relates to the activities of the McDonald commission and the investigation it is carrying out. In light of the statements made last week by the Deputy Prime Minister, and in view of the fact that the scheduling of the commission apparently parallels the vacillation of the Prime Minister in the calling of an election, can we have a definite assurance that the ministers of the Crown will be examined by the McDonald royal commission this September, and that there will be no further delay regardless of whether or not the Prime Minister gets up the nerve to call an election?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I am sure the commission has not rearranged its schedule to take into account the possibility of an election. As I have indicated, as the Prime Minister has indicated and as the interested ministers have already stated, the ministers are prepared to appear before the commission when the commission decides to call them as witnesses. That is entirely up to the commission. If they had called the ministers this week, they would gladly have gone; and that will be the case in September. We shall make no effort to influence the timing of the appearance of ministers one way or another.

Mr. Hnatyshyn: The fact is that the delay has not been commented upon by the minister. They have not shown any indication that they want to be examined by this commission. In light of a statement made by a former cabinet minister, the Hon. Mitchell Sharp, in which he indicated that deputy ministers should be held accountable, in the parliamentary sense, for their actions, and in view of the sorry record of this government of ministers not taking responsibility for any actions which may have been taken by themselves or their deputy ministers, I ask the Deputy Prime Minister one simple supplementary question, whether the Minister of Consumer and Corporate Affairs, the former solicitor general, is legally responsible for the actions he and his department took following the warning that the former minister of national revenue had given that these actions may be illegal? Is it the position of the government that he is legally responsible, in view of that warning by the minister of national revenue?

Mr. MacEachen: The hon. member is laying on the table, so to speak, a whole series of allegations and I have no intention of commenting on the accuracy or otherwise of several of them. All I know is that the matter is before the McDonald commission, which has very wide terms of reference, that ministers are ready to appear when called, that the matters which are of interest to the hon. members will obviously be brought forward, that questions will be asked of them, and that ultimately the commission will reach a conclusion.

* * *

TRADE

JAPANESE TARIFFS ON IMPORTS

Mr. F. A. Philbrook (Halton): Mr. Speaker, I wish to direct my question to the Minister of Industry, Trade and Commerce. In view of a continuing policy by Japan of protectionism and the erection of trade barriers, many blatant examples of which could be provided, and the stated interest of the hon. gentleman's department in Canadian trading companies, will the minister inform us whether any new measures are being taken by the government to persuade Japan to truly open its markets to Canadian businesses, especially small business?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, only recently Japan reduced its tariff barriers on a whole host of articles and has expressed an

intention at Geneva and in the MTM agreements to continue to reduce its trade barriers and its tariffs so as to better assist the realignment of the trading world. At this time, especially, our currency having depreciated by some 35 per cent in relation to the Japanese yen, we are in a position to do a considerable amount of business with that country.

The House might be interested to learn that one of the items upon which Japan has reduced its tariff is Canadian maple syrup. They have reduced their tariffs on 318 articles in all.

* * *

FINANCE

FORECAST OF REAL GROWTH

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is for the Minister of Finance. As the real domestic product for the first quarter advanced at a disappointing annual rate of 2.4 per cent, does the minister still hold to his forecast of 5 per cent real growth for the year, especially as many competent observers consider the economic performance will be weaker in the latter half of the year than in the first half?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I make a regular review of these forecasts with the officials of my department, and I do not have any reason to change those we made to the effect that we are going to achieve an economic growth of close to 5 per cent for the year 1978.

[*English*]

Mr. Ritchie: The $100 tax cut of January-February having failed to accomplish its purpose of restoring consumer confidence, as evidenced from poor retail sales figures and the sharp decline in manufacturing output, is the minister now ready to admit the failure of this cut?

Mr. Speaker: Order, please. The hon. member for Yorkton-Melville.

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CONSUMER AFFAIRS

INCREASE IN PRICE OF SKIM MILK POWDER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. It concerns the price increase of skim milk powder partially brought about by the Scrooge-like personality of the Minister of Agriculture—

Some hon. Members: Oh!

Mr. Nystrom: —who on April 1 removed the 34 cents a pound subsidy from this product, adversely affecting consumers. We have now seen that the average price increase is around 45 cents to 46 cents per pound, not 34 cents per pound. Is the minister aware of this and, if so, what steps does he plan to take in the face of what appears to be blatant profiteering by some of the companies? Does he intend to demand a rollback? Will he inquire into the reason for this price increase?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am continually working with the Minister of Agriculture to provide better food for Canadians at lower prices. He is a very co-operative minister.

Some hon. Members: Hear, hear!

Mr. Allmand: I shall be pleased to look into the allegation which the hon. member has made, and to consult with my colleague.

Mr. Nystrom: I want to know whether the Minister of Consumer and Corporate Affairs will demand that the companies roll back this increase, rather that profiteer at the expense of the ordinary people of this country. At the same time, as the minister representing consumers in cabinet, will he demand of his colleagues that they reinstate the subsidy on skim milk powder which is so badly needed by the poor, by children and by older people?

Mr. Allmand: I shall be pleased to examine this subject, and if there is profiteering we shall take appropriate action. I might say that my officials and I are continually making representations on behalf of consumers before cabinet and committees.

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[*Translation*]

FINANCE

QUEBEC ATTITUDE CONCERNING SALES TAX

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Finance. In a report published recently, the Department of Industry, Trade and Commerce states that 122,000 of the 262,000 workers in the four industries of textiles, clothing, footwear and furniture work outside Quebec and that the proposal to abolish the sales tax on those four products in this province will increase employment and stimulate purchases throughout Canada. The question I want to ask the Minister of Finance is this: how can the minister and the right hon. Prime Minister maintain that the proposal made by the National Assembly helps only the province of Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in this respect we are only echoing the claims of the Parti Québécois. When Mr. Parizeau announced that measure, he said he was concerned only with the interests of Quebec. In the advertising sent out by members of his party, the premier quoted part of a publication to the effect that all that has been done was with the single purpose of stimulating only the Quebec economy and not the Canadian economy.

● (1452)

[*English*]

INDUSTRY

EFFECT OF QUEBEC SALES TAX PROPOSALS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my supplementary question is directed to the Minister of Industry, Trade and Commerce. Since a report emanating from his ministry states that 122,000 of the 270,000 jobs in textiles, shoes, clothing and furniture are outside the province of Quebec, and that the policy announced by the national assembly in the province of Quebec to abolish the sales tax in these four sectors will aid employment and stimulate consumption all over Canada, has the minister informed the Minister of Finance of these facts and, if so, how can he possibly support the policy of the federal government which is refusing to negotiate this proposition with the province of Quebec?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the Minister of Finance is well aware of the number of measures taken by this government to help the textile and the shoe industries all over Canada, and if the provincial government of Quebec wants in its own way to help those industries, certainly we appreciate that as well.

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ROYAL CANADIAN MOUNTED POLICE

McDONALD COMMISSION—EVIDENCE ON SECURITY AND TAX IMPROPRIETIES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Deputy Prime Minister: it relates to a statement made last Friday that the government was reluctant to table information which consisted of fragments of matters before the McDonald royal commission. In view of the fact that the government has tabled on several occasions matters such as the allegedly secret memo from late superintendent "Larry" Forest to former security director, John Starnes, a letter concerning Warren Hart from Mr. Justice McDonald to the Minister of Employment and Immigration, and for that matter the controversial agreement of the 1972 understanding about matters of national revenue and the RCMP, what is the reason for the apparently illogical conclusion, now, that no further information of this type will be tabled?

Will the Deputy Prime Minister reconsider and on reflection table this letter between these two cabinet ministers which has such an important bearing upon matters of illegality or impropriety affecting tax and security matters?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe there is no lack of logic in the decision taken by the government. It has to do with the fact that there is a royal commission before which witnesses appear and evidence is being produced, and it seems to me that it would be very illogical to begin the process of feeding into the House of Commons or to the media bits and pieces of the over-all evidence that will have to be examined by the McDonald royal commission.

If the House of Commons or a committee of the House had established itself as the body to undertake the inquiry that is being conducted by Mr. Justice McDonald, then I would take a different attitude; but at the request of members of the opposition we established the McDonald inquiry and it seems to me that we should make use of it in the proper way. In my view, it would be improper to select one piece of evidence and table it, to the neglect of all the other oral and written testimony that has to be considered.

LEGALITY OF USING INFORMATION CONTAINED IN TAX FILES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I will not give in to the temptation of reminding the Deputy Prime Minister how illogical his position is. I will ask the Solicitor General if he now knows, having had the benefit of checking his files and checking with his predecessor, why, in view of the doubts expressed on one occasion or another about the propriety, if not the legality, of this arrangement in 1972 between National Revenue and the RCMP, this matter was allowed to proceed, and if at any time the government obtained a legal opinion sanctioning this affair. If that is the case, would the Solicitor General consider tabling this legal opinion, for the benefit of the House?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the question was aired fully on Friday and the Deputy Prime Minister made the position quite clear with reference to the proceedings before the McDonald inquiry. The Deputy Prime Minister has indicated quite clearly that the matter is to be dealt with in that particular form. As to the other aspect of the hon. member's question, perhaps he might repeat it; I have forgotten what it was.

Mr. MacKay: Mr. Speaker, if you will permit me, I will address a very brief question to the former solicitor general, now the Minister of Consumer and Corporate Affairs. Does the minister acknowledge now, having had a chance to check his files, receipt of the letter which was referred to on Friday from his former cabinet colleague expressing doubts as to the legality of what was going on?

Some hon. Members: Order.

Some hon. Members: Answer the question.

Some hon. Members: Cover-up.

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HOUSE OF COMMONS

CABINET REPRESENTATION OF TORONTO AREA

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I have a question for the Deputy Prime Minister arising from the televised interview on Sunday given by the

Minister of State for Small Business. In view of the fact that the minister said he felt the growing dissatisfaction with the Trudeau government in the Toronto area resulted from the public's feeling that their part of the country is not adequately represented in the cabinet, may I ask the Deputy Prime Minister whether the Prime Minister has been made aware of the minister's statement, and does he intend to take appropriate action?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am sure that the Prime Minister is always interested in hearing about political comment.

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FINANCE

QUEBEC SALES TAX—REQUESTED WITHDRAWAL OF BILL C-56

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I had intended to ask another question but I will restrict myself to putting a question to the Minister of Finance on whose shoulders so much blame has been laid in connection with this tax bill, although apparently he is just a boy who has to produce what the Prime Minister and the Minister of State for Federal-Provincial Relations require.

In view of the divisions in this country, certainly unequalled since the days of the war, and having regard to the fact that in the province of Quebec there is almost unanimity against this tax bill and in other parts of Canada there is uncertainty in the hearts of people as to what is happening to this country, is the government giving consideration to making a respectable retreat and withdrawing this bill which, if it is carried out, will divide this country irreparably?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have established very clearly that I am open to discussions, but to have a discussion there must be two people and the other party is not interested in talking to me.

Mr. Diefenbaker: Mr. Speaker, according to the press, even though the government generally does not admit the press is ever right, when the Prime Minister returns from Washington he will meet the Premier of Quebec or the Quebec minister of finance to determine what alterations might be made in this bill in order to bring about agreement. Is such a meeting to take place and, if so, how far will the federal government go in its desire to remove the strong criticism from the province of Quebec which covers all areas, including the newly-elected leader of the Liberal party in that province? Will there be a meeting and, if so, what are the terms of the Government of Canada in order to bring about agreement with the province of Quebec?

Mr. Chrétien: Mr. Speaker, I would like to repeat what I said previously, that more than two weeks ago the Prime Minister said that if a meeting would be useful, he would be willing to talk. But since that time we have not heard from the Quebec government except at the press conference on Friday when Mr. Parizeau said that he could perhaps begin to change his opinion. We have been waiting since that time to receive a formal proposition from him. I called him two weeks ago asking whether it would be useful to meet, and he said he would call me back. I have to inform the right hon. gentleman that he has not called me back as yet.

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● (1502)

PRIVILEGE

MR. BALDWIN—STATEMENT ISSUED BY JUDGE MAYRAND OF MONTREAL

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a question of privilege of which I gave Your Honour notice. I indicated that in fact I would be raising this at the appropriate time today. My question of privilege is in connection with a public statement issued by Acting Chief Court Sessions Judge Mayrand of Montreal. I understand this public statement was issued yesterday.

I do not have the statement, but I have copies of some of the wire, press, and radio comments. Included in those are several statements. One of the most repugnant to me is the statement by Acting Chief Court Sessions Judge Mayrand indicating that he "cannot tolerate criticism of the trial of Alexander Peter Treu made in the Commons last week by Alberta M. P. Gerald Baldwin".

Some of the radio comments suggest that not only will he not tolerate, but his court will not permit criticism, apparently in this House, of the trial of Mr. Treu. He bases this on statements made by myself in the House. His reference is to statements I have made in the House.

I made statements on three occasions. On Friday, May 12, under the provisions of Standing Order 43 I moved the following motion:

> That this House, as the elected branch of the ultimate and highest tribunal in the country, concerned that justice should not only be done but be seen to be done, and that judicial and bureaucratic officials shall not make improper or unexpected use of laws enacted in parliament, requests that the Minister of Justice and the Solicitor General inquire into and report to the Standing Committee on Justice and Legal Affairs on certain facts relating to the case of Peter Treu who, after being under charge and trial for approximately four years under the Official Secrets Act, behind a strict curtain of secrecy, was recently convicted and sentenced to imprisonment and, in particular, the allegation that Treu was commanded not to discuss the case even after the conviction and was granted bail on appeal only on the same basis, and that the committee be required to consider the provisions of the Official Secrets Act which permit this kind of Star Chamber proceedings, with a view to recommending suitable changes.

Of course that proposal received the same attention from government members opposite as most good proposals do under Standing Order 43.

On May 15 I asked a question of the Minister of Justice (Mr. Basford), which read as follows:

Mr. Speaker, I have a question for either the Minister of Justice or the Solicitor General, whoever has the ultimate responsibility. It deals with the case of one Alexander Peter Treu recently convicted after a secret trial under the Official Secrets Act and sentenced to two years' imprisonment.

Can the hon. gentleman advise of the nature of the restrictions placed on Mr. Treu to prevent him from discussing any aspects of the facts of this case, this having taken place at the time of the conviction, the sentence and the application for bail on leave to appeal? Were such instructions given by the government to counsel to press for such restrictions? Would these restrictions have the effect of prohibiting myself or any other member of parliament from discussing the facts of the case with Mr. Treu?

Following the answer of the Minister of Justice I posed a supplementary question, which read as follows:

I suppose the latter part of that answer might properly mean inquiring what facilities might be available to members of parliament. I would like to ask this supplementary. At the time of the conviction, the judge stated that Mr. Treu was not a criminal in the regular sense of the word. After the investigation commenced, Dr. Treu was continuing to receive the documents. After the trial commenced, NATO awarded to Dr. Treu and/or his company a contract dealing with classified communications sytems.

Will the minister obtain and table in this House a transcript of the comments of the trial judge at the time of the conviction and at the time of the sentencing, so that we can determine whether there was a case of security or whether there was an element of bureaucratic bungling?

As far as I know, there has been no tabling of those documents. My instructions are that they have not been tabled.

Finally, on May 23, I rose to present another motion under the provisions of Standing Order 43. I was encouraged to do so by the fact that the House gave unanimous consent to a motion moved by the hon. Leader of the Opposition (Mr. Clark) dealing with the kind of proceedings in a case in the Soviet Union. It was not a question of fundamental law, but it was a question of the type of proceedings which were taken in respect of certain dissidents in the Soviet Union. Then I moved the following motion:

That this House deplores the dangerous form of secret trial and the continuing restrictions involved in the case of Alexander Peter Treu which are contrary to the usual practice of Canadian justice.

That motion also was rejected. Acting Chief Sessions Court Justice Mayrand was critical of myself, because I made comments about the manner in which this trial was conducted under the provisions of the Official Secrets Act.

I have practised law for nearly 50 years. During part of that time I have had the honour of being a bencher of the Law Society. It is the right of every barrister, if he is going to appeal, to be critical within the terms of the law and the convention and conduct of a trial. I am sure the right hon. member for Prince Albert (Mr. Diefenbaker) had occasion to study some of the appeals in which he was involved. I used them as precedents in my own trials. Any competent lawyer going to appeal, from time to time has the necessity of being critical of the conduct of a trial, doing so within the limits of convention and custom.

The examination of a witness by a judge, and the manner in which the judge presents the case to the jury, are subjects of logical criticism by a member of the bar. That has been my experience over the years. What I have read and what I have said outside the House were not in any sense personal criticisms of the trial judge.

I should like to refer to a decision of the Quebec Court of Appeal which affects this House. It deals with the case of the present Minister of State for Urban Affairs (Mr. Ouellet). At that time Quebec Chief Justice Tremblay, as indicated at page 97 of the Dominion Law Reports, Volume 72, third edition, said the following:

Certainly, the decisions of judges are subject to criticism as are the decisions of all other public men.

Then he went on to indicate that there must be some moderation of criticism. It would be monstrous if members of the House were not entitled to be engaged in reasonable criticism of the conduct of judges in the carrying on of judicial proceedings.

What I have read indicates that I did not exceed what I believe to be fair and reasonable comment. As a member of this House I would be in dereliction of my duty if, upon finding those facts, I failed to do anything. I would count myself as having failed to discharge my responsibility if I did not call attention to what could be an injustice because of improper, unusual or unexpected use of the laws of this land.

Judge Mayrand went on to make further comments. He said:

He also complained that even the judgment is secret because it refers to trial proceedings.

Well, I am in good company. A number of newspapers made the same comment. I have before me a copy of the Friday, March 17, 1978, edition of the *Globe and Mail*. Its headline reads: "Even verdict will be given secretly at Montreal trial". If the *Globe and Mail* can say it, even I can repeat it. Also Judge Mayrand indicated the following:

Baldwin should not set himself up as a court of appeal, all the more so because he is in complete ignorance of the facts placed before the court.

Of course I am in ignorance of the facts, as are 99.9 per cent of the people of Canada.

Some hon. Members: Hear, hear!

An hon. Member: That includes the Minister of Justice (Mr. Basford).

Mr. Baldwin: I would be perfectly willing to take the chance of talking to Dr. Treu. But as I understand the situation, if I was to talk to him he might well forfeit his bond and be sent back to jail. For that reason I have never talked to him. All the information I have is from instructions given to me by people who, I hope, know something about the situation.

● (1512)

The Acting Chief Judge went on to say, speaking of myself:

We advise him respectfully to be satisfied with doing his work; namely the improvement of the Official Secrets Act if it appears unjust and abusive.

For some four years, Mr. Speaker, that is just what I have been trying to do. At a meeting of the Standing Joint Committee on Statutory Instruments and Other Regulations that was

dealt with when we had before us the Secretary of State in connection with the question of freedom of information. This Act is notorious not only in this country but in Britain where a case tried against Jonathan Aitkens of the *Sunday Telegraph* and Colonel Cairns was thrown out by Mr. Justice Coulfield who said it was about time Section 2, which corresponds to Section 4 of our Act, was pensioned off. I, and other members of my party in this House, have for years been trying to do exactly that in respect of the Official Secrets Act.

Finally, the judge went on to say he deplored the use of parliamentary immunity by members of parliament to question and criticize the manner in which Judge Luc Trudel handled the trial. I never mentioned Judge Luc Trudel's name. I have not taken advantage of parliamentary immunity. I have spoken outside this House, and I intend to keep on speaking outside this House when I see injustices of this kind.

Some hon. Members: Hear, hear!

Mr. Baldwin: Mr. Speaker, I spoke about being a barrister. I am not here as a barrister but as a member of parliament with duties and responsibilities to mark injustices, no matter in what form they come. I can only seek to improve bad laws by calling attention to the application in individual instances of those laws. I, and any member of this House and of the other place, ought not to be frustrated or inhibited by threats or other similar action on the part of anybody, whether he be a justice of the courts, an individual, the Prime Minister—no matter who, barring only yourself, Mr. Speaker.

My problem here, of course, is that I do not have the actual written statement issued by the trial judge who, I understand, is a provincial judge. If I did I might move a motion, and I reserve the right to do so. When I receive that document, if it appears to constitute a direct threat of intimidation as far as I and other members of this House are concerned, to refrain from being critical of or dealing in any way with this particular trial, I will see fit to bring in a motion, if your Honour should hold there is a prima facie case, which might well seek the appearance of the judge before a committee of this House, or even before the Bar of the House, if necessary.

If, on the other hand, there seems to be simply a misapprehension on the part of the judge as to what are our responsibilities, as Your Honour knows, there is a special committee considering this issue, and I would ask in my motion that the matter be referred to that committee.

I would hope that I and other members of this House, of the other place, and of the press, and the people of Canada will not sit quietly by allowing proceedings of this kind to take place without public remonstrance.

Some hon. Members: Hear, hear!

Mr. Speaker: I know there are other hon. members, including the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Central Nova (Mr. MacKay), who have indicated a willingness to participate in this discussion. The hon. member for Peace River (Mr. Baldwin) has indicated he is holding open his rights and wants to get a transcript of the exact language to see whether in its actuality or its potential it raises a threat or intimidation against him in the carrying out of his duties as an elected member. That would seem to me to invite comment when that step has been taken, rather than now when the exact text of the pronouncement by the Acting Chief Judge is not known. I would recognize the rights of those hon. members to participate at that time. However, I will not refuse them the right now to speak, but it would seem to me to be preferable to have the text in our hands before carrying the matter further.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I completely agree with Your Honour that the time for us to speak in greater detail on this matter is after we have, in our hands the text of what the judge has said. Even so, I should like at this moment, if I may do so without losing my right to speak again when the matter arises later on, to indicate my full support of the position taken by the hon. member for Peace River (Mr. Baldwin). Of course I indicated that at two o'clock today by attempting to move a motion under Standing Order 43.

I would also say that I dare to hope, from the preliminary comments you have made from the chair, that you may be persuaded in this instance that we could be very close to a classic case of privilege. It is true that we shall have to wait to see what the judge actually said, but if it turns out to be the fact that he has said something which inhibits or intimidates a member of this House from pursuing what he believes to be his duty, that would be pretty close to, if not dead on, a classic case of privilege.

Before I presented my motion today under Standing Order 43 I went back and read the motions under Standing Order 43 and the questions which the hon. member for Peace River had posed earlier this month. It seemed to me they were all in very careful and restrained language. It seemed to me that what he was seeking was an inquiry as to what is in the Official Secrets Act which makes this secret trial possible, and that in fact he was doing what the judge in one of the quotations attributed to him says he ought to do, namely, try to win improvements to the Official Secrets Act. However, for the judge to go on and say that the hon. member's comments are intolerable, that he does not know what he is talking about and so on, is, I suggest, an intimidation of a respected and distinguished member of this House, which this House ought not to tolerate.

I hope, therefore, you will agree to hear a few comments now, and allow this subject to be reopened when we have the text of what the judge said. At this point I hope I am expressing the views of all members of this House when I say we are on the side of the hon. member for Peace River.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I hesitate to intervene, because I think one of the issues involved is not only the independence of members of parliament but obviously also the question involving the independence of the members of the judiciary. While they are not accountable to this House or to me, I feel I should make some comment, if

even very brief. Beauchesne's and other authorities have comments and citations in respect of reflections on the judiciary which are not to be made in the House, except by way of substantive motion. While I, obviously, as Minister of Justice, am accountable to this House for the conduct of the Crown and the conduct of any prosecution, I am not accountable to this House for the conduct of judges.

I only have press reports of the Acting Chief Sessions Judge's comments and, like the hon. member, I would want to read them before being extensive in my comments. I take it, even on the basis of press comments, that there is some exception taken to the reference or suggestion that we are back in the days of the Star Chamber of King Charles I. I would caution hon. members, and point out to your Honour, that to accuse or suggest a judge of this country is running a Star Chamber is a reflection on members of the judiciary.

Some hon. Members: Oh, oh!

Mr. Basford: If one goes back into the history of the Star Chamber he will find it was an administrative court established by Henry VIII which ran for a number of years. It was a meeting of the Privy Council, a meeting of the court; it was a government court in effect, an appearance without written argument. There was no appeal from its decision, and there was no right to appear before the court. That, Mr. Speaker, is not the situation in this country, and therefore I would caution members that there is, while also obviously a need for members of parliament to maintain their privileges and their right to speak freely, the equally important right that members of the judiciary retain their independence from parliament and from me, and be free to comment also.

● (1522)

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, very briefly in follow-up to what the minister has said, and I intervene because I was one of the members in this House who directed questions to the Minister of Justice (Mr. Basford) some time ago as to the disposition of the Treu case, just as the minister said that the judiciary is independent of the House of Commons, in that respect so are members of the House of Commons independent of the judiciary in exercising their parliamentary immunity, and I suggest there is a very good reason for that.

Again, referring to the reported comments by Judge Mayrand who reportedly deplored the way that other members of the House have used their parliamentary immunity to question and criticize the manner in which Judge Luc Trudel handled the Treu trial, I suggest to you, with respect, and by way of brief comment to support the position taken by the hon. member for Peace River (Mr. Baldwin) and the distinguished member for Winnipeg North Centre (Mr. Knowles), that it would be appropriate for this distinguished jurist to use his position as did another distinguished colleague in the Quebec judiciary, Chief Justice Jules Deschênes, to speak out on some of the inequities of the Official Secrets Act, as Chief Justice Deschênes did when he had some very scathing things to say about section 41(2) of the Federal Court Act which was used to inhibit the efforts of the Quebec Civil Liberties Association to press the case of Sylvia Roche and Cathy Curtin. These two girls were discharged from their positions on Olympic preparations, and it was used by the government to withhold information that would have assisted in their case.

I suggest, sir, in closing, that it would be very appropriate for Mr. Justice Mayrand to adopt a position in defence of civil liberties and the court system in the same way as Chief Justice Deschênes did on that occasion.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with some amazement to what the Minister of Justice (Mr. Basford) said. I believe everyone can agree with his general proposition with respect to his position vis-à-vis the judiciary and its independence. These are platitudes and statements that have been with us since the first lawyer came off the ark.

The fact of the matter is, and on careful reading of what the hon. member for Peace River (Mr. Baldwin) said, and in his motions and questions that he has advanced on previous occasions, and what he said in the House today, it indicates one thing, if it indicates anything at all, that the hon. member for Peace River was not casting reflections on any judge or any court. He was casting some serious reflections on a form of trial which this parliament enacted many years ago, which allows that which he described as a Star Chamber tactic to take place. That is the important thing.

When this matter is concluded later on there ought to be the message that in this day and age we cannot abide in a free society an act that is as oppressive as is the Official Secrets Act. Rather than casting aspersions on the hon. member for Peace River, I would like to hear the Minister of Justice come forward and suggest some changes that would bring that statute in line with the principles of freedom of speech and freedom of association, while still protecting the state in matters of national security. To that end I would commend to you, sir, and to the Minister of Justice, who may have forgotten about it, that there is a private member's bill standing in the name of the hon. member for Peace River on the order paper today, which incidentally I have had the honour of seconding the motion with respect thereto, that perhaps the Minister of Justice might look to, so there will never again be an occasion for a minister of the Crown to stand up and utter the platitudes that the Minister of Justice uttered just a moment ago with respect to an honest submission made by a courageous member of the bar and a member of this House of Commons.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I listened with interest to the Minister of Justice (Mr. Basford). One must conclude that it will be his final song in the House. He is leaving now because he does not like any suggestion of criticism.

Mr. Paproski: He can't stand the heat.

Mr. Diefenbaker: Yes if you can't stand the heat, then leave the kitchen.

The doctrine as enunciated a few minutes ago by the Minister of Justice is the antithesis of jurisprudence and of freedom. I have appeared before many judges over the years. I am a member of my own bar of Saskatchewan, the bars of Alberta, British Columbia and Ontario, and an honorary bencher of Gray's Inn, and I have had some experience. I have known some judges who fully place themselves in the position, and I believe the Minister of Justice now occupies the same, that "there but for the grace of God goes God". That is the attitude that dictates.

There was nothing in what the hon. member for Peace River (Mr. Baldwin) said that in any way casts aspersions at the judge himself. The judge should not have rushed into print, and he should not have made the statements he did. In doing so, he departed from the independence of the bench which is expected of judges everywhere within our country.

As far as the hon. member for Peace River is concerned, I have listened to him over the years and the expression of his views, and they are singularly objective at all times. If I had been in his position I could not have restrained myself to the extent that he did, because in the law the pathways of today become the highways of tomorrow.

My mind goes back to 1945, the time of the Gouzenko investigation, when every principle of jurisprudence—the right of individuals to freedom under law,—habeas corpus was ended—was swept aside. When I raised this with the distinguished former president of the Canadian Bar and subsequent prime minister, Mr. St. Laurent, who was president of the Canadian Bar when I was one of the vice-presidents, I said, "You have abolished habeas corpus", and he said, "We haven't." The section that abolished it was simply this; that no one imprisoned could challenge his imprisonment. With that section man after man was imprisoned, night and day with lights on to keep them awake. Of those individuals, two or three were convicted and the rest were acquitted. At that time we said this has all the earmarks of the Star Chamber to the "nth" degree, and it had.

What has been said here, if the judge is permitted to regard what he says as the basis for the interpretation of parliament, would mean you cannot say anything about anything that happens in the courts. As the hon. member for Peace River said, in the courts he has appeared in on appeals the language is far stronger than anything used here. Indeed, this is remarkable for its clarity and simplicity when you go into a court of appeal and say, "This judge was wrong on this, this and this." There is no complaint surely in the supreme court at Ottawa, parliament, that the denial of the right of members of parliament to point out what they believe to have been wrong and unjust is something intolerable, something that cannot be accepted.

Parliament is supreme. Members are responsible. If they go beyond the field of responsibility they become liable. There was nothing in what the hon. member for Peace River said that went beyond responsibility and reasonable comment. It is the judge who should be apologizing to parliament for having intruded his immodest view that because he is now a judge any mention concerning a trial that took place before him should not be made in parliament.

● (1532)

As a matter of fact, the Official Secrets Act is wrong in many of its sections. It permits tyranny to be enthroned. Changes must be made, but that is not the problem today. The problem here is, did a judge not himself exceed those realms of responsible observation that, in the case of judges, should always be silence?

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, the eloquence we have just heard has, I think, put in perspective precisely what is the issue. I want to make a modest contribution with respect to the statement made by the judge about the activities of my colleague, the hon. member for Peace River (Mr. Baldwin), regarding the Peter Treu case.

I think it is important for us to recall, as the right hon. member for Prince Albert (Mr. Diefenbaker) pointed out, that we have had many trials in Canada under the Official Secrets Act. Some of the trials referred to were precipitated by the disclosures of Igor Gouzenko. The hon. member for Peace River has pointed out, in questions in the House of Commons and references outside this House, the aspect of secrecy in this particular instance. It is interesting to recall that in the Gouzenko trials, as important as those were occurring immediately after the second world war when there was great concern about Russian activity in Canada and about spy activities, that each and every trial that arose out of those disclosures was open to the public, and every trial was heard and understood by every person in Canada interested in following the proceedings. That is an important consideration when we think of the way the law is and of ways in which it should be changed.

I was incredulous when the Minister of Justice (Mr. Basford), who in the parliamentary tradition is the chief legal officer in the executive, stood up and put forward what I consider to be a misinterpretation of what the hon. member for Peace River has done in the course of his questioning of the particular trial proceedings. After listening carefully to what he has put on the record, and after reading what has happened over the last few weeks, it is evident that there has never been any suggestion of a personal attack on the competence of the judge in any way. It has clearly and simply been a question of the inadequacy of the law as it stands, and a plea for some changes that are long overdue in the Official Secrets Act.

I think it would be helpful to Your Honour to recall your own decision in the case that was raised with respect to the House of Commons and Chief Justice Evans. He made comments outside the House with respect to deliberations going on concerning the uranium cartel. If Your Honour looks back at your own remarks in that instance, I think you will be reinforced in taking a strong stand on behalf of parliament with

respect to any attempted interference in the deliberations of this Chamber.

I want to make one final point, Mr. Speaker, about one of the pieces of information that has come our way with respect to Mr. Treu. Mr. Treu was tried by a secret trial—the kind of trial for which we have all indicated our abhorrence in this House. It is the kind of thing that takes place in other countries. After the charge was brought against Mr. Treu he was offered another contract in the same area of endeavour that he had been pursuing, by NATO. The trial was so onerous it bankrupted him so that he was not in a position to accept the contract. It is that kind of pressure and that kind of secrecy that make it quite legitimate for any member of this House to make reference, by analogy, to Star Chamber proceedings. In doing that we are not being critical of any judge. The judge has his duties to perform, and that is quite separate and apart from any allegation of impropriety on the part of any individual judge.

I stand in my place today in strong support of my colleague, the hon. member for Peace River, who has done a service to the improvement of laws in this country, particularly the laws governing secrecy, the laws pertaining to disclosure on the part of government, and in this case with respect to the provisions of the Official Secrets Act. I am proud to do so.

Mr. Speaker: Order, please. As I indicated earlier, the matter will be pursued further when the precise text of the judge's remarks is available to us.

ROUTINE PROCEEDINGS

[*Translation*]

AGRICULTURE

Second report of Standing Committee on Agriculture—Mr. Smith (Saint-Jean).

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

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[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of two reports referred to the Administrator by the Anti-Inflation Board.

Order Paper Questions

EXPORT DEVELOPMENT CORPORATION

REPORT ON INTERNATIONAL ECONOMIC BOYCOTTS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I have the honour to table in both official languages, the report of the Department of Industry, Trade and Commerce and the Export Development Corporation on the question of international economic boycotts.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 126, 127 and 782.

[*Text*]

OFFICIAL LANGUAGES

Question No. 126—**Mr. Herbert:**

Has the government considered the suggestion of the Official Languages Commissioner that aid to second-language teaching in the provinces might best be implemented through the Council of Ministers of Education and, if so, have any negotiations been commenced with the provinces?

Hon. John Roberts (Secretary of State): The council of ministers of education is already actively involved in two federal-provincial programs designed to promote a knowledge of both official languages. They are the summer language bursary and second-language monitor programs. Both these programs are funded by the federal government and administered by the council of ministers of education, in collaboration with the provincial departments of education. At the request of the council of ministers of education, the federal government has agreed to fund in 1977-78, two pilot projects under these two programs. The pilot projects will: (a) offer 100 bursaries to enable Francophone students from minority milieus to take a six-week immersion program to perfect their knowledge of French; and (b) provide 40 Francophone monitors to French-language schools in minority milieus to assist teachers of French as a first language and teachers of other subjects in French. In 1976, for the first time, a special project was submitted by the council of ministers of education and accepted for shared-cost funding. This project provided for short courses for school administrators and other educators involved in the teaching of English or French as a second language and for the compilation of a handbook for school administrators, outlining the administrative implications of the teaching of English or French as a second language. The project is intended to cover fiscal years 1976-77 and 1977-78. The present agreement concerning the federal-provincial program for bilingualism in education will expire on March 31, 1979. Discussions have already begun between the Secretary of State and the council of ministers of education as a preliminary stage to the negotiation of a new agreement. This is the first time that the council of ministers of education has taken an active role in

the formulation of a federal-provincial agreement for bilingualism in education. Negotiations for the original agreement, which came into effect in 1969, and its renewal in 1974 took place on a bilateral basis between the federal and the ten provincial governments.

LAND TASK FORCE

Question No. 127—**Mr. Herbert:**

Were the governments of Alberta and Quebec invited to participate in the land task force to study the supply and cost of serviced residential land in Canada and, if so, did they participate and, if not, for what reason in each case?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the governments of Alberta and Quebec were invited to participate in the land task force to study the supply and cost of serviced residential land in Canada. Alberta has not participated and Quebec participated until the provincial election of November 15, 1976. Alberta wished to include in the study all cost components of housing.

ALLOWANCES FOR INTERNATIONAL CONFERENCES

Question No. 782—**Mr. Joyal:**

Since 1970, did Quebec provincial ministers participate in any international conferences as members of a Canadian delegation and, if so (a) how many (b) in what conferences (c) in each case, what amount of (i) living (ii) travel (iii) representation allowances were paid by the government?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): (a) Twenty-four. (b) Conférence des ministres de l'éducation, from 1970 to 1977. Conférence des ministres de la jeunesse et des sports, from 1972 to 1977. Conférence constitutive de l'Agence de coopération culturelle et technique (ACCT), 1970. Conférence générale de l'ACCT, 1971 and 1975. Réunion des ministres de l'Artisanat (ACCT), 1977. Conférence des ministres de la Fonction publique (ACCT), 1971. United Nations Food Conference 1974. Habitat Conference, 1976. United Nations Conference on the Human Environment, 1972. Commonwealth Law Ministers Conference, 1977. United Nations Water Conference, 1977. (c) (i) and (ii)—Provincial ministers attending international conferences are entitled to a fixed allotment for meal allowances, which is based on the cost of living in the city where the conference is held. The federal government also pays for transport, hotel and other incidental expenses. For example, at the U.N. Water Conference at Mar del Plata, which lasted 11 days from March 11 to 25, 1977, the air ticket Ottawa/Mar del Plata/Ottawa was $1,159; the hotel $28.37 per day; the meal daily allowance $13.04. All in all, the average cost of a delegate amounted to $1,750. The Quebec government did not accept that the federal government pay the cost of its minister's participation in conformity with its policy of assuming itself the travel expenses of its participants who are members of a Canadian delegation. (c) (iii)—Representational allowances are not for the members of a delegation, but for the delegation itself. Therefore, representational expenses are accounted against the delegation.

[Mr. Roberts.]

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, if questions Nos. 357 and 469 could be made orders for returns, these returns would be tabled immediately.

[*Translation*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Does the House agree that questions Nos. 357 and 469 be made orders for returns?

Some hon. Members: Agreed.

[*Text*]

EDUCATION

Question No. 357—**Mr. Orlikow:**

1. For each year 1971 to 1976, what amount did the government contribute to each province for post-secondary education?

2. For the same years, what amount did the government contribute to post-graduate studies in Canada or foreign universities?

Return tabled.

Question No. 469—**Mr. Schellenberger:**

1. Is the government, in conjunction with the provincial authorities, considering the establishment of a Canadian Council on Education to co-ordinate the education activities of the various government authorities and, if so, what steps have been taken to date?

2. What programmes has the government undertaken with respect to assisting elementary and secondary education and, in each case, what was the (a) cost, by province, in each of the past five years (b) basis for the programme being initiated and funds allocated?

Return tabled.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, May 29, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second

time and referred to the committee of the whole, and of the amendment (Mr. Broadbent) (page 5548).

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, last night in closing the debate I had been dealing with what I consider to be some of the worth-while clauses of Bill C-56, namely, those dealing with Registered Retirement Savings Plans. I think I have given due credit to the government for those changes, as did the hon. member for Esquimalt-Saanich (Mr. Munro) and others on this side of the House who have been trying to get these changes for the last several years. I went on to discuss the philosophy of the RRSP and how it was changing now due to the needs of the nation to collect larger pools of capital, and to hope that individuals could share in this capital pooling and use the benefits from it to enhance their economic situation in their declining years.

Now I should like to move to what I think is the lost opportunity in Bill C-56 to do what would have helped the nation immensely at this particular time. The subject I am referring to is potential budgeting.

● (1542)

Our advisers to the ministers of finance for the last 30 years have held to a theory of fiscal budgeting that has now been demonstrated to be wrong in quantity and wrong in principle. There is a religious, fervent, stubborn inflexibility on the part of the people in the Department of Finance to send minister after minister into this House to bring in budgets which they know, before they bring them in, are wrong both in theory and in quantity.

We have been in a state of stagflation now for four years. Everyone in Canada knows that this country is strong in every way. People keep asking why, with all our strength of resources of the material sort, and resources of the human sort, should this nation be dragging behind when it should be leading the world in growth and in individual wealth accumulation and enjoying that wealth. Because of the people's need to have that question answered, I make the statement again that this budget, particularly the resolution in the budget dealing with income tax, failed to grab an opportunity to use the device of potential budgeting, which I think would have helped the country. It certainly would have helped the personal political fortunes of the Minister of Finance (Mr. Chrétien).

The Minister of Finance is aware that I suggested proposals to him in the mini-budget debate of last November. To be fair, he was extremely interested in a favourable, constructive way. As a result I wrote a letter to him and put some of these ideas into written form so that he could take them before his officials, so they could look them over. The general sense of these proposals was that if he could pick certain items that the people of this country needed and wanted, and were not being produced and used in Canada, and if he reduced the tax on these particular items—and I am referring to the income tax tax—then there would be no loss to his balance of ways and means in his budget. In other words, since the tax collector is not collecting anything on these particular items, there is no loss of taxes if the tax is reduced, because there is no tax collected now.

On the contrary, if the income tax is reduced on the utilization of these particular objects, a large number would be purchased, which would mean a large number of people would go to work and a large number of people would be earning money. In turn these people would be off the social welfare list, and certainly off the unemployment insurance list. Because of the phenomenon of not having to reduce income from existing taxes, by reducing the taxes on these items that have a potential for the development of the nation and in bringing benefits to the people, this is called potential budgeting.

Last fall I pointed out that the only country I know of that has ever tried this method was the United States in 1964-1965. At that time the United States reduced taxes on a number of items, amounting roughly to $10 billion. They expected a drop in the income to the tax collector of the $10 billion. But because these were items not being utilized a great deal, and because people then bought them in great numbers, when the year was over the tax revenue had not dropped $10 billion, as was expected, but had gone up $19 billion.

I pointed out at that time that this technique of potential budgeting will only work if there is unused plant capacity and unused labour supply. Those are the two conditions that are needed. Of all nations in the world Canada has those two things in abundance. We have over a million unemployed and we have 18 per cent to 20 per cent of our plant capacity lying unused. All the items I listed can be manufactured in Canada.

To make absolutely clear that the record shows what those proposals were, I will list them. In a letter which I wrote to the Minister of Finance dated November 30, 1977, I suggested that a 100 per cent write-off under the Income Tax Act be given for proven hardware in the production of renewable resources. That means those types of energy sources that could be renewed each year, such as the wind, the sun and so on, and thereby encourage people to buy this type of hardware—to use the renewable sources of energy rather than the non-renewable sources such as natural gas and oil.

I will now list the items for which I propose a 100 per cent write-off. First of all is insulation. I do not think there is any argument about that. Insulation can save 20 per cent, 25 per cent or 30 per cent of the heating costs of the homes and buildings of this nation. Secondly, flat-plate collectors, air or liquid. There items are coming on to the market. They are expensive and make the shift over to flat-plate collectors marginal, but they still are proven items. Therefore they would only qualify under the proposal which I made of 100 per cent write-off. Thirdly, solar furnaces. Fourthly, sealed stoves, fireplaces and furnaces.

If one takes a drive around the country near Ottawa one would see almost one place in ten in the rural areas with wood piles in the yard. This would indicate that individuals on their own are going ahead with the new type of efficient sealed stoves, fireplaces and furnaces to get this form of renewable energy.

The fifth item was heat exchangers. These are a vital part of the utilization of solar energy, whether it is directly assisted solar energy forms or whether it is indirect.

The sixth item is a solar designed greenhouse. These are showing up all across the country. I would think that there is hardly any question that these six items which I have listed can be qualified as proven hardware. They help the individual to shift from non-renewable types of energy to renewable.

The eleven points which I put forward and which I suggested should receive a grant of 150 per cent are items which are not only marginal in cost in the sense of the amount of money a person will save is hardly worth the expenditure, but because they are still in an uncertain stage of proof I say they should have a 150 per cent write-off. This percentage figure which I have taken of 150 per cent is roughly equivalent to what private industry or business gets when they are trying to go into new research operations. I know it is roughly 160 per cent for business, but I have picked 150 per cent for this list of 11 items. I have suggested that this type of deduction only be possible to the year 1985 on the grounds that by that time there will be proven equipment and a return should be made to the 100 per cent write-off.

I will read these 11 items into the record, which will make sense to most people. First of all, heat pumps, whether they are from an air source or a water source. Secondly, concentrator collectors, solar thermal energy conversion, or STEC for short. Thirdly, heat storage facilities. This is vital in northern climates where storage must take place for a few cloudy days or for long periods of cold weather. Fourth, methane production. Fifth, vertical axis windmills. Sixth, solar absorption air conditioning. Seventh, residential photovoltaics. Eighth, individual water recycling and conversion of waste to energy. Ninth, conversion of cow manure to protein. Tenth, energy plantation; and eleventh, production of hydrogen.

That is a first draft. I could add quite a number to it. I think I have made my point, first that any individual in Canada who spends his own money to buy any proven hardware should have a 100 per cent write-off under the Income Tax Act. Secondly, any individual who buys something in the experimental stage and tries to make it work should get 150 per cent write-off. That was the essence of that proposal.

● (1552)

I cannot give with assurance the amount of business that would arise from this. I know the projections made by various associations and societies in Canada run as high as $1 billion a year on this type of transaction. A billion dollars worth of new items produced in Canada each year would yield a very sizeable income increase to the government, not to mention the wages and all the other benefits that would go through the system.

I think, and I think I am right in this, that the Minister of Finance is in agreement with that proposal. His letter came back to me dated March 2, 1978, four months later. I am not going to read it all. It is a very sad letter. Hon. members will see why in a moment. I am just going to quote the key parts. I quote:

> In your memorandum you suggest that any type of capital expenditure to reduce utilization of traditional energy sources by an individual, be accorded a fast write-off under the capital cost allowance system. The capital cost allowance system permits a taxpayer to deduct the cost of a depreciable asset in computing income where that asset is used to produce income from a business or property. Your proposal would represent a major departure from the general policy of only permitting deductions with respect to assets used for the purpose of gaining or producing income.

I might read one more line because I think it illustrates the type of thing the civil servants write for ministers.

> In my view, allowing deductions for such personal expenditures would create a dangerous precedent and might seriously erode the tax base.

Translated into plain terms, the Minister of Finance signed a document, written by civil servants, which states that you must not give to the individual in Canada the same tax rights and privileges that business gets. If business spends money to make money, they get a 100 per cent write-off. If they spend money on experimental equipment and research, they get a 160 per cent write-off. However, to do that for the individual to make money by reducing his heating costs or electrical energy costs is a dangerous precedent and would erode the tax base.

Such a statement in the last sentence is completely false. Under the tax laws of parliament which have been put through in the last three years, we give individuals the right to get 166 2/3 per cent write-off if they invest in Canadian exploration or if they invest in Arctic exploration combined. That means if an individual taxpayer in this country wants to get a write-off against his income tax under the law passed in parliament, he can get 166 2/3 per cent write-off against any form of income as long as he puts it into helping to find more non-renewable oil or gas resources. However, he does not get one cent write-off if he puts even one dollar into trying to get some utilization of renewable energy resources.

That is the crime this government has committed. It is the crime to which the Minister of Finance signed his name when he signed that letter. It is an issue which the people of Canada have to make very clear to future governments, namely, that they want to make use of these renewable energy resources, particularly when they are going to save themselves a great deal of money, when it will make money for the government and when it will help the nation by not having to buy so much energy from offshore.

That issue destroys the whole budget presentation of the minister. He brought in a neutral budget with a few changes like RRSPs, the question of rollover for capital gains tax for farmers, small business people and so on, all of which are good. However, why ruin a budget containing a few good things like that with a decision to turn down something substantially bigger, something that would help the minister balance his budget and get this country out of the stagflation that now exists?

This issue of letting civil servants who have been consistently wrong for 30 years or more run every minister of finance has to be the main issue in all our democratic forms of

government. I do not mind confessing, and I have said this before, that no person was better liked for his essential honesty than the present Minister of Finance. He has been around this House for 13 years now.

Mr. Paproski: He should know better.

Mr. Hamilton (Qu'Appelle-Moose Mountain): He should know that even if you are honest yourself, when you take over the job as Minister of Finance you have a job to do, that is, to face up to the fact which everyone knows, that the advice civil servants have been giving their ministers for 30 odd years has been consistently wrong, because it is based on a theory not supported by quantitive evidence. We have found a failure in the theories for the past 15 years, particularly for the past five.

The government resists many new ideas when it deals with advice given to it where it affects the Department of Finance. I am not the only one putting forward this concept of potential budgeting. The Economic Council of Canada, which was set up to give alternative advice to the government, over and over again has appealed to the government to use some form of potential budgeting. It is not the answer to everything, but it is a help.

We have been in a classic situation for the past four years with rising unemployment, rising inflation, and rising deficits in the budget. The minister could have helped balance his budget, helped people get jobs, and helped get the country going again, but the civil servants in that department forced this minister, well liked and honest as he has been, into a position where he is down on his knees exactly the same as his predecessors. He walked into this House with a neutral budget which ignored this principle to move forward.

Coming from Shawinigan in Quebec where people are known for their common sense and their disregard for experts, I had hoped he would stand up for his proposal that he was personally in support of and say, "I am the Minister of Finance. I want this done. Get me the details and make it work".

Whether he had the support of the Prime Minister (Mr. Trudeau) or not, I do not know. However, that poor Minister of Finance has been forced to come into this House in the two or three weeks since his budget to defend himself on a hopeless issue of trying to start a political fight with the province of Quebec. This is the tragedy we have witnessed here.

A fine person, a nice person, has been forced to accept the will of the civil servants on this question, not taking advantage of the opportunity to balance the budget and to use a better idea, namely, potential budgeting and, second, to fight on the grounds that he was not going to do anything to help the country economically, but going to start a political fight with the province of Quebec, hoping to create a division between Quebec and the rest of Canada, then walk around and pretend he is the only person who can get us out of the mess the Prime Minister got us into.

It is a tragedy to see a very fine human being destroyed, not only by civil servants but by the Prime Minister who seems to have only one motive for being in this House, to keep a glorious fight going between various parts of this country. With all this opportunity to help the country economically and to get people working again, the Prime Minister chooses this particular time to start a political science fight with his old friend and buddy, the premier of Quebec. When you get down to it, they will end up the same buddies they have always been, running that phony fight on both sides, all in the name of keeping in the headlines.

The province of Quebec is part of Canada. The province of Quebec wants to be part of Canada. The province of Quebec is suffering more than most parts of Canada in this present stagflation. They would give anything if the government in Ottawa would grapple with the problems of agriculture and industry in the province of Quebec and get at the great development opportunities which exist in that province.

Resource wise, that province is one of the richest places in Canada. They are hard working people with great resources and great opportunities for markets, and all they get from their politicians in that province is a fight, and name calling, or something that does not even count.

● (1602)

This pretence that our country is disunited because people speak a different language in Quebec is as phony as a three-dollar bill and worth as much. The people in Quebec are united with us in believing we have a good country, and they would like to make it even better. But the minister did not take the opportunity of the budget to use the income tax provisions to get the country rolling again.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, perhaps I could comment on the remarks made by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). By the end of his speech I felt that the only thing he left out was that Mr. Levesque had become a Father of Confederation. It seems the premier of Quebec has become a folk hero to the conservative opposition.

Mr. Paproski: That is what you would like people to believe.

Mr. Anderson: This is an historic budget. It is historic because it is the first time since Confederation that the federal government has brought in a budget in co-operation with the provinces of Canada, the first in which a common approach was taken in deciding the best means to stimulate the economy. This is sometimes overlooked, perhaps for political reasons, but as I say, I believe the budget will be marked by historians as a turning point in federal-provincial relations very similar to what happened earlier this year when the provinces sat down with the federal government, not in a spirit of confrontation but regardless of party, realizing they were engaged in an attempt as leaders of the country to chart a course which would benefit the people of Canada.

It is, indeed, a turning point when politicians can forget political grandstanding and look at the good of the electorate

rather than at their personal fortunes; when they can make speeches not on behalf of their own parties or of themselves but in the interest of providing a better economic life for the people. In this context the February conference will be a historic turning point in Canadian life, as will the April 10 budget. It shows that, contrary to what Mr. Lévesque, Mr. Parizeau and others say, Confederation can work if we have leaders who are interested in the electorate rather than in their own political fortunes.

The April 10 budget will be assessed by future generations of Canadians not on the issue of who is right and who is wrong in the context of the two or three cents at issue for Quebec. They will look at the April 10 budget in the light of the fact that an agreement was reached with nine provincial premiers in the course of a further evolution of the federal concept. Future historians will note that this evolution occurred during a time of crisis. But do you sincerely believe, Mr. Speaker, that anyone could now take a step backward and argue that the provinces and the federal government do not have an interlocking goal? Do you think that in future years when the subject is brought up at conferences between the federal and provincial governments, or discussions on the budget, people will not realize that a historic step has been taken in the development of Confederation?

There are some—and they should know better—who say this was a bumbling effort on the part of the federal government. They say this because, obviously, Quebec has not accepted the proposal contained in the budget. What they do not admit, though, is that nine other provinces agreed to it and that the tenth province did not make it known whether it was for or against the proposal advanced by the Minister of Finance (Mr. Chrétien). I can only compliment the Minister of Finance for risking federal prestige knowing very well that Quebec under its present leadership is not one of the strong backers of co-operation—that the province at this point in its history would surely not be the first to approve of the federal government's position in this area.

No one in this country or in the House was so naive as to expect Mr. Parizeau and others like him to compliment the federal government on its initiative in assisting the provinces to reduce their sales taxes.

Does anyone in this House feel surprise if this issue, like others in the past, is used to the advantage of a party which is, to say the least, not devoted to the idea of one nation based on equal partners? Would it be fair to say that what happened after the April 10 budget might have been predicted? But the way events have turned out is not the fault of the Minister of Finance who took the initiative. It is better to have taken this step forward in the development of joint federal-provincial relations, risking what has happened as a result of the reaction in the province of Quebec, than to have done nothing.

What was not so unexpected was the reaction of some of the members of the opposition to use this issue to cudgel the federal government, blaming the Minister of Finance rather than the failure of one province to make up its mind on the issue until the day of the budget. That was the surprising thing. Surely at this point, when a referendum cannot be many months away, we as federalists should not be sticking knives in each other's backs for political gain.

When honest mistakes are made, criticize us. But in the circumstances I have outlined there ought to be more integrity than to lay the blame upon the federal government and claim that nice chaps in Quebec have been raped and walked over. That is not the case. If a rape occurred, it was a rape with consent. But I suggest that rape did not occur. Advances might have been made, but no consent was arrived at with the province of Quebec.

• (1612)

I said this legislation was historic. It was historic in another sense also, and I am surprised that members from British Columbia have not brought out the fact that in the April 10 budget one of the most contentious issues, in the last four years at least, has been resolved, a point that we have discussed with various ministers of revenue and ministers of finance over a period of four years. It is a point on which reports, briefs, and submissions have been made by the International Woodworkers of America and the Forest Council of British Columbia over a period of four years. Now it has been resolved, but very little has been said about it. I have seen very little in the media, in the press, and on television advising people in British Columbia of the fact that this matter has been resolved. If I may, Mr. Speaker, I should like to quote from a brief presented to the Government of Canada by the International Woodworkers of America, Regional Council No. 1, and the Forest Industrial Relations Board Limited. It states:

> On April 22, 1977, Revenue Canada taxation officially confirmed in letters to Forest Industrial Relations Limited and to the International Woodworkers of America that effective January 1, 1977, the minimum valuation on board and lodging in the British Columbia forest industry is $6 per day... The letters established that where room and board are not supplied free, there is a benefit equal to the difference between the amount charged the employee and a reasonable valuation. In addition, the letters point out that there may be reason to review the minimum valuation of $6 per day from time to time as changes occur in "fair market value" or "cost to employer". The effect of this ruling has been to increase the taxable income of logging camp residents in the amount of $3.50 per day since the cost per day assessed employees by employers has been $2.50 per day under the Coast Master Agreement.
>
> This recent ruling will generate considerable uncertainty, unrest and apprehension in the minds of logging camp residents. Moreover, it will seriously affect their morale as employees and as taxpayers. The basic reason for this situation is the fact that the Canadian tax system has never included as taxable income for logging camp residents the difference between the cost paid by the employee and the reasonable valuation of the benefit. Historically, the Canadian tax system has recognized the social realities of life in isolated logging camps, and in practice has not applied the "none shall escape" philosophy to this important segment of the work force in British Columbia's primary resource industry. The significance of the recent ruling cannot be assessed in economic terms alone. It must be measured in historical, psychological and sociological terms because of the unique nature of life and work in logging camps. In short, what may appear as a loophole and an inequity, may in fact be an equitable situation which recognizes social reality and social needs and which would create an inequity if it were rescinded.

I should like to continue with a short quotation again from the same submission to the Government of Canada, in full realization of the fact that this submission was made prior to the October 10 budget. It reads:

Forest Industrial Relations Limited represents 122 companies engaged in logging and the manufacture of forest products in the coast area of British Columbia . . . In addition, there are many companies in other parts of the province who are also obliged to operate cookhouse and bunkhouse facilities. There are approximately 40,000 members of the IWA in British Columbia of which 5,000 reside in remote camp sites . . . The impact of the ruling in economic terms must be evaluated from several standpoints.

From the standpoint of each individual affected, the increased taxation will be in the order of $335 per annum. In order for camp employees to maintain their take-home pay, an inflationary increase of 35 cents per hour will be necessary. As we have stressed earlier, the impact of the ruling would be a reduction in take-home pay for loggers, who amongst other things have uncertain work years, work under changing and often adverse weather conditions, spend time travelling to and from remote locations, and often are required to maintain another residence for family. These are but a few of the additional factors that compound the problem.

I said in my opening remarks that it was an historical budget in several respects. The second historical aspect of the budget is the fact that on April 10, 1978, the Minister of Finance announced that it is expedient to amend the Income Tax Act and to provide, among other things—this is the part I consider to be important—that for 1978 and the subsequent taxation year an individual be entitled to exclude from income the value of board and lodging received in respect of employment at remote work sites at which he could not reasonably be expected to maintain a self-contained domestic establishment.

As a result of the April 10 budget there will be no requirement for an inflationary escalation in the wage rate in the forest industry in British Columbia. We will recognize by law that individuals at work in remote camp sites, those who are engaged in what is sometimes a dangerous occupation, those who are employed in an occupation which demands rigorous physical standards, those who work in mud and rain and other equally hard circumstances, will be exempt from taxation on those parts that the employer contributes to the room and board of those who cannot be expected to maintain a residence in a remote area. I say to that, hallelujah.

Many of us from British Columbia have worked hard to have this exemption made into law. A year ago at this time we were discussing this with the forest industry, with the IWA, with MacMillan Bloedel and with various other companies, and there was great concern that those people who were working at remote camp sites, if charged additional taxes, would ask themselves why they should not go to work in cities like Nanaimo, Vancouver or Victoria if they cannot have this exemption, and why they should be separated from their families and not even be able to watch television. It sounds strange, but many of those areas do not have radio or television, so that the loggers, apart from being separated from their families, cannot even listen to radio or watch television. We as members of parliament cannot do much so far as their love life is concerned, we cannot provide some of the amenities because of the isolated location, but we have recognized that their situation was unique and we have given it some credit. For that reason I thank the government, members of the cabinet, and especially the Minister of Finance, for listening to the pleas of these people.

● (1622)

Also I should like to thank two people with whom I worked very closely. I am referring to Mr. Earl Foxcroft, the President of International Woodworkers of America, Local 1-85, who lives in Port Alberni, and Mr. Joe Standell, who is on the management side of MacMillan Bloedel in Port Alberni. Their recommendations, support, and pressure were appreciated greatly by myself. The decision by Mr. Guay not to implement the policy in January, 1978, and the subsequent decision, were in no small way achieved because of the efforts of these two fine gentlemen. I thank them for their efforts.

There have been other comments regarding Bill C-56. Aside from having a very strong forest industry in my constituency of Comox-Alberni, there are many people engaged in the dairy business and truck garden fruit and vegetable operations. As a result of amendments to the act, I am pleased there will be a change regarding the transferring of property in family farm corporations. A family farm corporation can be transferred to a farmer's children without immediate tax on any capital gain.

Many hon. members of the House are to be congratulated, especially those from the prairie provinces who have worked very hard on that section. If we are to have a viable agricultural industry, concessions must be made regarding the transfer of family farms to sons, daughters, etc. It must be done in a manner which does not force sale in order to pay taxes on capital gains. Farmers in the dairy business in my constituency will find that section and another one which deals with transfers to children who have an interest in a family farm partnership will provide immediate relief in order for farms to remain in the family without a sale taking place to pay capital gains on the increase in the evaluation of the property.

Over a number of years a number of progressive budgetary measures have been taken. Sometimes it is forgotten, although at the present time there is a budgetary deficit, that one of the reasons for the deficit is that since 1974 it has been the policy of the federal government, through indexation of taxation, in fact to collect less than it would have normally collected. Since 1974 the federal government has given up approximately $5 billion in taxes which it would normally receive as a result of its indexation policy.

Sometimes it is difficult for Canadians to perceive what the solutions are if deficits are to be avoided. Obviously if a deficit occurs, one of two things can be done. The taxing power of the federal government can be raised in order to make up for those deficits, if it is felt that those expenditures are required. In the four years I have had the honour of being here, for very obvious reasons I have not heard anyone stand and demand that the government raise the taxes of the people of this country. What has been said is that the government should reduce its spending. I have no disagreement with that. It is a manner of solving partially a deficit situation. What I have never heard in the House or in committee is where these savings should take place.

It is a fact of life that 60 per cent of government spending is done by the municipalities and the provinces. Approximately 40 per cent of the spending by governments in Canada was

done by this august body, the Government of Canada through the House of Commons. Out of the 40 per cent spent by the federal government, we pay it back to the provinces in the form of cost-sharing programs.

If one looks at the budget of Canada in a similar manner to a housewife looking at her budget, one would indicate that before a dollar is taken in, 40 per cent of income has gone out in the transfer of payments. Very few people on the government or opposition sides would say that 40 per cent should be renegotiated and cut down. Over the years we have seen greater and greater amounts of funds being transferred to the provinces. I have a strange sense of humour, but it gives me a considerable laugh that some of the provinces which are very rapacious in taking and demanding more in the form of transfer of payments, use the federal government as an example of a wasteful child. They use their own healthy, balanced economies as models for the federal government to follow.

If the federal government could decrease its spending overnight by 40 per cent, it would become a model of restraint also. But it would mean the provinces would have 40 per cent of their incomes decreased, which would result in them being in either deficit positions or having to raise their taxes. I am not criticizing the provinces in their financial matters. I bring this up because I do not think the issues concerning where money should be spent and how it should be spent in Canada has been debated adequately. It is no longer good enough to say the government and the federalists are always wrong.

Mr. McKenzie: But that is correct.

Mr. Anderson: It cannot be said any more. One must say what is wrong with the government. Solutions must be proposed, and the provinces and their spending should be taken into account. Anyone who does not do that is being a charlatan, or a person I would not trust too much. It is not enough to indicate that it is necessary to cut down on government spending. One must say where the spending can be cut down.

If the Public Service of Canada is abolished, would there be a large saving to the people of Canada? Would taxes be reduced by several billions of dollars? Would the budget be balanced? Of course not.

Mr. Munro (Esquimalt-Saanich): What about cutting down the number of civil servants?

Mr. Anderson: If one civil servant was taken off the payroll, our problem would not be solved. Hon. members are aware of that. Are Canadians willing to have a cut in health and welfare benefits? Should there be a cut in the Department of National Defence? I have not seen many members jumping to their feet and proposing cuts in the Department of National Defence. Where can expenses be reduced?

Mr. Nystrom: The Senate.

Mr. Anderson: The people of Canada have the right to hear from opposition members not only that expenditures should be reduced. It is not enough to indicate that alone. Opposition members should make proposals which indicate the areas where expenses can be reduced by $2 bilion, $3 billion, or $4 billion. The people of Canada should be shown where reductions can be implemented, because they are not as dumb as hon. members opposite think they are. I have heard that story before.

• (1632)

Mr. McKenzie: I rise on a point of order, Mr. Speaker. I would point out that on February 2 of this year, on our opposition day, we presented a motion calling for a review of every government department and every government program.

An hon. Member: That is not a point of order.

Mr. McKenzie: This was intended to introduce sunset laws, and it was turned down by this Liberal government and the NDP. They are not the least bit interested in reviewing anything.

Mr. Deputy Speaker: Order, please. The hon. member will agree, I am sure, that this is a difference of opinion. I notice he has not participated in the debate. He can make these points and even pursue them if he seeks the floor.

Mr. Anderson: Mr. Speaker, I can understand the reason for the hon. member standing to speak. He is right in one respect. He is one of the few members who has come up with a positive suggestion. He said what they would do would be cut off the deputy ministers. He was going to have a purge. The only problem is that the next day his House leader stood up and said that was not the case. I admire the hon. member for his intervention, but I must suggest there is a negative aspect to it.

Some hon. Members: Hear, hear!

Mr. McKenzie: On a point of order, Mr. Speaker, if there is one thing the hon. member for the island has proved, it is that he reads absolutely nothing. I would refer him to the May edition of the *Argus Journal* in which he can read what civil servants are saying about the government's policies and all its lay-offs.

Mr. Deputy Speaker: Order, please. I suggest to the hon. member that this is not a point of order but a point of dispute.

Mr. Anderson: Mr. Speaker, I respect the intervention of the hon. member and, as he knows, I respect him. I gave him credit for the fact that he made positive suggestions. The only difficulty we have arises from the fact that his House leader took the hon. member to task and told him to be quiet.

Mr. McKenzie: Obviously you do not read anything.

Mr. Anderson: I have no objection to the hon. member's statements. I am certainly not one who would attempt to increase the number of people in the civil service. However, this is not a simple matter. In the province of British Columbia we have a salmon enhancement program in respect of which the federal government will be spending $150 million over a

five year period. We do have constraints in respect of manpower years in the Department of Fisheries. While it can be said that we should not be increasing the number of people in the service of the Government of Canada, how does one bring forward a program of this type without having additional people in the employ of the government?

Mr. Paproski: What has this to do with this bill?

Mr. Anderson: I agree that there should be extreme care taken in respect of the number of people we bring into the civil service. If there are ways of having work done on contract which will not affect the quality of the product, I would accept them. I use this as one example in the province of British Columbia of tremendous expansion. That is one of the growth areas of Canada, just as is the province of Alberta. We have had a number of government programs in conjunction with the budget which have made a difference in the last ten years. This has resulted in growth in the gross product of that province by leaps and bounds. It has been a growth of sixfold or sevenfold in the past ten years.

I commenced my remarks and will conclude them in the same vein. In this situation we are dealing with a budget that is historic. It is a budget that recognizes Canadian unity by innovation, in the sense that even at the risk of budgetary secrecy we have consulted with provincial ministers over a period of time. We brought them into discussions with the Minister of Finance in order that a stimulus might be provided in quick order. This required the co-operation of provincial premiers. I think it is of credit to the premiers and the Minister of Finance that this co-operation did occur.

There is no question but that when people look at this event in time, when they look at this portion of Canadian history they will see an advancement or evolution of the consultative process. Surprisingly enough, this required no regulation except the bill now under consideration to confirm the action. It required no administrative or bureaucratic apparatus. It required only consultation, people talking with each other. History will record this particular budget as a milestone on which to peg one's hat in the evolutionary process. Perhaps it started a few years ago, but this is one of the signposts that historians will look to as an example of the consultative process.

Instead of arguing about the powers that belong to the provinces or the federal government, and instead of tearing the country apart through debates which basically solve nothing, and only enhance a certain position, be it federal, provincial or party, this will be seen as an attempt by the leaders of this country to accomplish through negotiation, crossing boundaries of purely conceived constitutional matters, amendments, and articles. Regardless of whether a matter is within provincial or federal jurisdiction, as a result of this consultative process we will not require a federal-provincial conference on constitutional rights in order to resolve it. We will not require such a conference in order to make decisions on matters that may rest in the provincial area or within federal responsibilities. We will be able to cut through those responsibilities by negotiation with the provinces. This is important, regardless of budgetary measures brought forward.

Incidentally, those budgetary measures were welcomed. I suspect there are other areas in which we can do exactly the same thing without the formalization of a constitutional conference. I suggest that this may be one of the ways to resolve problems in Canada when we cannot obtain formal agreements among the federal and ten provincial governments. Perhaps situations of that kind can be resolved in exactly the same manner adopted in the budget on April 10. We can obtain a consensus on a short term basis, and will be able in this way to solve short term problems. This lesson will not be lost by the present leadership or any future leadership, be it of the Liberal or Conservative parties, because a model has been established.

We have proven with the aid of the provinces that this cooperation can exist, and through it we can accomplish many things in the future. If it has been done once, I suggest that it can be done in other areas, and that is why I say a milestone has been reached. With regard to the second subject which I brought up on the budget, I can only thank the Minister of Finance on behalf of the people of British Columbia, those especially in the forest industry who have had a long, outstanding grievance resolved, and who, I am sure, will reciprocate at some future date.

• (1642)

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I have been listening for about 40 minutes to the rather irrational remarks of my predecessor. To say in the House that lack of respect for the Canadian constitution should be a positive attitude towards the future and that it should be the corner stone of forthcoming discussions is, I think, reason enough to say that that person should not sit in this House and is wrong in using such arguments to justify a totally anticonstitutional attitude on the part of the government. I deeply regret that hon. members attempt to support such theories in the House. Concerning Bill C-56 generally, the proposed measures are positive; they result from the pressures exerted by intermediary bodies, by the opposition parties and, in some instances, by members of the government.

However, the bill in general reflects a little the attitude of the government which tends to encompass a variety of measures which are acceptable to the population as a whole, but we do find one which is not acceptable. For example, in clause 1 about deductions for board and lodging for workers in a remote location, I think that the opposition parties and some government members have been suggesting such a measure for a long time.

An hon. Member: We did too!

Mr. Caouette (Témiscamingue): But what the hon. member opposite neglects to say is that it is precisely the same party in power which created those taxation measures a few years ago.

But today the reaction sets in and they realize the time has come to bring about some changes.Clause 4 deals with corporation loans to enable an employee to buy corporate shares which are not to be included in income. While I was working in industry, I participated in the purchase of shares of the corporation capital stock, an indirect form of participation in company profits by the employee. At that time, this was not taxable but the present government has found a way to levy its share. Bowing to the pressures of some opposition members, of employees of corporations involved and, I must add honestly, of some government members, we see that the government goes back on decisions it has made a few years ago, but only after a lot of pressure, and particularly after having created the problems itself.

If one examines all the clauses in Bill C-56, one realizes that in every sector the present government itself has created the problems. It is now backtracking, due to opposition pressures for changes, trying to make people believe it is bringing about some changes while trying at the same time to make the same people forget that it should be held responsible for those problems.

Clause 6 talks about the 50 per cent allowance on the amount for research and development. How many years have Canadians been asking for better research and have we, of the Social Credit Party of Canada, suggested better or more direct assistance to our universities so as to have better research? It is not only a matter of helping the companies, but also of helping the research centers in our universities more adequately than at the present time. This is not mentioned in the bill. However, there is an acceptable concept which allows a tax deduction for research and development. Clause 13 concerns the revenue and the properties sold to the Crown. Clause 14 concerns farm transfers without capital gains.

Once again, this is an acceptable provision that the opposition has been requesting from the start. Here is another example: which government was it that implemented the capital gains tax if not the present one? At that time, representations were made to exclude the farming industry. It was included anyway. Perhaps because there is a possibility of elections, the Minister of Finance is now prepared to reverse the position of the government and to exempt farm corporations from the gains tax when the land is transferred to the children or the grand-children of the owner. This is certainly an acceptable provision, but it has resulted from the bad administration of the government which, after a few years, must now do something to correct the unfavourable effect of a provision that it implemented.

Clause 29 allows the Northwest Territories to instaure an income tax system so that in their present economic and financial system, the residents of the Northwest Territories will learn what public debt means, what it means to borrow from other countries and to pay interest on those loans in the form of income taxes. We are now showing the last area of the country which is still ignorant of all this how to get into debt by allowing it to collect income taxes.

Clause 30 is certainly the one which should not be included in Bill C-56. As I was saying at the beginning, generally speaking the provisions of the bill are indeed acceptable because these are corrections brought upon in the wake of the disastrous administration of this government mainly since 1974. Clause 34 deals with retirement savings which one will be able to collect between the age of 60 and 71, and again contains rather interesting features. Clause 36 deals with the premiums on life insurance, clause 59 deals with the tax rebate to the provinces and the deductions provided in clause 30, this is a provision designed to confirm them. Yet above all I would like to go back to deal with clause 30 and that part of it which has been so highly debated since the presentation of the April 10 budget. As I mentioned earlier we have heard everything when the hon. member for Comox-Alberni (Mr. Anderson) suggests that the fact of criticizing the attitude of the government in its underhanded actions towards the rights of the provinces should be an acceptable pattern for future negotiations, and I find regrettable that such remarks can be made in this House.

I read the speech of the Minister of Finance (Mr. Chrétien) and that part which deals with clause 30 of Bill C-56, about which the Minister of Finance takes pride in the speech he made on May 17 and which can be found at page 5519 of *Hansard*. With reference to the last quarter he said, and I quote:

> In real terms, the sales in those two months were 6.1 per cent higher at an annual rate than in the fourth quarter of 1977. This suggests that the $100 tax cut early this year has helped boost consumer demand.

It is obvious that a tax reduction favours consumption and the Socreds have been calling for several years for such exemptions and tax reductions in order to allow a rise in the purchasing power of the population. We have also suggested a consumer compensated discount so as to increase the purchasing powers of individuals. Meanwhile, the Minister of Finance, the Prime Minister (Mr. Trudeau) and the members of cabinet have always repeated that we did not understand anything and that the theories of the Social Credit did not make any sense; yet, when the decision is finally made to reduce the federal income tax by $100, they automatically start boasting that they have increased the consumption for the benefit of the people. And that is the solution to the problem of inflation we now have. Not measures like those advocated in clause 30 whereby the ball flies back and forth to the provinces and the federal government, no, but direct measures under federal and not provincial jurisdiction.

A little further in his speech, the Minister of Finance tells us he succeeded in establishing higher import tariffs to preserve and protect the Quebec clothing and footwear industries. Heaven knows how many years we have been urging higher tariffs to limit imports and protect our own industries. Here

again this government had reduced import tariffs and so destroyed our industries in Canada, only to realize their mistake today after representations by opposition parties, particularly in Quebec by the Social Credit Party of Canada which indeed clamoured for stricter import controls to boost our production.

Today the minister is boasting about this. But what did he say? He said that the sales tax cut will increase consumer spending. It is a fact. But instead of acting directly under its powers the federal government reduces its taxes by forcing the provinces to increase theirs to pay for the sales tax cut which amounts to 8 per cent in the case of the province of Quebec or two or three points in other provinces.

In fact, as an electoral ploy at the federal level the Minister of Finance announced he was giving a sales tax cut to the people but he forces the provinces to pay for it, as the four premiers of the western provinces pointed out. The Minister of Finance has recognized this fact in his May 17 speech. He said himself on page 5524, that in spite of the answers he gave in this House, at the time of the negotiations he made that proposal but he never came to an agreement with Mr. Parizeau. Even before his budget he admits in his May 17 speech that he never came to an agreement with Mr. Parizeau.

I wish to raise a touchy issue concerning the statements made by the western premiers after that measure. Later they declared that this proposal had been forced upon them when there was an agreement and their cabinet had given its approval except for Alberta. The Minister of Finance recognizes that they never came to an agreement with the province of Quebec and that the four western provinces had been forced to accept an anticonstitutional measure which infringes on provincial rights. So we suggested that instead of asking the provinces to pay for the sales tax cut the federal government should issue a consumer discount, particularly on Canadian products. This would avoid the constitutional issue we are now creating. That example will be used in future to justify breaches of constitutional rights. I wonder what the federal government would do if overnight the province of Quebec were to encroach upon the federal government tax jurisdiction and levy custom duties at Quebec boundaries. I am not sure what the federal government would say. It would complain and scream blue murder. Quebec would be accused of eroding federal rights; yet the Minister of Finance does so directly in forcing the provinces' hand in an underhanded, hypocritical way. The provinces are forced to reduce or raise taxation to pay for the sales tax. The Minister of Finance says himself that he is acting hypocritically. On page 5524, he is recorded as saying, and I quote:

> Each time I send a cheque, I consider it as an expense. To avoid any increase in government spending, since everybody complains about the level of spending, we decided to leave some tax room—

Further on he said, and I quote:

> —I wanted to do without creating the false impression that we are spending money—

And further on he said, and I quote:

> As we are collecting taxes, nobody has noticed what is happening.

That is acting hypocritically to force the provincial governments and make people believe that the government is giving them something.

• (1652)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa West (Mr. Francis)—Public Service; the hon. member for Pembina (Mr. Elzinga)—Post Office; the hon. member for High Park-Humber Valley (Mr. Jelinek)—Transport.

It being 5 o'clock p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, and notices of motions.

May I remind hon. members that the 40-hour limit for private members' business has now been reached, pursuant to section 6 of Standing Order 15, and that there will be no private members' business on Mondays and Tuesdays for the balance of the session.

[*Translation*]

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Mr. Speaker, all parties have agreed to set aside all bills and proceed tonight with consideration of Bill C-223 in the name of the hon member for Nickel Belt (Mr. Rodriguez).

[*English*]

The Acting Speaker (Mr. Turner): Order, please. It has been suggested that we set aside all preceding bills by unanimous consent and proceed to Bill C-223. Is that agreed?

Mr. Paproski: Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

Canada Labour Code

PRIVATE MEMBERS PUBLIC BILLS

[*English*]

CANADA LABOUR CODE

AMENDMENT RESPECTING CERTIFICATION OF UNIONS

Mr. John Rodriguez (Nickel Belt) moved that Bill C-223, to amend the Canada Labour Code (certification of union), be read the second time and referred to the Standing Committee on Labour, Manpower and Immigration.

● (1702)

He said: Mr. Speaker, I suppose in these times, when inflation is as high as it is, that Canadians have been exposed to considerable propaganda that the contributing factor to high inflation in Canada has been the demands of the trade unionists in this country, the workers in Canada. One is left with the impression that indeed the vast majority of Canadian workers are unionized. The impression is left that in every work place, in every nook and cranny across this country, workers are organized into collectives and that, somehow or another, there is a juggernaut of big trade unions sweeping the country and engulfing workers, whether they are waitresses in restaurants or those people in the highest technological jobs. Maybe we ought to correct the record and set it straight with respect to the whole question of the extent of unionization in Canada.

In 1967 in Canada the percentage of workers organized into trade unions, excluding agricultural workers, was 32.3 per cent. In 1976 that figure rose to 37.3 per cent of the non-agricultural work force. As at the beginning of 1977, the latest figure indicates that 38.2 per cent of non-agricultural workers in Canada are indeed organized. So we see that the latest figures indicate a little over one third of the non-agricultural work force in this country organized into trade unions.

How does that compare with the European community? If we take 1972 figures, and remember that in 1972 34.6 per cent of non-agricultural workers in Canada were organized into trade unions, we find, for example, that Belgium had 71 per cent of its workers organized into unions; Denmark, 50 per cent; Luxembourg, 50 per cent; Great Britain, 48 per cent; Ireland, 43 per cent; The Netherlands, 41 per cent; Italy, 35 per cent; Israel, 80 per cent; Sweden, 70 per cent; and Austria and Norway over 60 per cent. So when we compare Canada to the other industrialized countries of the world we find that we are far short of the extent and development of trade union organization within those other countries.

What then should be the purpose of a federal labour code? Surely a federal labour code belongs to the workers of Canada? Surely the federal labour code ought to be for the benefit of workers, not for the benefit of employers? Employers have other statutes which provide them with certain protections in this country. A federal labour code therefore should speak of enshrining the rights of Canadian workers in law. One of the first rights is the right to organize. That is a fundamental right of a worker in this country. Indeed, it is the very basic ingredient of democracy, the right of a worker to give his labour. That is really the only thing over which he has any control.

There are countries, of course, where workers are forced to work practically at the end of a gun. But that in a free society has never been the practice. The collectivity of Canadian workers is a fundamental democratic right. It seems to me that if we allow Canadian trade unionism to be destroyed, so can the basic rights on which this truly democratic system relies be destroyed.

What does this Bill C-223 intend to do? What is the purpose of the bill? At the present moment if the workers in a work place want to organize into a trade union, cards must be signed first of all. In the present code it requires at least 35 per cent of the workers within a local work place to sign cards. Those cards must then be submitted to the Canada Labour Relations Board, the CLRB. On receipt of those cards the CLRB decides a date for a vote on whether there will or will not be a trade union in that work place. That has been a serious drawback with respect to organizing workers into collectives for the purpose of protecting workers and extending the rights and improving the quality of life for workers.

In effect because of the requirement that 35 per cent sign the cards, a considerable amount of time elapses in an effort to have this requirement fulfilled. During that period of time much anti-organizing effort is put out by the employer. That is the historical fact in this country. We have a perfect example of that today, that of the Canadian banks. I will deal with that in some detail later. But we have a case in point where the employers, the Canadian banks, and in particular the local managers, the minute these managers sense that someone is organizing within a branch, the anti-union organizing forces come into effect. It is therefore very difficult to obtain 35 per cent.

In this bill we are saying that to expedite, to assist, to encourage the organizing of Canadian workers into collectives, the minimum number required to sign the cards ought to be 20 per cent. On the basis of 20 per cent of the workers in a work place signing those cards and having those cards submitted to the Canadian Labour Relations Board, a vote of certification can be called.

In this bill we go on to say that if, in the opinion of the Canadian Labour Relations Board, there are 50 per cent or more workers signed to cards, then in effect the board may waive a certification vote for the union within that work place. Furthermore, we say within the bill that there ought to be no decertification process in the Canada Labour Code. That is extremely important.

I can think offhand of three examples of precedents in the Canadian experience where no decertification vote is allowed. I go particularly to the schools administration act of Ontario and the teaching profession act of Ontario. When a teacher is certified and obtains a job, that teacher is a member of the Ontario Teachers' Federation and belongs to one of the five affiliates of the Ontario Teachers' Federation. There is no decertification process allowed in the teaching profession act

of Ontario. Therefore teachers as a group do not have a decertification process. It is recognized that once you organize and are collective, you stay organized. If the teachers do not like who is running the outfit, they vote them out.

● (1712)

Another precedent in Canadian experience is the medical profession. Once you begin to practice in the province of Ontario or some other provinces in Canada, you become a member of the medical association within that province. There is no process for decertifying the Ontario Medical Association.

The same is true in the legal profession. If they do not like who is at the top, they can vote them out of office. However, they cannot abandon the professional organization.

We provide a tool within the Canada Labour Code for those who are opposed to collective action by workers. They are provided with the tool to destroy, to waste the time of the trade union and tie up the trade unions' resources, both human and financial, for lengthy processes of fighting decertification and going back in later years to certify a work place that had been decertified.

There is no doubt, in my mind, that the Canada Labour Code leaves all the loopholes for any employer or owner of a business who is determined to destroy the collective in that workplace to do that. The process is there. It is permissible. Our bill aims to speed up, encourage, and facilitate the organization of trade unions in Canada within the federal jurisdiction.

No one can say that somehow or other it is a myth that employers attempt to block the formation of a trade union. I mentioned previously the case of the banks. At the present time the banks have undertaken a program to fight the unionization of their branches within Canada.

Some time ago in committee we were dealing with Bill C-8, amendments to the Federal Labour Code. Representatives of the banks appeared before the committee. They were emphatic about their support for the organizing of workers within the banks. I quote some of their comments:

> Despite our general support for the principle of the bill, namely, justice in the work place and improved working conditions, there are several clauses of the bill which we believe should be amended before the bill is passed back to the House by the Committee.

They agreed with the principle of Bill C-8. That was Mr. MacIntosh, vice-president of the Canadian Bankers' Association. Later on he said:

> It is our sincere belief that the objective of any amendments to the legislation should be to promote free collective bargaining and not to subsitute for it.

Later on he talked about the need for a ballot to verify the signatures of all persons purporting to be members of the applicant trade union.

Throughout the hearing the witnesses supported the principle of trade union organizing within the banks. However, when it comes to the practical application, we find there is a contradiction. What they said in committee is not practised in the work place.

The latest example has to be a most fantastic situation at a branch of the Canadian Imperial Bank of Commerce in Gibsons, B.C. SORWUC, the Service, Office and Retail Workers Union of Canada, attempted to organize that particular branch. Mrs. Dulyk, one of the workers in the Gibsons branch, attempted to get members to sign cards so that there could be a certification vote in that branch.

The minute the manager found out that Mrs. Dulyk was trying to sign staff to cards, she was called in and offered a transfer to Vancouver. Here is a married woman with a family. Gibsons is only accessible by water from Vancouver. The management offered her a transfer to Vancouver, an offer he knew she could not accept. She could not accept it and was fired.

The union approached Mrs. Quigley, another employee in that branch. Mrs. Quigley then attempted to sign workers in that branch to cards. Again the manager found out, called in Mrs. Quigley and guess what? Right. He offered her a transfer to Vancouver. It was fairly obvious that Mrs. Quigley could not accept the position, and she too was fired. That is not an isolated incident.

The committee also had before it the Tweed branch case. In that case the manager found out the workers were signing cards to form a union. He called in the employees one by one and told them, "We are one great family here. We do not have to form unions to get anything. How can you do this to me? You are putting a knife in my back."

Everyone in that branch became extremely tense. There was fear in the minds of the workers, and the union was never organized. Because obtaining 35 per cent took considerable time, the employer was able to launch a counter-attack.

The Canada Labour Code is not for the employers. It is for the workers. The Corporations Act is for the corporations of this country. The Canada Labour Code should be a progressive document which facilitates the organizing of workers into collectives in order to improve the quality of life and the quality of environment in the work place.

To finish the story of the SORWUC incident, they took it to the Canada Labour Relations Board, accusing the employer of unfair labour practice. In the worst judgment in labour relations history that I have read, the Canada Labour Relations Board said in their finding that the union did not prove that there was an anti-union bias in the mind of the employer. How does anyone prove anti-union bias in anybody's mind? One has to judge the actions, and in the two cases in the Gibsons branch, Mr. Speaker, it was fairly obvious that the actions of the employer would by no stretch of the imagination be seen as divorced from the activities of the two workers in trying to organize the Gibsons branch of the Canadian Imperial Bank of Commerce.

● (1722)

That has been the sad history of union organizing in this country. I might mention, Mr. Speaker, that on Saturday a very historic event took place in my riding. At Laurentian University they honoured the man who was largely responsible

for organizing the trade union movement in the Sudbury Basin, Mr. Robert Carlin. He was honoured on Saturday by having bestowed upon him an honorary doctor of laws degree. Mr. Carlin was the man who, in 1942, organized the workers of the Sudbury Basin in the Mine Mill Union. Mr. Speaker, our history is one of anti-union bias on the part of Inco and Falconbridge in the Sudbury Basin, the CIA participation in trying to use the red scare to paint everyone organizing workers in the Sudbury Basin as Communists or pro-Communists, and this history has pervaded the trade union movement in this country since the 1880s. There has been a concerted effort to try to prevent workers from organizing their collective strength in order to improve the quality of their lives, not only in the work place—

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

Some hon. Members: Agreed.

Mr. Rodriguez: Thank you, Mr. Speaker. I thank hon. members for their generosity, and I will not take long to complete my remarks. I recognize today the shift to the right which society is taking. I recognize that it is in times like these that governments—and this government is no exception—tend to look for bogeymen upon whom to place the blame for the problems facing society, never willing to bear responsibility for their own actions or inaction. So we find in our country a move to the right, one which has pinpointed the trade union movement as being something of a big monster. Indeed, in national polls we see the majority of Canadians expressing the thought that big labour is more dangerous to Canada's economic health than big government or big business.

An hon. Member: Right on!

Mr. Rodriguez: I see an hon. member over on the government side saying "Right on!" That is precisely the kind of example I am talking about. It paints an untrue picture of the true situation with respect to the conditions of our workers.

Do you realize, Mr. Speaker, that it was only this year that workers have had the right to refuse to work in places which are dangerous to their health and safety? A very timid step, in my opinion, and one which should have been taken a long time ago! Think of what happened up in Baie Vert. One has only to stop and think, to see just how powerful the trade union movement really is in this country. The Labour Code should be the centrepiece of trade union rights, workers' rights, and the ability of workers to facilitate their own organizations ought to be enshrined in the Canada Labour Code. That is what the bill before us sets out to do, Mr. Speaker. It is to facilitate the organizing of Canadian workers into collectives, to remove the decertification process, and to give to the CLRB the right to judge, in cases where there are 50 per cent or more signed to cards, that there ought to be no certification vote.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, I am pleased to participate in this debate on Bill C-223, an Act to amend the Canada Labour Code, and particularly and more specifically union certification.

On April 7 last the House of Commons passed an act amending the Labour Code and when I refer to Bill C-223 introduced by the hon. member for Nickel Belt (Mr. Rodriguez) who would like to see a union certified by 20 per cent of its membership, Mr. Speaker, let me say that we are talking about motivation and I would have liked him to say so, and the Minister of Labour (Mr. Munro) agreed earlier when he said that labour participation was clearly necessary to the proper management of the Canadian economy. However, when you talk of certification by 20 per cent of the membership, that makes you think twice.

Mr. Speaker, I would like to refer to the explanatory notes concerning clauses 127 to 129 which read as follows, and I quote:

127. (1) The Board may, in any case, for the purpose of satisfying itself as to whether employees in a unit wish to have a particular trade union represent them as their bargaining agent, order that a representation vote be taken among the employees in the unit.

(2) Where

(*a*) a trade union applies for certification as the bargaining agent for a unit in respect of which no other trade union is the bargaining agent, and

(*b*) the Board is satisfied that not less than thirty-five per cent and not more than fifty per cent of the employees in the unit are members of the trade union,

the Board shall order that a representation vote be taken among the employees in the unit.

(3) Where the Board is satisfied that a trade union has an established practice of admitting persons to membership without regard to the eligibility requirements of its charter, constitution or by-laws, the Board may disregard such requirements in determining whether a person is a member of a trade union.

Clause 129 reads:

129. (1) Subject to subsection (2), the Board shall determine the result of a representation vote on the basis of the ballots cast by the majority of employees voting.

● (1732)

(2) Where, on considering the result of a representation vote, the Board determines that less than thirty-five per cent of the employees who are eligible to vote have voted, the Board shall determine that the representation vote is void.

(3) A vote by the majority of the employees voting in a representation vote is evidence that a majority of employees in the unit in respect of which the vote was ordered are of the opinion expressed in the vote of the majority of employees voting."

Mr. Speaker, I find the amendment to the Canadian Labour Code very liberal. In the bill introduced by the hon. member for Nickel Belt (Mr. Rodriguez), when a union applying for certification as the bargaining agent for a unit in respect of which no other trade union is the bargaining agent and when the Canada Labour Relations Board is satisfied that more than 50 per cent of the employees in the unit are members of

the trade union, the Board can certify the trade union as the bargaining agent without ordering a representation vote. Sections 118(1), 120.1 and 126(*c*) give more freedom to the Board concerning representation votes; they allow it to make temporary decisions to settle certain matters and postpone its decisions as concerns the other matters and they protect the right of the employees by providing that the computation of the number of employees must be made on the date of the application for certification. On the whole, these amendments give the Board the power to issue an order if it feels that the circumstances of the application justify it.

The amendment which would require the Canada Labour Relations Board to order a representation vote when it is convinced that at least 20 per cent and less than 50 per cent of the employees in the unit are members of the trade union seems hard to justify. First of all, it should be noted that the Board does not reject automatically the application for accreditation of a trade union which does not include at least 35 per cent of the employees in a bargaining unit. The board studies and judges each application for accreditation on its merits, and in certain cases, it has ordered a representation vote even though less than 35 per cent of the employees in the bargaining unit were members of the applying trade union. Also, CLRB representatives have pointed out that approximately 57 per cent of the certification applications submitted to the Board involve bargaining units of less than 20 members. If the percentage required for a certification vote were lowered to 20 per cent for any 20-member unit, a certification vote would be compulsory if four were members of the union, which seems a rather dubious procedure in labour relations. On this point, Mr. Speaker, I want to repeat that motivation is extremely important. When we talk about the democratic process and give as an example the certification of 20 members, how would it be possible for the Board to certify a union if four members within the same union applied? We know for sure—

The hon. member for Nickel Belt may well talk back. However, the fact is what would happen then to the active participation of the union and the workers?

Obviously, it is possible to make unionization easier, as evidenced by Bill C-8 passed by the House of Commons last April. I should like also to point out one thing to the hon. member. It is not enough, let us say, to sign a membership card to set up a union, and come what may, for the simple reason that if there is certification with no employee participation, it will be of little avail, and the employer will be able to take advantage of and abuse the same employees if a union were not effective.

So, Mr. Speaker, I should also like to mention that the report of the Woods task force on labour relations deals with certification and the percentage of employees who must belong to the union before its application is considered and a certificate granted to it. The task force recommends that an application for certification be turned down when the union which submits it cannot prove that it represents at least 35 per cent but less than 65 per cent of the employees.

So, Mr. Speaker, it is quite obvious from what I have said that if we want to have a participatory trade unionism, a trade unionism which stands up to the employers, the only way is to constitute a majority before applying for certification.

I wish to thank you, Mr. Speaker, for allowing me to express my views on Bill C-223. It is quite obvious that the member for Nickel Belt (Mr. Rodriguez) considers that the certification of a union makes it easier for the workers to function and join together, and I cannot disagree with the bill introduced by the member simply because of the percentage of representation at the level of the certification or of the application for certification which could be granted to them by the Board.

The hon. member for Nickel Belt (Mr. Rodriguez) had an opportunity to express his views which I understand quite well. However, I would like to express my opinion on Bill C-223 and, as I said earlier, I do not disagree with the member for Nickel Belt, but it is strictly a matter of logic when one talks about participation at the level of a union or of an employer, and of the efficiency both of the economy and the employees.

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Mr. Speaker, first I should like to thank the hon. member for Nickel Belt (Mr. Rodriguez) for giving us the opportunity of discussing Bill C-223, and particularly for trying to promote a greater unionization through the amendments he is proposing. I believe that through his bill the member for Nickel Belt is about to succeed in doing what we, on this side of the House, have been trying to do for years, that is to show that our labour relations legislation is progressive in Canada, especially the latest amendments to the Canada Labour Code.

If we consider the principles contained in Bill C-223, and it might be advisable to quote the explanatory note:

"127. (1) The Board may, *in any case*, for the purpose of satisfying itself as to whether employees in a unit wish to have a particular trade union represent them as their bargaining agent, order that a representation vote be taken among the employees in the unit.

(2) Where

(*a*) a trade union applies for certification as the bargaining agent for a unit in respect of which no other trade union is the bargaining agent, and

(*b*) the Board is satisfied that not less than *thirty-five per cent* and not more than fifty per cent of the employees in the unit are members of the trade union.

the Board shall order that a representation vote be taken among the employees in the unit.

I stop here, Mr. Speaker, then I would like to quote section 118.1 of the present act, the new Canada Labour Code.

● (1742)

Where the Board is required, in connection with any application made under this Part, to determine the wishes of the majority of the employees in a unit, it

shall determine those wishes as of the date of the making of the application or as of such other date as the Board considers appropriate.

I fail to grasp the purpose of that section and I must say this in defence of the hon. member for Nickel Belt (Mr. Rodriguez) who was very active in the examination of the amendments to the Canada Labour Code. But I have the impression, Mr. Speaker, that something must have escaped him. The new Canada Labour Code significantly promotes unionization and the hon. member himself stated that earlier. Unfortunately there are many people who have not yet caught up with our times and find that the new Canada Labour code practically allows 100 per cent of people to be organized into trade unions. That is not the purpose of the Canada Labour Code. What is the purpose of the Canada Labour Code? It is to try to have orderly industrial relations because there are not strictly only unions and employers. There are not only bad employers; there can be bad unions.

You just have to look at the amendments which have been made and the hon. member for Nickel Belt is well aware of this. A year and a half ago we introduced a 14-point program to improve relations between unions and employers and to educate employees and employers so that they would stop tearing at each other. It was decided, Mr. Speaker, to create a committee where everyone would have his figures, which means data from the union and data from the employer, so that they might be compared, and that committee would help improve relations.

What has been done for the education of Canadian workers? What has been done about grants to labour bodies without any requirement on the educational program they should provide? I think the program which has been established has considerably improved the knowledge of labour issues and therefore paved the way for better and wider acceptance of unionization.

Mr. Speaker, we have just passed those amendments. There were and still are disputes. Very shortly, a large portion of the bill will be proclaimed and we were not afraid, Mr. Speaker, to deal in the Labour Code with the problem of the first collective agreement. It was decided that once and for all the problem should be solved. So what happened, Mr. Speaker? We said: when the Canada Labour Relations Board certifies a union, when a union negotiates in good faith and an employer also negotiates in good faith and it ends up with a lockout or a strike, we simply say, Mr. Speaker, that the minister may intervene to ask the Canada Labour Relations Board to appoint an arbitrator to settle the dispute. That, Mr. Speaker, increases both the strength of a union and the extent of unionization, which is the purpose of Bill C-223.

I fail to understand the philosophy behind Bill C-223 where it speaks specifically of 20 per cent of employees. Is that being militant? It is all well and good to have a union, but members must take an active part in their union.

[Mr. Olivier.]

Mr. Speaker, I spent nine years in the labour world. I was president of a union for eight years. I was treasurer of a federation representing 95,000 union members. But officers must try and help members to participate in the management of their federation.

The problem with the hon. member for Nickel Belt, Mr. Speaker, is that he thinks he speaks the whole truth and nothing but, and that everybody else is wrong.

Mr. Speaker, he is always long-winded in the House. He would like to speak day after day to say what? That is the problem.

On the other hand, if there laws are in effect, by what party were they brought before the House? Who is responsible for the structures within which central labour congresses are powerful in the country? Which party did that? It is surely not the New Democratic Party, because it has never been in power. It is a highbrow party, but the problem is that the workers must foot the bill.

Mr. Speaker, it is easy for the hon. member for Nickel Belt (Mr. Rodriguez) to try to blast the amendments which constitute, and rightly so, a renewal in union circles nowadays.

Mr. Speaker, I heard a while ago the hon. member for Nickel Belt tell us that a right-wing wind was blowing among the unions. Well, I fail to understand that. Either he has not stepped out of the House of Commons for a long long time or he has not taken part for ages in a union meeting. He will realize that unions are not going to take it lying down, that they are much more active than they used to be and that they are far from encouraging a shift towards the right.

The hon. member for Nickel Belt is telling us that our trade unions are too far to the right but I suggest he is insulting them. I think that the hon. member for Nickel Belt does not like to be told the truth. He does not like to be told what to do on subjects he deals with or interprets in his own way. As usual!

Mr. Speaker, trade unions in Canada have no lesson to take from the hon. member for Nickel Belt on how to manage their unions. If he finds they lean too much to the right, he could tell them so but I have the impression that the president of the CLC will tell him to mind his own business. I suspect that the president of the CNTU would tell him also to mind his own business.

I find that really amusing. He speaks to us of unionism and does not seem to know anything at all about it. Had he attended a union meeting, he would have learned something about it, at least at the meetings of the Confederation of National Trade Unions. I was reading again articles in *La Presse* which made front page headlines after a major conflict where, on the contrary, unions were called groups of communists. I cannot understand what is going on. Either the hon. member for Nickel Belt has a hard time understanding the situation, or else he does not want to understand.

On the other hand, Mr. Speaker, the purpose, the aim of his bill, Bill C-223, we understood way before he did through all the changes made in the Canadian Labour Code. A while ago he was telling us again that as far as we are concerned, job security and health hazards on the job are not important. Mr. Speaker, I think he did not really read the new legislation. I do not understand how such a brilliant member can venture to say such things.

Mr. Speaker, I would like to quote a study mentioned by my colleague, the Parliamentary Secretary to the Minister of Employment and Immigration (Mr. Dupont), who told us about the Woods task Force on the problems and the percentage of trade unionism, which bears a direct relationship to Bill C-223. Mr. Speaker, I will read some of the recommendations made in the Woods report:

(1) Unless a union can demonstrate at least 35 per cent membership, its application for certification should not be entertained.

These people have studied it well.

Where a union can demonstrate 65 per cent membership, it should be entitled to a certificate without a representation vote.

Where a union can show at least 35 per cent membership but less than 65 per cent membership, it should be entitled to a representation vote.

The hon. member wants to reduce that to 20 per cent. They took the time to consider things, Mr. Speaker, they took the time to diagnose the problem. He selected some figure at random, it could have been 15, or 12, or 10 per cent, or 25 per cent for that matter, I wonder. Unfortunately, he picked up 20 per cent. And although I try hard to read through his explanations, this is not consistent at all with his views.

Certainly I share his view on greater unionization, but I do not agree that where one individual wishes to have an union out of 20 working in a shop, everyone should have to join. I still believe in democracy. There will be the kind of employer tactics he referred to, and he is right as far as certain aspects are concerned, when he indicates there are employers wilfully preventing workers from joining a union, arbitrarily using legislation that may be improperly drafted. But this has just been amended, although there are continuous law suits to block further unionization. We should not generalize however.

I have known hundreds of unions, 99 per cent of which are excellent. There could have been the odd one less perfect than others, but this is by no means suggesting the whole group is bad. What I cannot understand is the hon. member for Nickel Belt's (Mr. Rodriguez) rationale.

And coming back to the definition given by Woods, the Woods group, to refute the points made by the hon. member for Nickel Belt:

Where at least 50 per cent of the employees voting, as distinct from 50 per cent of employees eligible to vote, vote in favour of the union, it should be entitled to a certificate; we considered recomending a minimum percentage of the work force that must cast ballots before the election would be considered valid, but decided against it on the ground that it runs contrary to normal electoral practice and would constitute an invasion of the free franchise inasmuch as it would operate to the advantage of the employer or a rival union to discourage employees from entering the polling booth.

I believe that those arguments are valid, Mr. Speaker, and that we should take the time to study them. Consider now the fifth recommendation of the Woods task force:

A representation vote be conducted by the Canada Labour Relations Board at the place or places of employment.

Where there is no employment situs, Mr. Speaker, or if the vote is by mail, there is no problem. This has been checked so those provisions help. And I continue to quote:

There be provision for taking a pre-hearing ballot of employees at the request of the applicant to determine the wishes of the employees close to the time of application for certification should the results of a representation vote become relevant as the application is processed.

As I said earlier, Mr. Speaker, I refer to section 118.1 dealing with that problem in the amendments that have been made.

The Canada Labour Relations Board have power to determine whether a ballot should be taken with a show of less than 35 per cent support, and whether a union should be certified without the required demonstration of support by ballot on a consideration of the impact of any employer unfair labour practice.

Where a union can show over 65 per cent membership but there is evidence that the membership was obtained by misrepresentation or there is evidence of misrepresentation in the records, such as to cast doubt on the union's degree of support, the board should have discretion to order a vote or to deny a certificate.

Mr. Speaker, for many years the party I represent has tried to improve labour relations and to establish a Canadian Labour Code more adequate and more relevant to the present situation. What was the result of the latest amendments? Very simple. Earlier I heard the hon. member speak against the Bankers' Association. That is his right. However he knows that with the new provisions in the code, his arguments no longer stand. I always have the impression that he and I do not read the same thing. He is entitled to his own interpretation, but I still hope he will be able to look into this.

Mr. Speaker, even though Bill C-223 essentially aims at wider unionization I must say that it does not go far enough. We have a code which goes even further. Why change it? Why restrict the problem? I can hardly understand the hon. member for Nickel Belt (Mr. Rodriguez). We have succeeded in greatly improving labour relations this year, a 150 per cent improvement compared with the situation which prevailed last year as regards strikes and lockouts. What is the reason for that? As I said earlier, it is because the government took its responsibilities when it set up a 14-point program a year and a half ago. But it seems that my colleague opposite is not aware of these things.

The problem with opposition members is that all government actions are bad from the start. I do not want to have to give a definition of the conception the opposition members have on that matter, but I presume that from time to time we must certainly do a few things that make sense. I suppose that all those changes that have been made—

● (1752)

[*English*]

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

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I was hoping that my two colleagues, the Parliamentary Secretary to the Minister of Labour (Mr. Olivier) and the Parliamentary Secretary to the Minister of Employment and Immigration (Mr. Dupont) would leave me enough time to express my views about Bill C-223 in the name of our colleague the hon. member for Nickel Belt (Mr. Rodriguez). But first I would like to congratulate my two colleagues for the expertise they have shown in explaining to the House the loopholes of this bill, even its vices, shall we say, since this bill does not respond to the needs which have been really identified by the unions themselves. I trust the sound judgment of my two colleagues, in view of the great number of years they have given to trade unionism in the province of Quebec, of the role they have played in these unions and of their repeated contribution to get the government to improve the life of our workers throughout the country. I have had the privilege to witness their activities and to see the way they brought pressure to bear on the government, as is shown by the measures which my colleague the Parliamentary Secretary to the Minister of Labour mentioned and by the 14 points on which the government agreed to better the life of workers. I think, Mr. Speaker, that these measures are positive and valuable and that they will contribute to improve the future of workers.

But I cannot understand how Bill C-223 might improve the life of those who are already unionized. If we have only 35 or 40 per cent of workers holding a union card compared to—I hope, Mr. Speaker, that the member for Nickel Belt is going to let me finish—compared to the workers in Denmark, France, Germany, Austria and in other countries which he mentioned, there might be some reasons for that. It may be that trade unionism in those countries is not cut off from authority but rather that unions work with the established powers, without being militant to the extent of seeking to break the system and create fear and apprehension among employers. And this negative trade unionism, which unfortunately is a little too common in our country, may contribute to keep away the investments that are so much needed, especially in the province of Quebec. I cannot see, Mr. Speaker, how such a measure could help create jobs.

The Acting Speaker (Mr. Turner): Order. It being six o'clock, the hour provided for the consideration of private members' business has now expired. I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

[Mr. Olivier.]

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole, and the amendment of Mr. Broadbent (p. 5548).

Mr. Bob Kaplan (York Centre): Mr. Speaker, I want to be very brief and make a few remarks about one of the issues which is constantly raised in connection with the Income Tax Act and with budgets when they come up, namely, the allegation largely made by the business community, and small business in particular, that there are not enough incentives provided in the Canadian system to encourage business and investment. I want to make the point, giving some very specific examples, that there are indeed a tremendous number of very warm and very attractive incentives in our income tax system which at least compare with the incentives in the American system.

Before I come to them, it is worth making the point, because it is sometimes overlooked, that the purpose of the tax system is to raise revenue for public purposes. When it comes to raising tax revenue, it has to be borne in mind by everybody that the only place where we can raise taxes in this society is from those people and corporations that have the means. It should not be surprising that taxes are levied on those with means. One of the things we can take particular pride in in this country, and that I believe all Canadians do, is that we have a progressive system of income tax; that is, the higher your income is, the more taxes you pay.

The Income Tax Act contains a schedule with rates in it. Those rates can be somewhat misleading because they do not take into account the various deductions, exemptions and tax credits that are available. A recent analysis done on the subject by the Canadian Tax Foundation showed that even taking into consideration all those various benefits—the exemptions, deductions and credits—the Canadian tax system is still a progressive one. I sometimes think when we are being urged to consider a greater variety of so-called incentives that those who put forward the various proposals are tending to forget the importance in a democratic society of maintaining the "progressivity" of the income tax system.

I do not think we can ask the Canadian people to put up with a system that is not a progressive one, to put up with the system in which those who are very well to do and those who have very large incomes are able, because of devices in the act not available to the person of ordinary means, to reduce their incomes unduly. We want to encourage saving. We want to encourage risk taking, encourage people to build up businesses and to develop a stake in Canadian society, but at the same time to maintain as a fundamental principle a progressive tax system, one in which the more you earn the more taxes you will pay.

Having said that, I would like now to look over a few very specific incentives. I am not going to touch on the ones that have been announced in the last few days in the House that directly affect small business—the exemption of small manufacturing enterprises from the federal sales tax, the right to pass through without taxation the capital gain on a small family business, an incentive that matches the incentive that has existed for family farms being passed on from one generation to another. I am not going to refer to the proposals to encourage the formation of venture capital by further incentives. These will be brought forward and there will be legislation in due course, and we can take a look at them then.

I would like to talk about some of the existing incentives which are presently in the Income Tax Act. The first one I would like to look at is the general small business tax rate. I wonder if it is adequately recognized that the small businessman earning the same income as, for example, a doctor or a lawyer pays substantially less tax on it. This is also the case when comparing the small businessman to the working person who works for a firm and draws a salary. Small business, on the first $150,000 a year of income for a number of years up to a maximum of $750,000 in earnings, pays an income tax rate of about 25 per cent. I say "about" because the rate can vary from province to province, but it is approximately 25 per cent on the first $150,000 of income. That is half the rate that large businesses with over $150,000 of income pay on their income tax.

● (2012)

I should note that in the United States the benefit of a rate of about 25 per cent applies only to the first $50,000 of income. In Canada, therefore, small business gets three times the break on a tax rate of their United States counterpart.

If a business is incorporated it has the benefit of the 50 per cent tax credit in paying through the dividends to stockholders. I did a calculation out of the income tax rates grossing up a dividend. It looks to me as if a doctor earning $30,000 will actually pay $5,000 more in income tax than a small businessman who takes full advantage of earnings in his corporation and passes through to himself through the tax credit with the grossing up of the dividend. That $5,000 difference, which is an extra incentive in small business, is not very often discussed in this country. I think it is time that the availability of that tax incentive to small business was acknowledged.

I noted another incentive which has nothing to do with small business but rather with very big business. It is a particular incentive to encourage the development of northern energy resources. A prospectus was issued recently by Dome Petroleum to raise $62 million for exploration work in the Beaufort Sea. The only fair way of characterizing the extremely generous incentive provided in that proposal is that it represents a transfer of funds from the public sector to the private sector.

Depending on a person's income and the province he lives in, it is possible for someone in the right tax situation, in the right province, to make that investment not only without having to put up any money of his own, but to come out ahead.

The incentive provided is very generous. For example, if an individual in Newfoundland buys a $10,400 participation, which is a mixture of common and preferred shares, in this project, that money can be deducted from his income tax in the year of investment. It is entirely paid for by a transfer of taxes that he would have paid to the federal and provincial governments to the Dome Petroleum Company, in return for which he gets the shares. Not only does the tax pay 100 per cent of his investment, but by making the $10,400 investment he actually has his taxes reduced by more than $10,400. The individual in Newfoundland can make that $10,400 investment and end up with his tax being reduced by $924 more than the $10,400 he needs to make that investment. That is the benefit and the result of the very generous exploration allowances provided in the Income Tax Act.

In Prince Edward Island, in addition to getting all of the investment made out of taxes, you get a refund of $350. In Nova Scotia the refund is $525, in New Brunswick $625. Ironically, in Alberta it costs the investor something to make that $10,400 investment. It is not entirely paid by taxes but still it costs only $474. Saskatchewan is similar to Newfoundland; by buying one of these Dome Petroleum participation units your income tax is reduced by the amount of the investment plus an additional $945.

I will conclude, Mr. Speaker, with one other reference to the impact of the tax credit which is available on inter-corporate payment of dividends. I have noted in the banking community a growing trend to establish relationships with customers in such a way that in cases of very large borrowings they can take advantage of the tax-free nature of an intercompany dividend. Instead of collecting interest from the company to whom they would otherwise be lending the money, they invest the money in term or preferred shares or some other form of security so that the payment they receive gets enormously favoured income tax treatment. Several companies in my riding have been able to take advantage of this.

When people talk about our income tax system and allege that there are not enough incentives, I think it ought to be borne in mind that when one compares our situation with the situation in the United States, one finds that we have very generous incentives which in many cases exceed those available in the United States.

I am not saying that small business should not constantly be making its case to government. We depend on the private sector basically for job creation and economic growth. I cannot accept at face value, however, the criticism that is constantly being made of government that incentive has been taken away or that there are not enough incentives in Canadian society for small business.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, let me begin by saying a few words about the tax agreement with which one of Canada's largest provinces did not agree. It is a failure but I am not going to go into great detail on that. Members of this House know that every member of the Quebec National Assembly representing every spectrum of political opinion in that province—the Parti Québécois, the Union Nationale, the Liberal party of the official opposition and the Social Credit member—opposed the deal imposed on the people of Quebec by this government.

We have heard it said by the Minister of Finance (Mr. Chrétien) and the Prime Minister (Mr. Trudeau) that they gave the people of Quebec the same tax concessions that were accepted by all the other provinces. Nothing could be further from the truth, Mr. Speaker, for two reasons.

First of all, in the other eight provinces, for the six-month period for which the sales tax reduction will be in effect—of course, Alberta has no sales tax—the people will benefit to the extent to which they purchase goods on which there is sales tax. In the province of Quebec, where the sales tax has not been reduced, the bulk of income tax payers will get a tax rebate but people who do not pay income tax will receive no benefit at all from the proposal made by the federal government. I would remind hon. members it is precisely those people who need any kind of tax concession, any kind of rebate, any kind of break, the most—people who have so little income that they pay no tax at all. It is precisely these people who will not benefit from the deal being imposed on the province of Quebec.

● (2022)

The Prime Minister and the Minister of Finance have said that it works out in the same way. The people in the other eight provinces are getting the same amount of money in the form of a reduction in the sales tax. That may be technically true, Mr. Speaker. I suggest, however, that if the people of the other provinces had been offered a choice—because that is what people of Quebec have had; they have had one of two choices foisted upon them—in many cases they would have chosen to have a tax rebate rather than what they are getting. I say that the proposal made by the Minister of Finance is an unfair one, one which was made only for the political advantage of the federal government.

I want to spend most of my time discussing the economic situation this country is in and the lack of effect which these income tax changes will have on the sorry plight of this country. For the first time ever we now have more than one million unemployed. The last figures we have for the month of April, released by Statistics Canada, indicate that there were 999,000 people unemployed. That is 85,000 more than were unemployed in the same month of 1977. The rate of unemployment on an unadjusted basis is 9.3 per cent. That is not only the highest number ever unemployed, it is the highest percentage of the labour force which has been unemployed since before World War II.

That unemployment is prevalent right across the country. It is, of course, as usual in this country of ours, heaviest in numbers and percentage in the Atlantic provinces. The percentage in Newfoundland is almost 20 per cent. In New Brunswick it is over 16 per cent. In Nova Scotia it is over 12 per cent and almost 12 per cent in Quebec.

Those are the official figures. Those of us who have given any thought to the situation know that there are probably another 400,000 to 500,000 unemployed who are not counted because they are not actively looking for work. If a person lives in Cape Breton Islands, or some parts of Newfoundland or in some parts of eastern Quebec and does not have a job, he or she knows that there is virtually no use looking for work because there is simply no work to be found.

For the first time since World War II the unemployed are not just people who are poorly educated, who have not finished high school, or who have not gone to university or community colleges. They include substantial numbers of our young people who are unable to find work. These people include the best educated and best trained, the most expensively trained this country has ever had. It does not matter whether they are teachers, social workers or civil engineers, there is no work for them in this country.

Many people who got their training and did what they were urged to do by the Economic Council, the Conference Board and provincial and federal governments as well as the universities did so at great expense and after many years of study. These people took training in fields not only that they liked but in fields which governments told them there would be interesting work at relatively reasonable pay. They now find there is no work at all. I am told, for example, in my province that 50 of the graduate students in education last year have been unable to find teaching jobs. This year's class sees nothing but disaster ahead for them. And yet, what does the government, say? Here is what the Minister of Finance said in April as quoted in the Winnipeg *Tribune*:

> Finance Minister Jean Chréien said Tuesday the economy cannot provide jobs for all those who want work.
>
> "We're doing the best that we can do," he told opposition MPs—

I am here to tell him that the best he can do simply is not good enough.

My province and my city has a relatively low rate of unemployment. We do not have the booms that they have in some parts of Canada and that they have had on occasion in Toronto and Vancouver. We do not have the severe busts which they have experienced either. But, Mr. Speaker, the prospects in Winnipeg and Manitoba are indeed very dim. The prospects in my province, to put it mildly, have not been improved by a provincial Progressive Conservative government which believes that now is the time for governments to show

restraint, that the best government is the government that does the least. So we find that summer job opportunities which the provincial government offers to students who are between study years in universities, community colleges and high schools, have been cut by 37 per cent.

We find as well that the hospitals have been told that they will have to manage in the coming year with a mere 2.9 per cent more money than they had in the last fiscal year. This means they will have a cut of about 6 per cent to 8 per cent in real dollars. They are doing the only thing they can do given the circumstances; they are either laying people off or they are not replacing people who retire. Hospital estimates indicate that by the end of the year there will be 1,000 fewer people working in the Winnipeg hospitals than worked up to this year.

We also have the situation that, up to the end of last month, according to an executive vice-president of the Winnipeg Construction Association in Manitoba, 49.8 per cent of the building trade workers in Manitoba were unemployed. The Association adds a note which says this number does not include many design professionals laid off or transferred out of the province, such as estimators, foremen, supervisors, office staff, or tradesmen including those in woodwork, tile and terrazzo, glass and glazing and acoustic tile workers. That is the situation in which we find ourselves.

Some people, including editorial writers, and some people in this House who should know better, like the Minister of Employment and Immigration (Mr. Cullen), who have on occasion lectured those less fortunate than themselves by trying to suggest the unemployment situation in this country is not really as bad as the figures indicate. What does the minister say? "It is not the primary earner who is unemployed". I wonder in what cocoon the Minister of Employment and Immigration has been living? Where has he been hiding? Does he not know that these days there are tens of thousands, particularly young people and newly married couples, who have learned to live in our consumer society in a relatively comfortable way? They have been influenced by the barrage of ads which appear daily, hourly, in fact almost every minute over television and radio and in the voluminous pages of our newspapers. Canadians are constantly being told to own their own homes, have two cars, own a summer home or take a vacation in Vancouver, England, Mexico or Hawaii. For people to own their own home, especially young people, it is almost essential that there be two wage earners in the family. However, we find that many of our best educated young people simply cannot find work.

● (2032)

On occasion, our new graduates have been told by the Prime Minister that if they are not happy being unemployed in Canada, they should go to another country. Which countries will accept them when they have their own problems with unemployment?

Every day that we have one million unemployed we lose one million man-days of productive work. Every three and a half days we lose more production through unemployment than we lost through all strikes in Canada last year. I do not see many newspaper editorials criticizing the government, the state, business or anyone else about the tremendous losses which occur to this country because of unemployment. However, let a group of workers go on strike for more than a few days and virtually every daily newspaper in this country will publish editorials condemning the strikers, pointing out the damage they create for our country when they are on strike.

Let me go back to the question of who are the unemployed and how serious it is when they are not the primary earners. The vast majority of the unemployed are not teenagers. They are adults. Of the one million unemployed, almost 800,000 are 20 years of age and older. The majority of these adults are men, about 464,000. More than half of them are married.

Compare the more than one million unemployed to the less than 50,000 job vacancies in this country and it will be clearly seen that the problem is serious. If every job vacancy were filled tomorrow, we would still have more than 900,000 people unemployed. The argument that our supposedly overly generous unemployment insurance has persuaded people not to look for work simply does not add up. As I indicated, even if every job vacancy were filled, we would still have more than 90 per cent of the unemployed looking for work.

The burden of unemployment is felt most by those who are unemployed. However, we all suffer as a result of unemployment. Dian Cohen, who writes a column which appears once a week in many Canadian newspapers, estimated that if the government had kept unemployment, not at 4 per cent unemployment which the Economic Council considered as full employment, but at 5 per cent instead of the average 8 per cent which we had in 1976, tax revenues would have increased by $4½ billion. Unemployment insurance benefits for 1976 would have cost $1 billion less than they did.

A Toronto economic consultant, Arthur Donner, who writes a column for the Toronto *Globe and Mail*, using a 4.5 per cent rate for 1974 to 1976 calculated that this country lost in production from unemployment $25 billion and 600,000 man-years of employment.

The Minister of Finance and the government have told us that the government really cannot do anything more than it is doing about unemployment because we have to wrestle inflation to the ground. Every year since 1975 we have been told that we were succeeding. We were told that in the first year of controls inflation would be at 8 per cent, the next year at 6 per cent and this year at 4 per cent. The government was lucky. The first year of the anti-inflation program, inflation was down to just over 6 per cent. What do we find now? As many of us predicted, both inside and outside this parliament, anything which the anti-inflation program could do to control prices would be of a very temporary nature.

According to calculations made at the time the program was implemented, the cost of living was only supposed to rise this year by 4 per cent. According to the Minister of Finance, as late as March this year we were only to have an increase of 6 per cent in the cost of living. According to figures released on

May 16 of this year, the increase for the 12 months from April 1977 to March 1978 was 8.4 per cent.

This is not surprising to anyone who has the not so pleasant task of doing the family shopping for food. In the last year the cost of food increased by 14.7 per cent. Beef increased by 44.3 per cent. The cost of housing increased 7.7 per cent and fuel and utilities by 12.5 per cent.

Even the Minister of Finance has stopped predicting that the cost of living will only increase by 6 per cent this year. He knows that in April food prices jumped by 2.6 per cent in that one month. He knows that as part of government policy we will have another increase of $1 a barrel in the price of oil on July 1 and a further increase of $1 a barrel on January 1, 1979. Those two increases alone will mean an increase of between 2 per cent and 2½ per cent in the cost of living.

In my own city we have been fortunate to have had provincial and municipal governments which tried very hard to keep down the cost of urban transit. Until recently, a bus ticket cost 25 cents. This has been increased by 40 per cent and the cost is now 35 cents per ticket. This is a very sharp increase for those who use the bus, but it is one small illustration of what is happening to the cost of living.

The policies of this government have had the dubious distinction of giving us one of the highest, if not the highest, rates of unemployment and rates of inflation in any of the industrialized countries in the western world. But the minister tells us he expects the economy to improve. I recall his replying to a question during the question period to the effect that he expects a 5 per cent increase in the gross national product this year. The minister has put forth arguments which have not been accepted to my knowledge by a single economic analyst in this country. All of them—the Economic Council, the Conference Board, the C.D. Howe Institute, the University of Toronto Institute—are predicting increases between 3 and 3.5 per cent. Don McGillivray, who has been pretty accurate in his analyses and predictions, had this to say in the Montreal *Gazette* yesterday:

● (2042)

The real domestic product (RDP) is a pretty good measure of how the economy is growing . . . It dropped a smidgeon in March, instead of rising, And on the average, in the first three months, it was only up by six-tenths of one percentage point as compared with the previous six months. If that is the pattern of the year, growth will be a little slower in 1978 than it was in 1977. The economy will only show half as much growth as the federal government had been predicting.

The writer then goes on to look at an aspect of the economy in which the government has been taking a great deal of pleasure, that is, trade. He said:

Canada managed to export about $1.4 billion more in goods than it imported. But April's trade news, just released, is not so good. Exports rose by about 10 per cent but imports surged by nearly 30 per cent so the trade surplus was the poorest in five months.

That is the situation. Unemployment is up. The cost of living is rising very quickly. The government's anti-inflation program which limited wage and salary increases means that for most Canadians the increases they will get in 1978 will not permit them to live as well as they did in 1977. In this situation, what we need is not phony, cosmetic tinkering with the tax structure, not a $100 cut in income tax such as we saw in January or February, not a six months' reduction of 3 per cent in the sales tax, but a sharp stimulus to benefit people in the low and middle income brackets. What we are getting are more tax gimmicks affecting people who are already doing quite well; more encouragement to people in the private sector to go into housing, to invest money in building and so on; more encouragement to industry in the form of accelerated depreciation allowances and tax write-offs for scientific research, which most of them do not use anyway because the multinationals find it more advantageous to pull their research efforts back to the head office, which is usually in the United States.

More has been given to corporations which have already done very well. Corporation taxes which have not been paid because the money was put into reserve now total in the neighbourhood of $9 billion. This, really, is a form of interest-free loan. Yet according to Statistics Canada there were more than 300 people in this country in 1976 with incomes of $50,000 or more who paid no income tax at all, and this at a time when the government says it cannot afford to cut income tax, or to put more money into job creation, or to finance the building of more than about 30,000 homes for use by people who cannot afford to buy or rent homes and pay commercial rates.

I say, as has been said by many including the *Financial Times*, that the budget and the tax resolution we are now being asked to vote have been a failure and will be a failure. They will not meet the requirements of the country, will not change the rate of unemployment, which is likely to get worse, and will not substantially change the rate of inflation we are experiencing.

So what the people have to look forward to is more unemployment and more inflation created largely by a government which has lost its will, a government which never had an understanding of the nature of the problems facing us or of the steps required to change direction and begin reducing the number of the unemployed and halting the rapid escalation in the cost of living. For these reasons I intend to vote against this budget resolution and continue to call on the government to take measures which are capable of meeting the problems before us in the form of unemployment and inflation, measures which it has so far declined to take.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my participation in the debate tonight will be brief. I rise not simply to support the amendment of the hon. member for Oshawa-Whitby (Mr. Broadbent) but to urge the government to support the amendment, and to do so very quickly in order that parliament can get on with the other urgent business which needs to be dealt with and the government can proceed with the changes it now knows it will be forced to make in Bill C-56 before it will be accepted by its own caucus, by the House and by the province of Quebec.

The situation is simple. The Minister of Finance (Mr. Chrétien) made a very serious mistake in proposing a budget measure which required the agreement of the provinces with-

out having that agreement. That was a particularly foolish error since the one province that did not agree was the one that the Minister of Finance knew was looking for every available opportunity to embarrass the federal government and to undermine the cause of federalism.

• (2052)

Some hon. Members: Hear, hear!

Mr. Clark: What happened here is that the Minister of Finance led with his chin, and the province of Quebec hit him. Then, having been caught in a trap, a trap that any normally observant minister would have foreseen and avoided, this government was too proud to admit that it had made a mistake. Instead, it acted in a way which violates the spirit of the constitution of Canada, violates the nature of the federal system, and violates the principle of equal treatment for all provinces.

Some hon. Members: Hear, hear!

Mr. Clark: This bill provides a special deal for Quebec, a deal which Quebec does not want and which the other provinces were not offered. The Prime Minister (Mr. Trudeau) pretends he is treating everybody equally, but the truth is that he intends to send a cheque to every taxpayer in Quebec and not send a cheque to taxpayers in other provinces.

Some hon. Members: Hear, hear!

Mr. Clark: If you, Mr. Speaker, are a taxpayer who lives in Quebec, you get a cheque; if you live in Ontario or British Columbia, you do not. That is not equal treatment. The offer made to nine provinces was confined to the sales tax. The offer made to Quebec in this bill deals with the sales tax and an income tax rebate. That is unjust to other provinces, particularly to Alberta whose citizens are not eligible for a sales tax cut but are eligible for an income tax rebate. No matter how the government may twist and turn, the fact is that it has introduced a double standard into the relations of the provinces with the central government.

Some hon. Members: Hear, hear!

Mr. Clark: Just as this bill is inequitable to provinces, so is it inequitable to people. It penalizes the poor in Quebec, sending a cheque to those Quebecers rich enough to pay income tax but denying to low income Quebecers the full benefit extended to lower income residents of eight other provinces.

Finally, this bill violates the spirit of federalism by denying a province the right to decide what the province will do with its own power. Ontario was not denied that right; Ontario agreed to a certain proposition and British Columbia agreed to that proposition. So, reluctantly, did Manitoba and other provinces. But there is no way to mask the fact that Quebec did not agree, and everything that Ottawa has done since budget night has been designed to force Quebec to use its taxing power in a way it does not want to and did not agree to.

[*Translation*]

Mr. Speaker, the government could not care less about provincial jurisdictions. It will not accept that the provinces should fight tooth and nail for what belongs to them. It would have them fill the role of mere administrative agencies of the federal government, entrusted at the most with the care of applying unilateral decisions coming from Ottawa. It refuses to recognize in the provinces legitimate partners, sovereign in their own jurisdictions, and given the mandate, just like the federal government, of implementing authentic federalism.

For us in the Progressive Conservative Party, what moved us to support Quebec in the sales tax conflict is our historic concept of the nature of Canadian federalism, our traditional respect for provincial jurisdictions, and finally, a feeling of equity towards the thousands of workers in the industrial sectors of Quebec most severely affected by the slump in the sales of their products.

[*English*]

That measure is not directed against Quebec. It is directed instead against the idea of a federal state. If the central government today can ignore Quebec's right concerning sales tax, then what is to stop them tomorrow from using federal funds to dictate how urban communities should be developed in Ontario, despite Ontario's clear jurisdiction over that matter? What is to stop them from using federal tax dollars to dictate the kind of industrial development in Atlantic Canada, despite the constitutional right of those provinces to set those priorities themselves? What is to stop them from using federal taxing power—as they did four years ago—to dictate the pace and emphasis of resource development in British Columbia, Alberta, Saskatchewan or Manitoba, despite the jurisdiction of the provinces over those resources?

The Minister of Finance claims he has made a major breakthrough in getting federal-provincial agreement on federal policies in the budget. That is not the way the other partners see it. The four western premiers were so enraged at the way they were treated that they took the unprecedented step of issuing a unanimous communiqué of condemnation.

The Atlantic provinces were told about it on the telephone. As my colleague the hon. member for Kingston and the Islands (Miss MacDonald) recounted to the House, the so-called consultation with the provinces was so casual and incomplete that the Manitoba minister of finance did not know until he had begun his own budget speech just what the details of the federal proposition were.

But that speaks only of the federal government's lack of courtesy and lack of competence. The provinces have become accustomed to that. What is extraordinary about this bill is the federal government's lack of respect for the constitution. If that can happen to Quebec today, then it can happen to British Columbia tomorrow, and it can destroy the trust which is the basis of our survival as a nation.

That is why we oppose the sales tax portions of this bill, and I say to the government now that we will use every legitimate means at our disposal to stop this stubborn government from

taking an action which breaks the trust which is the basis of this country.

Some hon. Members: Hear, hear!

Mr. Clark: The government knows that this defence of the constitution is not limited to the House, and indeed not limited to this side of the House. The Government's proposal has been unanimously rejected by the National Assembly of Quebec. It is opposed by members with a sense of conscience in the government's own caucus—and this debate will last long enough for this House of Commons to hear from the hon. member for Maisonneuve-Rosemont (Mr. Joyal), from the hon. member for Matane (Mr. De Bané), from the hon. member for Compton (Mr. Tessier) and from other hon. members on the Liberal side who know that they cannot in conscience support an invasion of provincial jurisdiction. We will assure them that so long as the rules of the House of Commons allow, we will provide a debate long enough to allow them the chance to stand up and speak in defence of provincial rights.

Some hon. Members: Hear, hear!

● (2102)

Mr. Clark: The other thing that this government knows which causes government members maximum discomfort now is that before very long they will have to back down on this bill. The question is: how much of the time of the House of Commons does the government intend to waste debating a bill it intends to change before it backs down?

Some hon. Members: Hear, hear!

Mr. Clark: I repeat, Mr. Speaker.

[*Translation*]

This bill will not disappear as if by magic. The rights of the provinces have been flouted by the government, and we will see to it that the situation is remedied. Consequently, I advise the government formally of our intention of using all means at our disposal to force it to reverse its position and respect the fundamental rights of the provinces.

[*English*]

Some hon. Members: Hear, hear!

Mr. Clark: I suspect that the government already has begun to prepare its retreat and is looking for ways to amend this bill. I hope it is. If the government does not change the bill, then we will introduce amendments to remove the rebate proposal and to respect the right of the province to use the jurisdiction of the province as it chooses. That amendment will come when we are at committee of the whole stage in two, three or four weeks' time.

I suggest that the government not cause that long delay. There is other urgent business before the House of Commons. The Deputy Prime Minister and President of Privy Council (Mr. MacEachen) the other day read off a list of matters which he considers urgent. The amendment now before the House of Commons, the amendment of the hon. member for Oshawa-Whitby, gives the government the opportunity to buy the time it needs to amend the bill, and at the same time to let the House of Commons get on with other urgent business. If this government has its changes ready before a month has passed, I am sure that there will be unanimous agreement in this House to bring the changed bill back early. The ball is very much in the hands and in the court of the government side. If the government acts now and takes the opportunity to take this bill back for consideration, back for the amendment its own members want to see, the government can save the time of the House of Commons and perhaps help to save the future of the country. Thus the choice is with the government. I hope we might have the vote on the amendment very soon.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the amendment (Mr. Broadbent) to the main motion. Is it the pleasure of the House to adopt the amendment?

Some hon. members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion, the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Broadbent), which was negatived on the following division:

(Division No. 47)

YEAS

Messrs.

Alexander	Beatty	Crouse
Alkenbrack	Beaudoin	Dick
Allard	Brisco	Dinsdale
Andre (Calgary Centre)	Broadbent	Dionne (Kamouraska)
Baker (Grenville-Carleton)	Cadieu	Elzinga
Baldwin	Clark (Rocky Mountain)	Epp
	Coates	Firth

Messrs.

Forrestall	Knowles (Norfolk-Haldimand)	Murta
Fraser	Lambert (Edmonton West)	Neil
Friesen	La Salle	Nowlan
Gillies	Lawrence	Nystrom
Grafftey	MacDonald (Miss) (Kingston and the Islands)	Orlikow
Halliday	Malone	Paproski
Hamilton (Qu'Appelle-Moose Mountain)	Masniuk	Peters
Hamilton (Swift Current-Maple Creek)	Mazankowski	Pigott (Mrs.)
Hnatyshyn	McGrath	Ritchie
Holmes	McKenzie	Rodriguez
Howie	McKinnon	Rynard
Huntington	Mitges	Schellenberger
Jarvis	Muir	Scott
Jelinek	Munro (Esquimalt-Saanich)	Stevens
Johnston		Symes
Knowles (Winnipeg North Centre)		Towers
		Wenman
		Whiteway
		Whittaker
		Wise
		Woolliams—71.

NAYS

Messrs.

Abbott	Dupont	MacDonald (Cardigan)
Andras (Port Arthur)	Dupras	MacEachen
Andres (Lincoln)	Duquet	MacFarlane
Baker (Gander-Twillingate)	Faulkner	MacGuigan
Basford	Fleming	Maine
Béchard	Flynn	Marceau
Bégin (Miss)	Foster	Martin
Buchanan	Francis	McIsaac
Bussières	Gauthier (Ottawa-Vanier)	Milne
Caccia	Gendron	Munro (Hamilton East)
Cafik	Gillespie	Nicholson (Miss)
Campagnolo (Mrs.)	Goyer	O'Connell
Campbell (Miss) (South Western Nova)	Guay	Olivier
Caron	Guilbault	Parent
Chrétien	Harquail	Pelletier
Collenette	Herbert	Penner
Comtois	Hopkins	Philbrook
Condon	Isabelle	Portelance
Corbin	Kaplan	Railton
Cullen	Lachance	Roy (Timmins)
Cyr	Lajoie	Roy (Laval)
Daudlin	Lalonde	Smith (Saint-Jean)
Dawson	Lamontagne	Stewart (Cochrane)
Dionne (Northumberland-Miramichi)	Langlois	Trudel
Douglas (Bruce-Grey)	Laniel	Turner
Duclos	Leblanc (Laurier)	Watson
	Lefebvre	Wood
	Lessard	Young—84.
	Loiselle (Chambly)	
	Lumley	

● (2202)

Mr. Speaker: I declare the amendment lost.

It being ten o'clock it is my duty, pursuant to Standing Order 40, to put a motion for the adjournment. The questions to be raised are three in number; the Chair will call upon the hon. member for Ottawa West (Mr. Francis), the hon. member for Pembina (Mr. Elzinga) and the hon. member for High Park-Humber Valley (Mr. Jelinek).

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC SERVICE—PROPOSED CHANGES IN JOB CLASSIFICATIONS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, there have been a number of measures which have caused concern to public servants in Canada recently. I want to refer to the latest, the matter which was raised by my good friend on the other side of the House, the hon. member for Hamilton West (Mr. Alexander), concerning a study which allegedly showed that 16 per cent of public servants in a sample of some 2,000 in the Ottawa-Hull area were overclassified and that 4 per cent were underclassified.

This study has been projected by some people and in the press to suggest that nationally a massive program of red-circling is about to be undertaken. Mr. Speaker, the country will be ill-served if the public service is subject to consistent attacks which are not soundly based and whose purpose is misconstrued in many circles. I want to make it abundantly clear that no one is objecting to measures to improve efficiency in the public service, least of all public servants themselves. But in the case of this particular study I want to call attention to some of the considerations which will have to be borne in mind before any deductions are drawn concerning the public service as a whole.

I asked the President of the Treasury Board (Mr. Andras) whether these findings were based on internal data or whether they were based upon outside comparisons. The answer was that the data considered was basically internal. Mr. Speaker, there are more than 300,000 people in the public service. The suggestion that all these positions can be measured with scientific accuracy in a framework of job classification to produce such fine results is one which defies logical analysis. There is no way in which the public service can be run by the yardstick of purely internal consistency. Think, for example, of the difficulty attached to the hiring of medical doctors. In order to meet the salaries which such people command in outside employment the public service has to be competitive. The system is as internally consistent as possible but must of necessity reflect market realities.

I note that this study was conducted in the national capital region. Within that region there are only slightly over one quarter of all the public service positions in Canada. But over 40 per cent of the higher classifications in the various categories are to be found in this area, as was noted by Frank Howard in the Ottawa *Citizen* the other day. As one looks higher up the executive ladder, something like 60 per cent of the higher positions are found in the national capital region; the closer one is to the boss, the easier it is to get to the highest grades, perhaps. But if this sample was based upon the higher

positions in the public service in the national capital region then it is most unreliable as a basis of projection to the nation as a whole and the 75 per cent of public servant who are to be found outside Ottawa.

I know that in testimony before the Standing Committee on Miscellaneous Estimates officials of Treasury Board told us a little more about the staff who were doing this job. There are five in full-time positions engaged in job classification and the audit. There are perhaps 30 part-time employees involved—this to deal with 300,000 people in the public service. When I asked the President of Treasury Board what his intentions were, he said he would conduct more studies and I was pleased to hear him say he would enter into discussion with the staff associations before embarking on any program of red-circling.

● (2207)

I said at the beginning and I repeat, the public service of Canada will support all measures to improve efficiency. It is in their interest to see that classifications reflect internal consistency and market requirements, as much as it is in the interest of anybody in the nation. But it is in the interest of all Canadians that the morale of people who serve Canada be high, that they feel they can be proud of their jobs, proud of their responsibilities and proud of what they do, and they do not want to be subject to abuse, which in many cases is ill-founded. I am suggesting that this particular sample cannot be projected simply on a national basis. It will have to be fortified, re-examined and looked at again from many angles and with a substantially improved staff within the Treasury Board.

I noted in the questions raised by the hon. member for Hamilton West—who seems to have his own secret sources that leak information to him—that the very people who are responsible for the audit appear to be misclassified. Surely this is a matter crying for the attention of the Treasury Board and of senior public servants. Surely this kind of study has to be completed in a responsible way before there can be any public position taken with regard to overclassification of jobs and possible red-circling.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, once again the hon. member for Ottawa West (Mr. Francis) has brought a subject of importance to the attention of members of this House. I would like to outline a few of the articles that went into the study pertaining to the question that he has brought forward tonight.

During 1976, the personnel policy branch of Treasury Board secretariat undertook a sample classification audit of approximately 2,000 positions in the national capital area. The positions were selected using a sampling methodology covering all departments, agencies and occupational groups in the national capital area. For some very small agencies the population size resulted in no sample selection being made. Similarly, certain employee-oriented groups were also excluded.

[Mr. Francis.]

For each position selected, a written statement of duties was obtained from departments. Each employee was then interviewed and a determination made as to whether the duties actually performed corresponded to the written statement. The resultant evaluation process for each individual sample selection consisted of three aspects: first, a comparison of performed duties with the classification standard; second, a comparison of the written position description with the classification standard; and third, a comparison of the performed duties with the written position description.

The study report, dated October 1976, indicated that approximately 20 per cent of the incumbents were performing duties which were misclassified—16 per cent overclassified and 4 per cent underclassified or allocated to the wrong occupational group.

The study was experimental in respect to the sampling methodology. Each individual evaluation was completely consistent with normal classification evaluation procedures. The study was extended to the public service outside the national capital during 1977 using the same sampling methodology.

Follow-up action on the results of the audit for the national capital area has been delayed pending clarification, through the court, of the question of red-circling. When the Supreme Court denied leave to appeal in a test case in March of this year, it, in effect, confirmed the right of the employer to red-circle. As a result, the Treasury Board secretariat is in a position to proceed in this area as follows: continue the renegotiation of a memorandum of understanding respecting red-circling with the Public Service Alliance of Canada; raise the question of similar memoranda of understanding with the other unions; and proceed to discuss with departments specific cases of overclassification brought to our attention through the two audits, or through any ad hoc audits.

● (2212)

It is the government's intention to consider various options for improving the over-all administration of the classification system. Consideration is being given to such matters as early warning mechanisms which will assist in the identification of potential problems, and the development of control mechanisms to improve accountability in the administration of the classification system.

POST OFFICE—POSTAL CARRIERS—CONSIDERATION BY GOVERNMENT OF ALTERNATIVE SERVICE

Mr. Peter Elzinga (Pembina): Mr. Speaker, on March 10 I asked the Postmaster General (Mr. Lamontagne) in the House of Commons whether there were any plans to lift the present freeze on hiring additional postal carriers. The Postmaster General replied by indicating that, in line with federal policy, expanded letter carrier service and the extension of existing service has been deferred for an indefinite period of time. Many of the rapidly growing areas of my constituency are presently without door to door mail service. Since the people in my constituency are now paying for such postal service, they are entitled to receive it.

Postal service in Canada has been going downhill steadily for the past ten years. Immediate steps must be taken to restore the system to its former efficiency. If I were the head of a Canadian government and wanted by one single act to win back public confidence in parliament and the government, I would take every step necessary to restore the postal system to its former efficiency.

Complaints about inefficiency of the post office are too numerous to be dismissed as normal weeping and wailing. Each of us has a list of examples of horror stories. Because of the frustration surrounding the delivery of weekly papers in my constituency via second class mail, my office sends a supply of first class envelopes to the circulation departments of the newspapers which kindly print my column regularly. This is a convenience which is available to me as a member of parliament. Mailing privileges ensure that communication is maintained with my constituents. The parliamentary reading room subscribes to an airmail copy of the Edmonton *Journal*, and reasonably good service usually is available. But even so, the papers occasionally arrive at least four or five days late.

This is not an attack on the efficiency and dedication of smaller post offices and rural carriers in Pembina and other parts of Canada. I can testify to many acts of kindness and neighbourliness which are performed without fanfare by numerous rural mail drivers.

What bothers me is that, despite increased mechanization and increased rates of all classes of mail, the delays are getting longer. Many people have dropped subscriptions to magazines because they are stale before they reach their destination. In addition to public frustration, many business people are taking drastic action and have stopped using post office facilities. They are transferring their patronage to the new private courier service which has sprung up to fill the vacuum. A front page story in the *Financial Post* indicated that millions of dollars of potential post office revenue is being diverted to private parcel and letter carriers because these companies can offer the one thing the post office apparently cannot—reliability. What a sad abdication of responsibility by a once proud service which 50 years ago inaugurated airmail service down the mighty Mackenzie River delta because the horses and dog sleds took too long.

The post office used to rank with the armed forces and the Department of Transport as a basic function of government, a visible and tangible return for our taxes. Although breaking even was a goal of the post office, it was never a primary obligation. As citizens we expected service paid for in part when we bought postage stamps, with the balance coming from the general revenues of the government. I cannot believe there are not thousands of dedicated postal employees who have a sense of duty to get the mail to its destination. Unhappily, their ethic is not shared by all of their colleagues.

• (2217)

It is both sad and paradoxical that, in an age when almost anything seems possible, a basic right of citizenship—an efficient postal system—is beyond the competence of this government. The Progressive Conservative party is dedicated, in the event that we form the government after the next election, to offering the Canadian people an efficient postal system.

A chap who is running for our party during the next election, Mr. Ron Ritchie, recently conducted an inquiry into Canada's postal service. I wish to share with the House at this time recommendations brought forward by Mr. Ritchie. Among them there was recommended a return to purchasing services from the private sector for the pick-up and distribution of mail in major urban centres and consideration of the cost and advantages of other private sector contract operations.

A second recommendation was that the responsibilities and authority for providing mail services to the Canadian public should be given to a Crown corporation.

He recommended that the package of wage, salary and other benefits for Canada Post employees should not exceed those in the private sector so that appropriate comparisons might be made.

His next recommendation was that strikes by Canada Post employees should be illegal and we should provide conciliation and arbitration mechanisms and procedures for settlement of normally bargainable issues. He also suggested that maximum postal rates should be approved by a regulatory authority designated for this purpose.

It should be remembered that these recommendations were brought before our party for discussion and are not necessarily representative of policy.

When one considers the situation as it has been in the post office over the past ten years, one will find we have had seven different postmasters general. Is it any wonder that the individuals who are employed in this department of government are not concerned about the directions they are receiving? They have gone through four deputy ministers, and the post office deficit has undergone a 750 per cent increase in the ten-year period from 1968 to 1978. The deficit has risen from $67 million in 1968 to $567 million in 1978. Next year it is expected to go to some $650 million. This is not very comforting to the Canadian taxpayers.

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I have already replied, on March 10, to the hon. member for Pembina (Mr. Elzinga) on the subject of the letter carrier freeze. I will be pleased, however, to expand upon my remarks at this time but avoid getting drawn into a debate on the efficiency of our post office, which is improving constantly despite our numerous problems.

I am very conscious of the fact that I have a great responsibility to provide Canadians with a high standard of mail delivery service. I am also very conscious of the fact that door to door delivery has existed for a long time and the public has grown to accept this service as a matter of course. Furthermore, I believe that every member of the House will agree that the letter carrier has a very high reputation and is recognized as a friend in every neighbourhood, and we have great collaboration and understanding from their union, the LCUC.

At the same time I must be very conscious of the fact that in 1972 the post office had a $90 million deficit. In 1978 the projected estimated deficit was to be $717 million. Our decision to increase the rate to 14 cents, still the lowest rate in the world, has enabled us to lower that projected deficit for the current year to $505 million.

Always keeping in mind sound business administration principles, this action was taken in order to share more equitably our portion of the deficit among postal users and the general taxpayers. This is why we decided in 1976 to put a freeze on the extension of letter carrier door to door delivery services, and on the inauguration of the letter carrier delivery service in new towns.

In place of new door to door service it was decided then to provide alternative delivery service through the use of group mail boxes located on the side of the streets adjacent to the new houses. Under these circumstances no Canadians were deprived of an adequate delivery service.

However, I am sure members will agree that this level of service to new suburbs had to be viewed in light of the then financial situation. Naturally, this policy is under constant review and we must always keep under consideration the financial situation and service objectives of the post office.

Our past policy on this subject has always been a responsible one in view of our budgetary restraint and the will of our government to prevent any undue growth in our work force. If in the unforeseen future these two prerequisites can be reasonably attained, we will be only too happy to review our present policy and give our postal users still a better service by giving them door to door delivery. Let us hope we can do this soon.

● (2222)

TRANSPORT—GOVERNMENT ASSISTANCE FOR URBAN TRANSIT SYSTEMS

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my comments this evening are based on a series of urban transit questions I put in this House, the latest being May 2 when the Minister of Transport (Mr. Lang) was his usual evasive self, while the Prime Minister (Mr. Trudeau) at least said he would look into the matter to see if I had a point. The point is not whether the government is prepared to further a much needed urban expansion program in our nation's growing urban communities, but rather whether it would reconsider its position and abide by its 1974 election promise of $290 million for urban transit, a promise that was assumed to have been made in good faith and then quickly withdrawn once the Liberals were returned to power.

There are many such examples of election promises which turn out to be outright political lies. The most famous, of course, is the government's vehement opposition to wage and price controls, also made during the 1974 election campaign—and we all know the history of that broken promise since it was made to the unsuspecting public.

The example I would like to deal with this evening, however, is the promised urban transit funds. It was during the last couple of weeks in that 1974 campaign that the Prime Minister, a clutch of his cabinet ministers and a veritable array of executive assistants and hangers-on gathered in Toronto in order to beguile residents of that city with a promise of $290 million to support urban transit. The Ontario government naturally welcomed that initiative.

As a result of that promise, the Ontario government, for example, ordered 80 double-decker railway cars for its GO commuter system in the metropolitan Toronto area. The cost of the contract with Hawker Siddeley for the cars was $40 million. About one half of the $40 million was to be paid by the federal government.

Unfortunately, as we have learned far too often with this government, it is not above bribing voters with their own money, because once the Liberal administration was returned to power in Ottawa, it began to renege on the promises made during the heat of an election campaign by announcing that the urban transit money proposed was no longer available. As a result, the Ontario government was forced to pay the whole shot itself so that the residents of southwestern Ontario would not have to go without a vital improvement to an important facility.

Another quick example, Mr. Speaker, as a result of this same promise, is the much needed alteration to Toronto's Union Station as part of a package to improve the over-all surface transportation facilities in and around Toronto. The federal government promised to provide $100 million of the total cost of $258 million. For Union Station, the federal share would have been $26.5 million. Unfortunately, once again this Liberal government reneged on its promise and the government of Ontario just last month was forced to begin alterations to Union Station on its own, alterations that cannot be as far reaching as originally proposed because of the backdown of federal funds.

The promises, of course, prompted other improvements, including the possibility of improving and extending the GO system to various parts within the reaches of metropolitan Toronto. Quite clearly, promises should not be made if there is a chance they cannot be kept. Because without those promises the Ontario government could possibly have created plans of their own which may have gone beyond the efforts which they are now trying to achieve on their own. If this government is going to back down from promises made, then perhaps it should not involve itself beyond the reaches of federal jurisdiction in the first place and let provincial governments deal with provincial matters on their own.

Help is naturally welcomed at all times, but not when it cannot be depended on. In this instance of urban transit support, the government's excuse for reneging on its promise was fiscal restraint. But it is quite obvious that the priorities are somewhat confused because we still have a government which continues to hand out taxpayers' money in the form of grants for such things as the following. There was well over $6,000 to investigate uses of the translation of human bio-electrical signals into music. There was a study on the fertility of families in Quebec which cost $48,000. There was $5,000 to

study the role of the harmonica in the social culture of each region of Canada. The list goes on and on and includes hundreds of millions of dollars of taxpayers' money.

● (2227)

These are the wrong priorities, Mr. Speaker. It is bad enough to be deceived by a government that bribes you with your own money, but it is calumny of the worst sort to promise money that it has no intention of giving out in the first place. That tactic will only work once. Like the little boy who cried wolf once too often, the whole thing comes back to haunt.

Now that the Prime Minister has backed down calling the expected election, and because an improved and expanded rapid transit system is all important to Toronto and surrounding communities like Oakville, Oshawa, Milton, Burlington, Hamilton and many other places, I urge that the government change its priorities by curbing many of its disgraceful and wasteful expenditures, some of which I have quickly pointed out this evening. The minister knows that there are many others. The government should at least fulfil the promises made during the last election campaign so that they will have a thread of credibility left once the election is called and so they can start making promises again. They should keep the last promises first, however.

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, with reference to the $290 million election promise of 1974 referred to by the hon. member, in addition to the $100 million of new money already made available on the commuter side I am pleased to draw to his attention that on October 26, 1977, the government established a $230 million urban transportation assistance program to provide funds to provinces and municipalities for improvements to the urban transportation infrastructure and for railway relocations and grade separations.

This is a five-year program which has received approval by the governor in council. The $230 million will be distributed to the provinces on the basis of $10 per capita. That means, for example, Mr. Speaker, that the province of Ontario will receive a five-year allocation of $82,646,000.

The program has four main objectives: first, to improve the efficiency of the urban transportation system; second, to improve the standards of the urban environmental quality and land use efficiency; third, to conserve energy; and fourth, to improve safety at railway crossings, including construction of grade separations.

A few words are perhaps necessary on the selection of projects for urban transportation assistance program funding. It was decided early on that the best people to decide on what sort of projects should be funded were the more local transportation people who understood local needs and priorities. Accordingly, the main responsibility for the selection of projects put forward by the municipalities was given to the provinces. Under the administrative processes which will govern the program, the provinces will determine their priorities and will submit a list of the proposed projects which will be considered for acceptability.

Most provinces are still working on their submissions but I am pleased to report that Ontario has been fast off the mark and has submitted an extensive list of grade separation projects and two railway relocation studies for which it has requested funding under the program. Twelve of these grade separation projects chosen by Ontario have already been approved and an announcement to this effect was made on May 24. I am pleased to note that four of these are slated for metro Toronto at Runnymede Road, Pape Avenue, Kingston Road and Main Street. One of them, I am more particularly pleased to note, is scheduled for my own borough of Scarborough where open level crossings continue to constitute a major community issue in spite of continuous federal approval and funding of numerous such grade separation projects over each of the last several years.

To expedite the construction schedule the minister has indicated to the government of Ontario that he has asked the Canadian Transport Commission to issue preliminary construction orders. This would temporarily leave in abeyance the allocation of project costs while allowing for the preparation of final cost estimates and for calling tenders for approved projects without further delay.

In closing, I should like to suggest that this program indicates to the extent possible, given the fiscal restraints that we are now operating under, the concern of this government for the urban transportation needs of Canadian municipalities and for the election promises made in 1974.

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

At 10:32 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, May 31, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST FOR PUBLIC DENOUNCEMENT OF CUBA'S WARLIKE ACTIONS—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity, namely, that in view of the UN conference of western leaders in Washington, and the UN General Assembly in New York on disarmament indicating the deep concern of the United States, although Canada has been virtually silent both in parliament and outside with respect thereto, regarding Cuba's warring intervention in Africa, with Soviet inspiration, by which the U.S.S.R. has taken over Angola and now threatens other countries, I move:

This House, recognizing that the Prime Minister of Canada is an intimate friend of President Castro, believes that if the Prime Minister were to make a public condemnation of Cuba's military operations it could be most influential in causing Castro to desist in his course of warlike action that may lead to a third world war, calls on the Prime Minister publicly to demand that Castro desist from his war operations and return the Cuban troops to their homeland.

Some hon. Members: Hear, hear!

Mr. Speaker: The introduction of such a motion for debate, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL DEFENCE

CAREERS FOR WOMEN IN ARMED FORCES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that women are still being discriminated against in making career choices with the Canadian armed forces, and whereas the minister undertook some time ago to review his department's policies regarding women who wish to apply for training as pilots but who are now rejected solely because of their sex, and whereas the chief human rights commissioner has expressed an opinion that this could be in violation of section 2 of the Human Rights Act, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the minister to make a statement to this House on policy changes and steps he is taking, or intends to take, to ensure that our daughters, as well as our sons, may train for whatever career they desire.

Mr. Speaker: Pursuant to Standing Order 43, the introduction of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GOVERNMENT INFORMATION

PUBLIC ACCESS THERETO—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning remarks made to a joint Senate-House of Commons committee yesterday by the Secretary of State on the subject of freer access to government information, and particularly widely-published press reports today that the Secretary of State advised the committee that he was generally in favour of such a thing "rather than on the side of holding back". I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the Secretary of State immediately qualify the gross inconsistency between his statement of yesterday and his remarks in an address to the Toronto Liberal forum on May 10, 1978, in which he vowed that as long as he is Secretary of State, members of parliament will not be allowed information on the reasons for awarding Canada Council grants. Specifically, this House deplores what appears to be a two-faced policy by the Secretary of State, and also requests an immediate statement from the minister as to whether he was speaking for the government when he said, in regard to making information public, "In a literal sense there is not a government policy".

Mr. Speaker: Such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

CRIMINAL CODE

GUN CONTROL REGULATIONS—MOTION UNDER S.O. 43

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas farmers and responsible members of reputable gun clubs have reported difficulty in acquiring permits to transport firearms for legitimate purposes, and whereas there appears to be confusion in the interpretation and administration of firearms control regulations, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That firearms control regulations be suspended until they can be administered fairly and efficiently so that responsible Canadians will not be deprived of legitimate use of their firearms.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

OLD AGE SECURITY

REQUEST FOR INCREASE IN PENSIONS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Winnipeg North (Mr. Orlikow), I move:

That this House notes the many occasions when delegations appearing before the Ontario Royal Commission on the Status of Pensions insist that the time has come for a substantial increase in the pensions paid under the Old Age Security Act and under the Canada Pension Plan, and this House calls on the government to bring in legislation to this effect at an early date.

Mr. Speaker: Presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

HEALTH

REASON FOR MIGRATION OF DOCTORS—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity which affects the health care delivery system at its grass-roots. In view of the fact that a record number of doctors left Canada in the first quarter of 1978, and that the Department of National Health and Welfare estimates that 1,500 doctors will have left by the end of 1978, I move, seconded by the hon. member for Simcoe North (Mr. Rynard):

That the Minister of National Health and Welfare take adequate steps to determine the reasons for the annual doctor migration which could reach an all-time high in 1978 and, with her provincial counterparts, work toward creating a better atmosphere for job satisfaction for the medical profession wherein this skilled group can regain a sense of identity in Canada and will not be forced to seek a less hostile work environment outside the country.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

QUOTA FOR INDUSTRIAL MILK PRODUCTION—MOTION UNDER S.O. 43

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Oxford (Mr. Halliday):

That this House authorize the Department of Agriculture to increase the national quota for industrial milk production in order to assist the Canadian cheddar cheese industry in increasing its production of cheddar cheese, as this industry is now in a very precarious position due to an insufficient supply of milk for its waiting markets.

Mr. Speaker: Introduction of such a motion for debate can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST FOR ESTABLISHMENT OF GUARANTEED ANNUAL INCOME—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I rise under the provisions of Standing Order 43 and ask for the unanimous consent of the House to discuss a motion relating to a matter of urgent and pressing necessity.

Given the fact that poverty is still a very cruel plague in Canada and that current social measures are just not enough to improve the plight of the poor, and given the fact that the new negotiations concerning a guaranteed annual income program are not yet under way, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House order the Minister of National Health and Welfare (Miss Bégin) to introduce as soon as possible legislation creating a guaranteed annual

income program geared to the gross national product and to undertake immediate negotiations with the various provincial governments in order to implement that program.

Mr. Speaker: Order. The House has heard the hon. member's motion. Pursuant to Standing Order 43, this motion cannot be presented for debate without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*Translation*]

FINANCE

QUEBEC SALES TAX—INQUIRY WHETHER SELECTIVE PRINCIPLE WILL BE OBSERVED

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. In view of the communiqué issued yesterday by the Quebec finance department announcing that its deputy minister would contact his federal counterpart today—needless to say we are happy to see the resumption of communications—could the Minister of Finance tell the House, in light of today's talks on the possible financial arrangements regarding the sales tax, if the compromise he has in mind will respect the selective principle on which the National Assembly insists?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have no comment to make.

Mr. La Salle: Mr. Speaker, I think that Quebeckers are quite anxious to have answers to those questions. Given the circumstances and this communication, would the Minister of Finance tell us if he is aware of the visit of Mr. Caron in a few days and if his officials will meet him or if he himself intends to have a meeting with Mr. Parizeau?

Mr. Chrétien: Mr. Speaker, Mr. Caron is already in Ottawa; so it is not a matter of a few days.

Mr. La Salle: The minister is telling us that Mr. Caron is already in Ottawa. Would he have at least the decency to assure the House that he will make a statement tomorrow about this meeting to clarify the situation about this legislation which we cannot support as long as the minister is not more talkative than he is today?

Mr. Chrétien: Mr. Speaker, I am quite surprised to hear the word decency from the hon. member but I will certainly report to the House as soon as progress is made.

● (1417)

[*English*]

QUEBEC SALES TAX—GOVERNMENT FORMULA FOR COMPENSATION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I should like to continue the questions asked by the hon. member for Joliette. Because this sales tax dispute resulted from the federal government's direct intrusion into a field of provincial jurisdiction, I should like to ask the Minister of Finance, now that he has had a chance to reconsider and reflect, if it is his intention to withdraw the federal government's formula of direct tax rebates to individual taxpayers in the province of Quebec, in favour of a limited income tax collection agreement with the government of that province?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, after five weeks of explanation, the hon. member does not understand yet that what we did in the budget was reduce the federal income tax for all taxpayers across the land, with an agreement with the provinces, except Quebec, that they were to increase their provincial income tax and with the proceeds were to cut their sales tax, on an agreed formula. We had no agreement with Quebec, but we had with the rest of the nation.

There is no intrusion into a provincial field. When we cut our income tax, we are in our own field and the provinces can do whatever they want in the provincial field. Eight provinces agreed that my scheme to stimulate the economy by cutting income tax was acceptable, and on the night of the budget they signed the agreement. They did it on a voluntary basis. Quebec did not want to sign an agreement. That was up to them. I am still free to cut federal income tax.

Miss MacDonald: Mr. Speaker, what the minister fails to recognize, after two months of supposed negotiation, is that there is a great difference between an $85 individual cheque by way of rebate and an agreement with the governments of other provinces. That is the difference.

I should like to ask the minister if he will guarantee that any agreed upon mechanism reached between his deputy minister and the deputy minister in Quebec, or between himself and the minister in Quebec for provincial compensation will recognize and respect the right of the provinces to adjust their provincial sales tax according to the priorities they establish, as has been done in the province of Quebec.

Mr. Chrétien: Mr. Speaker, I think the hon. member does not realize that when you are cutting taxes, you rebate money to the payer of taxes. It is pretty simple. The provincial government can cut its sales tax any way and any time, and that is exactly what the province of Quebec has done. But they have not accepted doing it like the other provincial governments. They did it with their own money; they were completely free to do what they have done.

Miss MacDonald: A final supplementary question, Mr. Speaker. Will the minister tell this House that he is willing to

apply the same mechanism that is being used in section 30 of Bill C-56 with regard to one province, to every other province?

Mr. Chrétien: Mr. Speaker, the principle of this article is that I am reducing the income tax and giving the opportunity for all provinces to raise their income taxes. We have agreed that in the case of Quebec having conformed with my scheme for $40 million it was not necessary to have a special collection agreement for these $40 million. We have accepted to pay directly for the part they have complied with the scheme and that was accepted by the other provinces.

* * *

INDUSTRY

BELL CANADA CONTRACT WITH SAUDI ARABIA

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I put my question to the Minister of Industry, Trade and Commerce. The minister's predecessor, the Minister of Finance, visited Israel when he held that post. At that time he expressed interest in having a Canadian company facilitate the Israelis in modernizing their telephone system.

As the minister is aware, Bell Canada is the only company in Canada that, to my knowledge, is capable of doing this kind of work. It has signed a contract with Saudi Arabia which stipulates it will not do business with Israel. Given the circumstances, can the minister tell the House what will happen to the hundreds of potential jobs that would have been created in Canada by Bell had it participated in and obtained the contract for the work in Israel?

● (1422)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I think the onus implicit in the question really rests with the State of Israel. Whether or not they want Canadian firms to bid on the installation of a new telephone system in that country has not come up to my knowledge.

Mr. Broadbent: Mr. Speaker, the minister is being naive or is demonstrating lack of information—one or the other. Is he not aware that a Bell Canada senior official has acknowledged they have not submitted a bid? I do not have the precise wording, but after they entered the contract with Saudi Arabia, Bell Canada indicated they were unlikely to submit a bid for the Israeli project.

If that is the case, will the minister not recognize the reality, which is that in effect there is a boycott under way because Saudi Arabia has effectively stopped Bell Canada from obtaining a work project of some significance in the State of Israel which could have provided jobs for Canadians?

Mr. Horner: Mr. Speaker, Bell Canada, in signing a contract with Saudi Arabia, met the requirements of the government. No discriminatory clauses were accepted in signing that contract. Whether or not Bell Canada bids on a similar contract in the State of Israel depends upon the State of Israel and Bell Canada. We cannot force them to enter into a contract with another country.

Mr. Broadbent: Mr. Speaker, is the minister not aware that the kind of contract Bell Canada signed with Saudi Arabia would not be permitted in the United States? For example, there is a clause in the contract which states that Bell Canada is not doing business with Israel. That clause is in there for one purpose, and one purpose only that the minister should recognize, which is discrimination. If he does recognize that, why would the Government of Canada not take more definitive and concrete action to remove this discrimination which is costly both in terms of civil liberties and in terms of Canadian jobs?

An hon. Member: What about the Human Rights Commission?

Mr. Horner: Mr. Speaker, with regard to United States boycott policies, in my opinion their policies have many loopholes. All one has to do is set up a head office of one of the multinationals inside Saudi Arabia and then they can go ahead and sign any contract they want. So our policy is working far more effectively than theirs.

* * *

[*Translation*]

HOUSING

NEGOTIATIONS WITH QUEBEC ON RRAP

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs.

According to my information, an agreement on RRAP was entered into last March by the federal and the Quebec governments. Can the minister tell the House whether, following this agreement, his departmental officials or CMHC officials have issued regulations to allow municipalities to submit their application directly to the federal government, as this alleged agreement allowed the federal government to negotiate directly with the provinces? Has this agreement been finalized? Are the municipalities aware of it and what criteria are applied?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I confirm that an agreement has been entered into by the two levels of government with a view to extending the housing renovation program. However, the process does not necessarily involve officials of the various levels of government, federal, provincial and municipal. It is a program financed solely by the Canadian government and especially designed for rural areas. So those who wish to avail themselves of this program must apply directly to local CMHC offices in the province of Quebec.

Mr. Lambert (Bellechasse): Mr. Speaker, I should like to put a supplementary question. In light of the rules drafted by his officials, could the minister tell the House whether a quota

for applications from taxpayers has been set or if any taxpayer who has a dwelling to restore can file his application and expect a favourable reply?

Mr. Ouellet: Mr. Speaker, the funds will be shared by the Canadian provinces and allocated within each province to the regional or local offices of the Central Mortgage and Housing Corporation. In other words, a citizen who wants to benefit from this housing renewal program must apply as soon as possible at his local office to obtain the assistance to which he is entitled.

We have agreed that the national budget could not immediately cover all applications. However, it is a long-term program. We will not restore all Canadian dwellings which could qualify under this program. We will give priority to those who have the lowest income or who live in the oldest houses in Canada, but progressively over the next seven or eight years we hope to accept all applications in the best interests of Canadians.

• (1427)

Mr. Lambert (Bellechasse): Mr. Speaker, I have a last supplementary question.

It relates to the fact that last week a regional weekly paper reported that the council of a certain riding held a meeting between its officials and the officials of Central Mortgage and Housing Corporation for the Quebec City area. Is it consistent with the terms of the agreement that riding councils be involved in this program, or should it not be dealt with, as in the past, at the municipality level?

Mr. Ouellet: It can be done at both levels, Mr. Speaker. In this case, it is an initiative exclusively taken by a number of officials of the Quebec City area. Having grasped particularly the advantages of this program, they set about, on their own authority, to make their fellow citizens aware of those advantages and to persuade them to draw full benefits from the program.

* * *

[*English*]

TRADE

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. In view of the very weak statement tabled yesterday by the minister concerning international economic boycotts, will the minister be bringing forward legislation to deal with this very serious matter, or is it his position that he will continue to give lip service to this problem by changing the guidelines to suit the situation?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are finding that the policy announced in October, 1976, by the Secretary of State for External Affairs is working very effectively in curtailing Canadian business from adhering to the discriminatory factors of the Arab boycott question.

Mr. Kempling: Mr. Speaker, the guidelines referred to by the minister, issued by the Secretary of State for External Affairs in October, 1976, and the guidelines issued by the deputy minister in January, 1977, indicated that Canadian companies which complied with the boycott would be named. When the first report was issued, they moved away from that position. In the second report, tabled yesterday, they again moved, saying they will name them in some future report.

In this shifting position of the government on this serious matter, is the minister going to depend solely on the withdrawal of government service and the sanction of public opinion, as he says in his report, by naming companies? Is that the only clout he has in this matter?

Mr. Horner: Mr. Speaker, it is becoming very evident to the department that companies attempting to do business with the Arab world have to use the assistance of the department and, in most cases, the assistance of the Export Development Corporation. Withdrawing that assistance is a tremendous clout. I am certain it has worked and will continue to work very effectively.

Mr. Kempling: Certain countries in the Middle East rely on Export Development Corporation financing, but many of the rich oil countries do not need financing. Certain countries are endeavouring to blackmail Canadian companies, and in order to counter this the government is going to blackmail them by naming them. That is a very serious matter. Would it not be simpler to bring in a straightforward piece of legislation prohibiting this sort of thing, so that Canadian companies can say to the Arab countries which request such an undertaking, "We cannot comply because of the provisions of Canadian law"?

• (1432)

Mr. Horner: Mr. Speaker, we are doing a tremendous amount of business with the countries of the Middle East, and we expect our trade to grow considerably. With regard to the question of legislation, I notice that some time ago the government of Ontario announced its intention to bring in legislation but since then they have dropped the idea completely. Perhaps they, too, do not believe legislation is necessary and are of the opinion that our policy is working.

* * *

URBAN AFFAIRS

POSSIBLE CONFLICT OF INTEREST RESPECTING DEPUTY MINISTER OF URBAN AFFAIRS

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is addressed to the Minister of State for Urban Affairs. It has to do with one, Mr. William Teron, who is, of course, that

minister's deputy minister as well as being chairman of CMHC. Can the minister assure us that the leave of absence granted to his deputy minister in order to give him a chance to rearrange his blind trust as well as other personal business, most of which has to do with housing, is not an obvious and blatant conflict of interest situation?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, that question was asked, in the presence of the hon. member, by another member of the opposition party in committee. We have already given an answer to this question. I do not know what the hon. member is trying to get at. We have indicated there is no conflict of interest in this arrangement.

Mr. Whiteway: I ask this question again in the House because it was not answered satisfactorily in committee. Is this not an obvious conflict of interest? Would the minister reconsider allowing his deputy minister to take a four-month leave of absence before returning as deputy minister and chairman of the CMHC?

Mr. Speaker: Order. With all due respect, that is precisely the same question as was just answered.

Mr. Clark: It was not answered.

* * *

INDUSTRY

NEGOTIATIONS ON PURCHASE OF HALIFAX, N.S., SHIPYARD

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. It arises from the growing sense of urgency concerning the turnover of the Halifax shipyard to one of the groups negotiating for its purchase. Could the minister bring us up to date with respect to the status of these negotiations and tell us the name of the group with which his officials are negotiating? Is more than one group concerned?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I really do not think any comment of mine on the negotiations at this stage would be helpful to their successful conclusion. I would be glad to talk to the hon. member privately about the matter, but I would prefer to refrain from intervening now during the negotiating stage.

Mr. Forrestall: I appreciate that observation, though I will not draw any conclusions from it. Does the minister feel free to bring the House up to date with respect to the department's thinking with regard to the construction of the "Panmax" floating drydock to improve the capacity to do the work required on the east coast?

Mr. Horner: We are studying the drydock facilities on the east coast right now. No decision has yet been made with regard to specific assistance in the provision of drydock facilities at Halifax.

[*Translation*]

URBAN AFFAIRS

WATER PURIFICATION PLANT AT OUTAOUAIS, QUEBEC

Mr. Gaston Clermont (Gatineau): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Is the minister in a position to advise hon. members of the House of the latest developments concerning the construction, under the terms of the agreement between the Canadian government and the province of Quebec, of a sewage treatment plant on the Quebec side of the Ottawa River? That plant is supposed to be built in the former municipality of Templeton.

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker. Yesterday, I sent a letter to the provincial minister, Mr. Léonard, confirming the acceptance of the Canadian government, its acceptance in principle of the points contained in the overall proposal described in the letter of Mr. Léonard. I trust the construction of that sewage treatment plant will start as soon as possible. So, I told Mr. Léonard that our representatives on the technical committee were authorized to make the various changes in the main agreement before going ahead as soon as possible with the construction of the treatment plant.

* * *

NATIONAL REVENUE

LEGALITY OF RCMP USE OF TAX FILES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Minister of National Health and Welfare in her capacity as Acting Minister of National Revenue.

[*English*]

These follow the questions the Leader of the Opposition and I put to sundry ministers on Friday. I am asking the minister whether she is aware of a letter written by a predecessor of hers in the portfolio of minister of Revenue Canada in which that minister doubted the legality of a certain agreement signed between the deputy minister and the solicitor general and the deputy minister of Revenue Canada (Taxation)concerning the right of search and examination of income tax files by members of the criminal investigation bureau of the RCMP.

Does she agree with the contents of that letter, or does she agree with the view expressed in this House last year by the then minister of national revenue who said that all the actions of the Department of National Revenue under this accord were legal?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not remember the exact terms of the mandate of the McDonald commission of inquiry, but it

seems to me that the question the hon. member put to me as Acting Minister of National Revenue in the House, at this time, deals precisely with what the commissioners are doing. I therefore have nothing to add. I read the official report of the questions put in the House Friday, and the leader of the government answered them very well.

[*English*]

Mr. Lambert (Edmonton West): I would refer the hon. minister to a news release attaching a copy of the agreement dated September 29, 1977, issued by the present minister for whom she responds in this House. In that letter, the present minister for whom she replies indicated that everything done under this agreement has been legal. I am not referring to the McDonald commission. I would refer the hon. lady to depositions—

Some hon. Members: Order.

Mr. Lambert (Edmonton West): —before the Laycraft commission, and I warn the hon. lady—

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): I will repeat what I said on Friday and suggest the hon. lady consider the Laycraft report due in late June, which will have a good deal to say about this matter. Will the hon. lady answer my question? Will she say whether she approves of the letter, since she was minister of national revenue, signed by her predecessor which is in direct contradiction to the views expressed by the minister she represents in the House today?

● (1442)

[*Translation*]

Miss Bégin: Mr. Speaker, I am sure the Leader of the Opposition could explain to his colleague how he may call me if he has difficulties when referring to our titles.

As for the question about the substance and legality of some actions by the RCMP, that is the mandate of the McDonald royal commission. As to the findings of the Laycraft inquiry, I will examine the report with interest and seriousness as soon as it is made public.

* * *

[*English*]

NORTHERN AFFAIRS

FUNDING OF NATIVE ORGANIZATIONS FOR LAND CLAIMS NEGOTIATIONS

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. It has come to my attention that the native organizations in the Northwest Territories have not received funding for the purpose of land claims research and negotiations for the new fiscal year.

In view of the fact that the native organizations require funding in order to hire competent staff to conduct research, formulate proposals and above all, pursue land claims negotiations in good faith, will the minister please tell this House why there has been a delay in funding, and would he also indicate when the native organizations will receive notification of their funding?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I should clarify an important point. The hon. member refers to native organizations in the Northwest Territories. In fact, he is talking about two native organizations in the Mackenzie Valley. The native organization, COPE, in the Delta is being funded. I just recently had a luncheon with the president of ITC and discussed an important meeting in Repulse Bay regarding the ITC claim. So we are talking about two organizations.

I think the hon. member understands as well as I do why I proposed, about a month ago, instituting a moratorium. The answer is very simple. We all agree that there should be one settlement in the Mackenzie Valley. There are two political organizations. I have said I am prepared to start negotiations with either the two of them together or a third one representing both. However, if we are aiming for one settlement in the Mackenzie Valley, there must be a negotiating team representing all the people in the valley: that is the reason for the moratorium.

Mr. Firth: Mr. Speaker, in view of the fact that the Metis Association of the Northwest Territories will be forced to lay off its land claims staff this coming Friday unless funds are forthcoming, and in view of the fact that this turn of events will negate several years of hard work done by this organization, I would ask the minister if he will take it upon himself to meet with this organization in good faith and see that the native organizations are provided with the means to bring the land claims question to a just settlement.

Mr. Faulkner: Mr. Speaker, as the hon. member knows, I will be prepared to do anything to ensure that a just settlement in the Mackenzie Valley is achieved. That is my wish, the hon. member's wish and, I think, the wish of the people in the valley. I am also prepared to meet with the political organizations if a meeting with me would in any way facilitate the setting up of a negotiating forum which would allow for a single settlement in the valley, which is the type of settlement everyone is anxious to have.

* * *

FITNESS AND AMATEUR SPORT

MANDATE OF DEPARTMENT

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is for the Minister of State (Fitness and Amateur Sport). While participating in the federal-provincial conference of ministers responsible for sport, fitness and recreation, held in Montreal on April 13, the minister was reported to have said, "My clear mandate in sport and fitness does not in any way deal with recreation".

Was the minister's rather bold statement reflecting a change in government policy based on a new and recent order in council which countermands an order in council of 1962 made under the leadership of the right hon. member for Prince Albert in which both fitness and amateur sport were defined individually as being directly related to recreation?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I can assure the hon. member that there has been no change in my mandate; simply a change in the way it is described.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: The provinces have requested that the Government of Canada no longer participate in recreation at the provincial level. The right hon. gentleman from Prince Albert, I think very temporally, foresaw that the real mandate of fitness and amateur sport in this country contained the words "physical recreation", so therefore we are continuing physical recreation but not recreation per se. Therefore, the Government of Canada will not be in the business of making macrame hangers.

Some hon. Members: Oh, oh!

Mr. Halliday: Mr. Speaker, that was a very interesting circumlocution. When does the minister anticipate that the green paper on recreation and fitness will be available? Will it contain any options and alternatives? Why has the minister decided to change the definition of "recreation" before issuing the green paper?

Mrs. Campagnolo: Mr. Speaker, I am amazed that a member of the opposition should be urging me to go against something which the provinces so devoutly desire as to have it written into their request for our federal-provincial meeting. The federal government is merely acquiescing in the request of the provinces to remove itself from this sphere by gradually diminishing services so that the provinces take them up. The provinces are prepared to move into this field as we gradually move out. I expect the fitness and recreation green paper to be into the process of public participation some time early this fall.

* * *

FISHERIES

CLOSING OF SWIFTSURE BANKS ON WEST COAST

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. Today the minister received a telegram from some very irate fishermen in British Columbia because the minister made a very major concession to the United States by closing the Swiftsure Bank without getting anything in return. How much longer will the fishermen have to wait for an agreement, and what are they going to get in return for all their losses?

[Mr. Halliday.]

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have not seen the telegram to which the hon. member refers. I met a group of advisers—

Mr. Hnatyshyn: With a commissionaire.

Mr. LeBlanc (Westmorland-Kent): Instead of shouting across the way, perhaps the hon. member might want to address the facts before he closes his mind. However, that is not usually his distinction.

Mr. Hnatyshyn: I am for the commissionaire.

Mr. LeBlanc (Westmorland-Kent): As to how long the resolution of this issue will take, I can tell the hon. member that it will not take very long.

Mr. Friesen: Mr. Speaker, I want to assure the minister that the losses the fishermen are enduring amount to much more than parking fines in Ottawa. I want to point out that many fishermen are wondering whether the salmon enhancement program is designed to replace the concessions the minister has made, and I remind the minister of the losses the fishermen are incurring as a result of the agreement he has made. The agreement was supposed to have been reached last Friday. How long do we have to wait?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. member really does not understand the agreement which was signed. The agreement foresaw the possibility of Swiftsure being closed for conservation reasons. We did not agree with those conservation reasons and we said that was not an excuse for the other side not to honour its commitment to increase access to Canadian fishermen off the state of Washington. I can tell the hon. member again that he will not have to wait very long. This issue will be resolved one way or the other very soon.

* * *

INDUSTRY

CUSTOMS DUTIES ON CARS IMPORTED FROM OTHER THAN NORTH AMERICA

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Some weeks ago the minister said that the government had approved in principle an extension of its program of remitting customs duties on cars imported into Canada from outside North America up to the total value of all parts exported to their manufacturers and not just the value of the parts used in these imported cars, but the government was still discussing the terms of the necessary orders with the auto parts manufacturers here.

Has the government as yet issued any such orders to implement this desirable new program? If so, do they cover the entire auto parts industry and, if not, when will orders be issued to have this new program fully in effect so that the

entire Canadian auto parts manufacturing industry and all its workers can take advantage of it?

Mr. Hnatyshyn: Would you repeat the question?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we recently signed an agreement with Volkswagen which allows Volkswagen to claim remission on duties paid for parts manufactured in Canada for their plants in Germany and in the United States. We hope to proceed with a similar agreement with manufacturers of automobiles which are not on the North American continent, in the hope that we will enhance parts production in Canada for some of the cars purchased and used in Canada.

[*Editor's Note: See page 5975 for correction by Mr. Horner.*]

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PENITENTIARIES

ESCAPE OF CONVICTED MURDERER

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, if we could get back to the question of physical recreation for a moment, my question is for the Solicitor General and it relates to the escape from federal custody of convicted murderer Albert Marinello, who managed to beat his sentence on Monday night while Montreal's Expos were beating the Chicago Cubs at the Olympic Stadium. This gentleman escaped from custody while at the ball game with one guard and four other prisoners. In the belief that the Solicitor General does not want the prisoners under his care to adopt as their theme, "Take me out to the ball game"—

● (1452)

Some hon. Members: Oh, oh!

Mr. Lawrence: —especially the punch line, which goes, "I won't care if I ever get back"—

Some hon. Members: Hear, hear!

Mr. Lawrence: —can the Solicitor General tell us how this convicted murderer, whom the Quebec police force describe as being dangerous, was permitted to be in a type of situation from which he could so easily escape?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as I understand it, all the prisoners were cheering for the Expos at the time. With reference to Mr. Marinello, he was coming up for parole next week and the application was to be heard at that time. Therefore, as is usual in order to prepare inmates who may be released on parole, there was a temporary absence permitted under custody. In order to permit him to reintegrate into society, he was taken to this ball game. Unfortunately, the events the hon. member has described are relatively accurate: he did absent himself, Mr. Speaker.

Some hon. Members: Oh, oh!

Mr. Lawrence: Mr. Speaker, I wonder if the minister is aware that this convicted murderer escaped on three previous occasions, the last time being as recently as last year and, more notably, on Mother's Day of 1974 when he took the occasion to convert a pass home into a home run.

Some hon. Members: Hear, hear!

Mr. Lawrence: I wonder if there is any sports program in federal institutions which would teach the inmates, for instance, that rather than three strikes and you are out the rule appears to be three outs and then you take a walk.

Mr. Blais: Mr. Speaker, the House appreciates the fact that the hon. member for Northumberland-Durham has hired a new joke writer. Indeed, I am glad he has taken a rather positive attitude in terms of this particular event. It explains the difficulty we have in terms of attempting to reintegrate convicts within society. If the hon. member is not aware, he can be made aware very easily with a briefing from my officials within the National Parole Board or, indeed, the Canadian Correctional Services. There is a judgment which has to be made relating to people who are up for parole. In this instance, this judgment was made. Mr. Marinello progressed from a maximum security to a medium security, and finally to a minimum security institution.

Mr. Gillies: To escape.

Mr. Blais: This was based on the judgment that he was not a dangerous inmate.

Some hon. Members: Oh, oh!

Mr. Blais: I point to the fact that during those other three absences to which the hon. member referred, there was no indication of any misbehaviour on the part of Mr. Marinello. Undoubtedly, the application which was to be heard next week is going to be negatively affected by Mr. Marinello's absence.

Mr. Baker (Grenville-Carleton): You hope.

Mr. Lawrence: Mr. Speaker, there was no negative activity except that he failed to come back on all occasions. Will the Solicitor General confirm the understatement of the year as being National Parole Board policy when prisoner warden Real Benoit, after being contacted by the press on this matter, said:

> I think he had a good chance to get out on parole before he escaped. Now, I don't know what will happen. His escape certainly won't help his chances of getting parole.

Is that a statement of National Parole Board policy?

Mr. Speaker: Order, please. The hon. member for Battle River.

Oral Questions

FINANCE

CAPITAL GAINS TAX AS APPLIED TO FAMILY CORPORATIONS

Mr. Arnold Malone (Battle River): Mr. Speaker, in this unique season of seasonally adjusted legislation for seasonally adjusted elections, I have a question for the Minister of Finance. It makes reference to his April 10 budget which had one very fine clause indicating that shares of family corporations are now eligible for rollover negotiations. Was it the minister's intention, in family corporations including farm corporations, that if a sibling was to go out on his own and apart from the incorporated structure he would have to pay capital gains tax—the corporation would have to pay capital gains tax if a sibling went on his own?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the question asked by the hon. member concerns the interpretation of the legislation. When the House goes into committee of the whole, if the opposition lets us get to that point, I will be able to explain each one of the budget items.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

CUTBACKS IN EDUCATION AND EMPLOYMENT PROGRAMS IN NORTHERN MANITOBA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Approximately ten days ago I brought to his attention the very sharp cutbacks in programs in northern Manitoba in the fields of education and employment instituted by the provincial government. To a large extent, these programs were funded jointly by his department and the provincial government.

I asked whether the minister was aware of the size of the cutbacks and what action his department had taken to monitor the cutbacks to see that the department was not continuing to pay its share of the money as if the cutbacks had not taken place. Can the minister tell us now what steps he has taken? What has he found as a result of his inquiries?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, what I would like to point out once again to the hon. member is that the cuts made by the Manitoba government in the programs considered will not substantially affect the program as a whole. But I can say again to the hon. member that if there are substantial cuts in the expenditures considered, those sums will not be reallocated to other programs not provided under the agreement entered into. But negotiations are going on with the government of Manitoba in an attempt to convince them of the soundness of the programs developed and agreed to by the federal and the Manitoba governments. We are still hopeful that we shall manage to convince the government to reinstate, if not completely, at least to a large extent, some aspects of the program that they have cut so far.

[*English*]

Mr. Orlikow: Mr. Speaker, I should like to ask the minister whether, in the inquiries his department has made, it found cutbacks in programs that were financed in part by that department? If so, has his department moved to reduce the amount of money which it was recommended to pay?

Mr. Lessard: Mr. Speaker, yes, definitely. If some cutbacks have been made, obviously the result will be a reduction of our total expenditures. As we are paying, after expenditures have been made obviously we will be reducing by that portion our contribution to that part of the program which might have been reduced.

For the time being it is a little too early in the game to judge precisely the amount of money we might be called upon to withdraw from these programs. As I have said, we hope to convince the government to reinstate at least some part of the programs, in the hope that people in the northern part of Manitoba will benefit from them.

Mr. Speaker: The hon. member for Calgary North.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

EXTRADITION PROVISIONS IN BILL S-8

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I like the applause. I wish to direct a question to the Minister of Justice with reference to Bill S-8 which came before the committee. Clauses 18 and 23 indicate that the minister may not return a fugitive or a person who has an order for extradition against him either to the Commonwealth, the United States or other countries if the death penalty applies and that is the penalty the person would have to undergo. I ask this question in light of the fact that the hon. member for Vancouver-Kingsway and the hon. member for Toronto-Lakeshore were on the committee. Both those Liberals agreed with my position.

• (1502)

My position is that the bill provides that pursuant to subsection (1), the minister may refuse to order the surrender of a fugitive offender, who may be somebody charged with treason or murder, but must release such person. In light of that fact, will the minister bring the bill back in order to amend this clause, or does he intend to create a haven for people such as Charles Manson, the terrorists in Italy, and others like the Son of Sam who would have to be released by the minister? That is the position. How is he dealing with members of his own party on that committee?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, It was my intention to have the bill recalled before the committee in order to explain those clauses which seem to have been grossly misunderstood in the committee. The clause makes it very clear that this matter is discretionary. It is drawn in line with modern extradition arrangements and with the wording that prevails in the Commonwealth, which is standard practice in the European community in respect of extradition and is embodied in a number of our treaties. It has also been in the British extradition and rendition law since 1945. None of those countries has, because of these provisions, become a haven for terrorists, as far as I am aware.

The hon. member and some members of the committee misinterpreted the clause as meaning that the minister would not deliver prisoners to other countries if capital punishment prevailed. That is not the meaning or the intent of the provision at all.

Mr. Speaker: Order, please. I am sure hon. members who have contributed to this point will realize that this discussion is one which ought not to take place during the question period but, rather, before the committee when the bill is there.

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HOUSE OF COMMONS

TABLING OF EXTRACT OF MINUTES OF MEETING OF COMMISSIONERS OF INTERNAL ECONOMY RESPECTING SALARY REVISIONS

Mr. Speaker: Order, please. Before moving to routine proceedings I should like to state that the matter of salaries for the staff of the House of Commons has been one which has been in my hands for quite some time. Ordinarily in each year we have endeavoured to bring forward the Minute of the Commissioners of Internal Economy, who bear ultimate responsibility for salary changes, by April 1.

This year we endeavoured to address ourselves to the continuing problem arising from disparities between positions in the House of Commons and those in the public service. It was generally agreed that disparity ought not to occur and that, in fact, as much as possible, uniformity ought to exist between relative positions in the service of the House of Commons and in the public service.

The House will understand and recall that the House is autonomous in this regard and, therefore, approval of Treasury Board has not been sought on this or on previous occasions. However, there has always been a desire on the part of the House to conform as much as possible with the general ambitions and aims of the salary program in the public service, and to attempt to ensure that equivalent positions in the service of the House of Commons were maintained on a salary level either equivalent to or slightly ahead of those in the public service.

In attempting to do this we have, over the years, allowed some positions to get further ahead of equivalent positions in the public service than was desirable, and for this reason it has always been an ambition in respect of salary amendment arrangements each year to try to bring them closer into line. On the other hand, to attempt to do that in one year would always, it would seem to me and, I am sure, to all hon. members, unfairly burden those incumbents of positions in the service of the House of Commons.

I think all of us are generally agreed that the service rendered to the House of Commons by our staff at every level, by some 2,500 employees, is absolutely first-class and of top quality.

To take an approach in any one year which would place all the burden of this on any one incumbent or group of incumbents in our service of the House of Commons would mean an unfair program. Therefore an effort was made, and this is the reason the discussions have been rather longer and more complex than in other years, to find a formula which would at one and the same time recognize the need for fair salary treatment for those in incumbent positions, and yet draw closer into line those positions in the service of the House of Commons which have gone too far ahead of equivalent positions in the public service.

Accordingly, the opening of discussions related to the possibility of combining for the first time a percentage revision in respect of the positions themselves and a cash contribution to those incumbents who might, because of the necessity of a low percentage increase in their own classifications, be unfairly burdened. This is a new and rather complex approach, and it has taken some time to finalize it.

I am pleased to report to the House today, where a number of members have inquired, both on the floor of the House, through correspondence and in contact with me, on the progress, that the matter has been finalized. I have, of course, endeavoured to maintain a flow of information to the extent that was permitted, to the Standing Committee on Management and Members' Services.

This matter has been finalized to my satisfaction, and I am, therefore, able also to say to the House that the Commissioners of Internal Economy have come to the same agreement. Therefore, I am able to table the minute of the Commissioners of Internal Economy touching upon salary revisions which, for the first time, and we hope this is a one and only time, include not only a percentage increase to the classifications of the salary groups in the House of Commons service, but also a once and for all cash payment which we hope very much reduces the burden on those who are present incumbents, yet recognizes the need to draw the general classifications closer in line with those in the public service. That minute is now final and official, and I table it forthwith.

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POINTS OF ORDER

MR. WOOLLIAMS—PROCEEDINGS IN STANDING COMMITTEE

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise on a point of order. I would agree with your earlier

suggestion if the bill were still before the committee, but what has happened is that Bill S-8 has silently died. The committee held one meeting at which Liberal members, and I mentioned them as being the hon. member for Vancouver-Kingsway (Mrs. Holt) and the hon. member for Toronto-Lakeshore (Mr. Robinson), agreed with my point of view.

I want to read this clause because I think it is very important. If someone was guilty of murder or treason in Britain for shooting the monarch and had come here, they would be released, because the clause states:

(2) Where, pursuant to subsection (1), the minister refuses to order the surrender of a fugitive offender, he shall order the discharge of the fugitive offender—

This does not say "may", it says "shall". I am not suggesting for one moment that those Liberal members on the committee are wrong, but I am saying that when the minister suggests members of the committee did not understand the clause, he is not correct. The measure is very clear. But with the greatest respect to you, sir, that bill died in committee and we do not know where it is. I hope that the minister will see his way clear to proposing the amendment suggested by his own members when I put the problem to the committee. It is those Liberal members who opposed the minister after I brought this anomaly to the floor of the committee. The minister says they do not understand the law. I am sure the minister knows what "shall" means. In this case it means "shall surrender the offender." Do we want Charlie Mason or the Son of Sam, if either of them escaped and came here, to be released in our communities? This does not say "may", but rather says "the minister . . . shall". I ask the minister very seriously to consider this.

I referred a very serious problem to his attention and he did not explain. He said we misunderstood the clause. There can be no misunderstanding of that wording, and the minister knows that. He also knows that his own members believe this is a complete anomaly in the law, and I would hope that if the minister brings this bill back to the committee he will amend, change, or delete that clause. It does not matter how he tries to slide over the words, or what he suggests; this is what it says very clearly, and what is spelled out in the bill.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, without entering the debate on the matter may I just say that subsection (1) contains the word "may". Someone such as Charlie Manson would be returned to the United States. The bill has been before the committee and has been dealt with. The scheduling of business is undoubtedly a responsibility of the chairman and the steering committee, and that is where the matter is now.

MR. MALONE—SUPPLEMENTARY QUESTIONS

Mr. Arnold Malone (Battle River): Mr. Speaker, I reluctantly rise on a point of order, not to challenge your ruling, but rather to seek clarification regarding supplementary questions during the question period. I had a question for the Minister of Finance (Mr. Chrétien) today which was of considerable importance. My supplementary would have been directed to the Acting Minister of National Revenue. My supplementary question is related to the fact that the Commerce Clearing House of Canada Limited is at present giving rulings across Canada which say that people who operate outside a family corporation, through a sale from a sibling, end up in a situation in which they are in fact unable to collect the tax supposed to be relieved by the minister's budget of April 10.

● (1512)

I would like to have clarification of what makes a supplementary question out of order. Is it simply the statement that the minister makes when that statement is yet unclear, or is there some automatic rule that means a person does not get a supplementary when asking a preliminary question?

Mr. Speaker: The hon. member raises a very valid point of concern and one that gives the Chair great difficulty. In the question period today, and on many other days, there were and are occasions on which I grant members supplementary questions, and some which I do not. In the hon. member's case a question was put which clearly sought an opinion on an interpretation of a section of the law, and it is very difficult to permit such a matter to be followed up when in fact the minister recognizes and indicates that advice will have to be taken before an answer can be given.

It is very difficult for the Chair to grant a supplementary question on an answer that is to be deferred until some other time. On occasions where a minister has said it is a matter of investigation, not so much legal advice but merely investigation, I extend the benefit of the doubt to the member because I know that the member will want to say, "While the minister is undertaking the investigation which he has promised to the House, will he please pursue certain specifics that I have in mind?" Even at that point I will allow it to be pursued, but in today's case the hon. member put a question which clearly sought an opinion from the minister, and the minister's response was that he would have to obtain advice for the opinion. It is very difficult for me to permit that matter to be followed.

If the hon. member, in fact, had had a specific question about a particular bulletin—and I do say this to members generally—often members are tempted to try to set up a question of a specific nature with a question of a general nature. That may be a temptation for some purposes which members have in mind. In fact, in terms of the limited time available in the question period, it is a very counter productive practice.

If the hon. member's main concern today was a bulletin of a specific nature in the authority of the hon. minister for revenue, it might have been more advisable to make that the preliminary question which clearly would have been the subject of a supplementary. However, he began with a question seeking an opinion, and the minister indicated he would have to take advice before giving the opinion. Therefore, it seemed to me I did not have the choice to permit him to pursue it in that particular way.

ROUTINE PROCEEDINGS

[*English*]

ESTIMATES

EXTENSION OF TIME FOR CONSIDERATION BY COMMITTEES

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have been giving some consideration to whether it might be desirable to extend the period for examination of estimates, and certain committees, through their chairmen, have suggested that they might profitably spend some more sessions on the examination of the estimates. If it is the wish of the House, and with the approval of the House, I would like to make a motion to provide that for certain committees the period of examination of estimates be extended. I would therefore move:

That, notwithstanding the provisions of Standing Order 58, the Main Estimates, 1978-79, that were referred to the Standing Committees on Broadcasting, Films and Assistance to the Arts; External Affairs and National Defence; Finance, Trade and Economic Affairs; Health, Welfare and Social Affairs; Indian Affairs and Northern Development; Miscellaneous Estimates; National Resources and Public Works; Privileges and Elections; Regional Development; Transport and Communications; and Veterans Affairs shall not be deemed to have been reported from the said Standing Committees until the third sitting day before the final allotted day in the present supply period.

I would make it clear, Mr. Speaker, that this is not a command to the committees; it is permissive. It is up to the committees to determine their own pace of work, and it is at the request of the particular committees that this motion is being made.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, it may have escaped the government House leader's mind that this whole matter came about because of a request of the Leader of the Opposition (Mr. Clark) made to the House, and one which I supported, with respect to the very short period that evolved in the over-all work of the House of Commons because of the "off again, on again, off again, Finnigan" attitude of the Prime Minister (Mr. Trudeau) with respect to an election. That is where the request originally came from and having said that, sir, I want to say we welcome the extension of time. Of course it follows that the committees will decide themselves what they should do.

The situation, however, points up once again the complete inadequacy of our rules in this House with respect to the examination of the expenditures of government and the examination of programs and policies of this government, which is the job of parliament. It is long past due that this aspect of our rules be looked at very, very carefully.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we agree that this is a reasonable resolution to the problem that has arisen. In fact, we feel to have extended the time of all the committees dealing with estimates would have created as many problems as might have been solved. I gather that the 11 committees listed are all the committees the chairmen of which have requested an extension of the time.

While I am on my feet, I should like to join the hon. member for Grenville-Carleton (Mr. Baker) in saying that I hope some day, and some day in the not too distant future, we will find a better way than we have at the present time for handling the expenditures that must be approved by parliament.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to signify our agreement with the motion put by the President of Privy Council and thank also—that is a rare event—the Minister of Finance who took it upon himself to translate the motion from English to French and to bring it to my seat. He certainly deserves an expression of gratitude and I do so publicly because it is so much nicer to hear that than to hear unpleasant things.

In any event, I think the time has come for us to amend our procedures, and I truly hope, as all the speakers before me said, that in a near future procedural amendments will be brought in so that we can operate in a regular fashion without having to resort to temporary expedients.

[*English*]

Mr. Speaker: I have heard the House leaders in respect to the consent that is required to introduce the motion. The motion, of course, will be debatable and subject to comment. The motion is that of the President of Privy Council (Mr. MacEachen) which requires consent to be introduced at this time.

Is there unanimous consent? Order. I am not in a position to hear commentary. In terms of consent I heard the party leaders to determine if there was agreement. Is there consent for the introduction of the motion at the present time?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I listened with interest to the words of the Deputy Prime Minister (Mr. MacEachen) when he introduced the motion this afternoon. However, I regret I did not hear him state that one of the committees of which the activities would be extended would be the Standing Committee on Fisheries and Forestry. If he has so stated, I stand to be corrected.

I say this because it was only yesterday that our committee met at the request of the minister and the government, and we were told that it was not possible to hold our regular meeting as scheduled on Tuesday evening, at which time we were to have before the committee the negotiators on the boundary dispute, Mr. Cadieux and Mr. Clark. We were informed that they were holding serious negotiations with the United States over the boundary dispute which applies to both Atlantic and Pacific Canada.

We did not wish to create a situation whereby discussions in committee would in any way interfere with the serious negotia-

tions that are going on and which are of vital importance to the citizens of Atlantic Canada and the west coast, so we unanimously agreed to defer the meeting on Tuesday evening with the officials, with the expressed understanding given by the government officials that, upon conclusion of these negotiations, Mr. Cadieux and Mr. Clark would appear before our committee. It was with that understanding that we agreed to defer our hearings Tuesday evening.

● (1522)

My question to the minister is this: will he indicate when these meetings will be held, and will additional time be given to members of the House who are members of the Standing Committee on Fisheries and Forestry in order that there can be further examination, discussion, and debate of these urgent matters which apply to our boundary problems? If he cannot do that, can he guarantee us a special reference at a later date when discussions have been concluded?

Mr. MacEachen: Mr. Speaker, in reply to the question of the hon. member I have described the process which has been followed, namely, to consult with the chairmen of the committees and, at their request, to bring forward this motion. I am not aware of what the deliberations have been of the committee to which the hon. member refers. I agree that it is an important committee and that there are important questions relating to fisheries and boundaries, but I would prefer to consider that matter with the chairman to see if a way can be devised to accommodate the needs of the committee.

Mr. Jake Epp (Provencher): Mr. Speaker, I will be brief, but I just wanted to ask the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) about the Standing Committee on Labour, Manpower and Immigration. As the minister is aware, that committee did not meet for a long time—until I used various parliamentary techniques to get the chairman to call a meeting. In the steering committee of that committee, as well as in the committee itself, I asked the chairman for an extension of time, but there was no quorum at the time and he said he would report back saying that the committee had decided that we did not need extra time. I challenged him on the fact that there was not a quorum and that no decision could be taken. I would therefore ask the minister whether the chairman of that committee reported that no decision was taken but that a view had been expressed that additional time should be given to the committee.

Mr. MacEachen: Mr. Speaker, I do not have before me the precise reports received from each chairman. They were collated by a member of my staff. I cannot describe to the hon. member exactly what each chairman has requested. All I know is that this is the motion based upon consultation, and if the House wishes to give these committees further opportunity it can do so through this motion.

Mr. Speaker: Order, please. The House has heard the terms of the motion in the name of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), seconded by Mr. MacDonald (Cardigan). Is it the pleasure of the House to adopt the said motion?

[Mr. Crouse.]

Some hon. Members: Agreed.

An hon. Member: On division.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 805, 806 and 1086. I ask that the remaining questions be allowed to stand.

[*Text*]

MR. IGOR GOUZENKO

Question No. 805—**Mr. Cossitt:**

Is the government aware of the public statement by Mr. Igor Gouzenko carried by news media on Sunday, November 27, 1977 that he disclosed information to the government on nine Soviet espionage rings operating in Canada and that the government had only followed up by investigating one of these and, if so (a) is Mr. Gouzenko's information accurate (b) what are all the details (c) for what reason did the government fail to act (d) will the government investigate the statement and inform the House as to any action it intends to take in this connection?

Hon. J.-J. Blais (Solicitor General): 1. Yes. (a) It is true that Mr. Gouzenko claims that there were several espionage rings operating in Canada, however, it is not true that the RCMP only pursued the investigation of one network. (b) It is not the policy of the government to comment publicly on individual police and security investigations. All information relative to Mr. Gouzenko's testimony and the documentation he brought with him on his defection which the government felt could be publicly disclosed is contained in the report of the royal commission (27 June 1946). (c) and (d) The government is satisfied that all leads flowing from Mr. Gouzenko's information have been exhaustively pursued and that no further action is required.

MACKENZIE KING DIARIES

Question No. 806—**Mr. Cossitt:**

Are any pages or sections of the Mackenzie King Diaries dealing with the Igor Gouzenko case missing from the Public Archives and, if so (a) what are the exact pages or sections (b) on what date did the government become aware they were missing (c) does anyone in government service or formerly in government service have knowledge of the contents of the missing pages or sections (d) has the government taken steps to investigate all aspects of the situation specifically as to what became of the missing pages or sections and (i) if so, what are all details of the results (ii) if not, for what reason?

Hon. John Roberts (Secretary of State): I am informed by the Public Archives Canada as follows: yes, there is a gap in the regular Mackenzie King diaries preserved in the Public Archives. (a) It is for the period from November 10, to

December 31, 1945. (b) The literary executors discovered the gap when they gathered the diaries after Mr. King's death in 1950, and they notified the Public Archives at the time. (c) Not to our knowledge. (d) Extensive searches were made by the literary executors and the staff of the Public Archives when the gap was noticed.

TASCHEREAU PAPERS

Question No. 1,086—**Mr. Cossitt:**

1. Were the so-called Taschereau papers on national security taken from the National Archives to the Privy Council office—Prime Minister's office and, if so (a) on what date (b) under whose authorization (c) for what reason?

2. Are the Taschereau papers in the possession of the PCO-PMO and (a) if so, for what reason (b) if not, where are they?

3. With reference to the answer by the President of Privy Council to a question by the hon. member for Leeds on November 29, 1977, page 1355 of *Hansard*, to the effect that he would take the question as notice and answer it as soon as possible, what are all the reasons that he has not followed up with any further statement on the matter?

4. Will the President of Privy Council or the Prime Minister make known immediately when a decision will be made as to whether or not the Taschereau papers will be made public and, if not, for what reason?

5. If the papers are to be made public, on what date will this occur?

6. Is it the government's intention to permit the documents to become public as is permitted by law after thirty years in the National Archives and, if not, for what reason?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Prime Minister's and Privy Council offices are concerned: 1. Yes, to the Privy Council office: (a) January 21, 1976; (b) secretary to the cabinet; (c) routine review of 30 year-old records (see *Hansard* of May 1, 1969, pages 8199 and 8200).

2. (a) No; (b) returned to Public Archives.

3. This answer fulfils that commitment.

4. Public access to the transcripts of in-camera hearings is not authorized. The release of these papers may violate the right of privacy of many persons who testified before the commission and who are still alive (see reference to *Hansard* in 1(c) above).

5. The papers will be reviewed in 1986.

6. See 4 above.

[*English*]

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

Some hon. Members: Agreed.

Mr. Paproski: Mr. Speaker, we would like to have a copy of the questions.

Mr. Young: Mr. Speaker, I will be very happy to provide the hon. member with a copy of the answers if he wishes to look at them.

MOTIONS FOR PAPERS

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I ask that all notices of motions or the production of papers be allowed to stand.

Mr. Speaker: Shall the notices of motions be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—GOVERNMENT'S RESPONSE TO VIOLATION OF HUMAN RIGHTS BY SOVIET UNION

Mr. Joe Clark (Leader of the Opposition) moved:

That this House deeply regrets the inadequate response of the government to the persistent violation of international human rights, and in particular the violation by the Soviet Union and the Communist bloc of the Helsinki Accords.

He said: Mr. Speaker, I am very pleased to have the opportunity to initiate this debate on a subject of very real and direct concern to the people of Canada. I am sure, even though this is a short sitting day in the House of Commons, that my motion will draw an active response from members on all sides of the House.

I am particularly honoured and pleased that this motion has been seconded by the right hon. member for Prince Albert (Mr. Diefenbaker).

Some hon. Members: Hear, hear!

Mr. Clark: I think that no member of this House, and indeed no citizen of this country, has been more steadfast in his dedication to the cause of human rights in this country and throughout the world. That dedication was recognized last month by the extraordinary award of an honorary degree by the Ukrainian Free University in Munich to the right hon. member for Prince Albert, and it is symbolized further by the Canadian Bill of Rights which that member brought to parliament as Prime Minister.

Some hon. Members: Hear, hear!

Mr. Clark: It is well for us to start the debate on human rights in Canada with reference fo the Canadian Bill of Rights. One of the basic principles enunciated in that bill is as follows:

Men and institutions remain free only when freedom is founded upon respect for moral and spiritual values and the rule of law.

That is a statement of principle for Canada in a bill that applies to Canada. Our first responsibility as legislators in this country is to strive to ensure its respect and application in our own country. Indeed, the degree to which we succeed in this

regard will, in a very real measure, speak to our capacity to pursue the cause of human rights in the world.

That principle is not limited to Canada—it is a declaration for mankind—and we in this House, we in this country should never be reticent or apologetic in our effort to have these principles accepted and respected by all nations and all peoples throughout the world. Certainly we have made some progress in that regard, but it is slow progress and it is uneven. There remain far too many countries and far too many governments for whom respect for individual freedoms is a meaningless phrase and for whom terror and suppression are the daily tools of their power. That is particularly true of countries of the Soviet bloc. The evidence of that fact is no further removed than today's press reports of the arbitrary arrest of Czech citizens prominent in the field of human rights, for no nobler purpose than to avoid any potential embarrassment for the visiting Soviet leader, Mr. Brezhnev. The fact is very much alive, too, in the hearts and minds of thousands of Canadians who themselves suffered in the past under these repressive regimes, and whose relatives and friends continue today to be denied even the most elementary rights and freedoms.

I do not want to enter a long catalogue, but I think there are some of these restrictions, limitations and suppression of freedom to which it is important we give specific attention in this House today.

Not long ago I raised in this House, as did other members, including the hon. member for New Westminster (Mr. Leggatt), the case of Mr. Danylo Shumuk, who at 62 years of age had spent almost 35 years in prison for an assortment of crimes, mostly political, against the Soviet Union. That definition can cover almost anything. Relatives of Mr. Shumuk in Canada enlisted my support to see if Mr. Shumuk could leave the Soviet Union to emigrate to Canada. We were told that the Soviet Union does not view Mr. Shumuk's case as viable under the family unification provisions of the Helsinki Accord because his relatives in Canada are not sons and daughters but, rather, cousins. This is a narrow, legalistic interpretation designed to suit the purposes of the Soviet Union and not the humanitarian goals of the countries signatory to the Helsinki Accord.

We are seeing an easing of religious persecution in some countries within the Soviet bloc—Poland is the best example. But there is still a long way to go. Other countries in the Soviet bloc, Czechoslovakia is the most prominent, take active measures to prevent the free worship by its citizens in the religion of their choice.

There is also, as we know, the problem of emigration of Soviet Jews to Israel. The record of the government of the Soviet Union in one of harassment of those seeking to leave—of putting in place unnecessary road blocks. It is one where the doctrine of fairness is not allowed to exist, where families are separated, because one member is allowed to emigrate but another is not.

[*Translation*]

What makes these violations of human rights so awful is the fact that Soviet Union authorities are not willing to respect the provisions of the Helsinki Agreement. The Secretary of State for External Affairs says that this agreement as well as others signed by the Soviet Union have no legal authority and that they cannot therefore be forcibly enforced. This is true, but it is also true that no country, including the Soviet Union, was forced to sign a single agreement ensuring the respect of human rights. When they signed these agreements, countries like the Soviet Union committed themselves in principle. Mr. Speaker, countries such as Canada must constantly remind violators of the contents of agreements such as that of Helsinki. This is the mistake that is being made in the foreign policy of Canada: there is too much reluctance and unwillingness to speak plainly.

• (1532)

[*English*]

It is always easier for us to turn our attention away from violations of freedom and dignity, particularly when those violations occur in other lands. If we in Canada indulge in that luxury we leave those who are victims of oppression in the world without defenders, because there are other countries, including other countries in the west, which rely more exclusively on Soviet trade or whose populations might be subject to unusual pressures, and are consequently less free than Canada is to speak up.

We in this parliament must face the fact that if countries like Canada and the United States of America do not play a leading role in speaking up for human rights in this world, then no one else will.

Some hon. Members: Hear, hear!

Mr. Clark: The reticence of the Government of Canada in accepting that obligation is often justified by reference to so-called quiet diplomacy; the claim that human rights issues are best pursued quietly and privately with other governments. That may well be the proper case in negotiations on individual cases, particularly concerning the reunification of families. But we on this side of the House of Commons reject any notion that the Government of Canada should be quiet in its commitment to the principles of human rights.

Some hon. Members: Hear, hear!

Mr. Clark: That commitment does not belong in the back rooms of diplomacy. It should be set forth clearly and publicly by this government so that the people of Canada, and the nations of the world, know exactly where this country stands.

Without that kind of public evidence of the government's commitment to human rights Canadians will be entitled to suspect that quiet diplomacy is just some kind of evasion, some kind of a cop-out. Particularly will that be the case when we have a government, as we have today, which has shown so little

concern for the fundamental rights and freedoms of its own citizens.

It is important for us to turn some attention for a moment as we discuss our impact upon human rights in the world to consider the impact of the example of Canada in terms of respect for rights in this country. In this country we have a government that tried to gag a member of this House with threats, and having failed there, is now harassing a newspaper editor whom it does not happen to like. This is a government, and we heard the Minister of Justice (Mr. Basford) on this subject only yesterday, that condones secret trials. This is a government that continues to use writs of assistance 200 years after they were abolished in England. This is a government that, as we saw again today, is all too ready to take away from parliament and hide, with a royal commission, responsibility for looking into the illegal use of the private tax and medical files of individual Canadians.

This is a government which wants to inhibit the basic freedoms of charitable organizations by limiting their right to petition their government and their parliament. This is a government that finds no fault with the systematic surveillance of political parties and candidates. This is a government that passed an order in council making it illegal for any Canadian even to discuss the activities of a uranium cartel, of which the Government of Canada was a part. This is a government which, under the Immigration Act, claims the right to give foreign workers in Canada a special social insurance number so they can be singled out.

This is a government which increases postal rates by executive fiat, in defiance of the law and in defiance of parliamentary principle. When Canadians look at a record like that we are entitled to ask ourselves: is this government so committed to quiet diplomacy in the defence of human rights internationally because quiet diplomacy works, or because it is a convenient way to evade action and avoid scrutiny?

If this government has been too silent in asserting Canada's commitment to human rights, it most certainly has been inconsistent and hypocritical in applying those principles to its own policies. On occasion we hear lofty statements of principle on this matter by government ministers. We heard one in the House of Commons last December made by the Secretary of State for External Affairs (Mr. Jamieson) when he was talking about commercial relations with South Africa. We noted, to give him credit—and he is in the House now—the strong statement of the Minister of State for Multiculturalism (Mr. Cafik) in summing up the tragic failure of the Belgrade Conference. We heard a statement in recent days from the Prime Minister (Mr. Trudeau) in respect of our aid policy toward Cuba. The rhetoric in these statements is fine. The record unfortunately, does not measure up.

To take some of those examples, we are told that the government is ending its support of commercial dealings with South Africa. But the Minister of Industry, Trade and Commerce (Mr. Horner) sees nothing wrong with the Export Development Corporation continuing to support activity in that country. Indeed, he gives us to understand that his concern for human rights begins and ends with credit ratings. The Minister of Finance (Mr. Chrétien), when he finally understood the arrangement he had made, was happy to have South African banks participate in propping up the Canadian dollar. The Prime Minister's statement in regard to Cuba was just as empty. He made the grandiose gesture of cutting off aid that in fact had already stopped. Even after that statement in relation to CIDA, the fact is the Export Development Corporation continues to finance sales to the Castro regime.

The government would have us believe that it is concerned about the massive repression of civil liberties in Chile, and yet it continues to support commercial dealings with that regime. An all-party group of members from this House, as you will recall, reported evidence of terror and suppression in Argentina, and the government sold that country one Candu reactor and tries to sell it another.

[*Translation*]

Even though the resolutions introduced in the House concerning Mr. Shcharansky and Mr. Orlov received unanimous consent, it is obvious that the government does not take these matters seriously. Even though there was agreement to give unanimous consent, we are not doing enough to follow up on the statements made in parliament. It seems that we are not using these statements. Moreover, the government does not express steadfastly enough its concern about cases such as those I have mentioned. They are usually put aside and quickly forgotten.

Canada should take the initiative and raise at the United Nations the obvious cases of violation of human rights. A few weeks ago, the House of Commons agreed unanimously to a motion by the hon. member for Matane (Mr. De Bané), supported by my colleague from Grenville-Carleton (Mr. Baker), about the Shcharansky case. I then proposed that this motion serve as a starting point for a Canadian initiative at the United Nations. Nothing has been done in this regard, but the proposal is still valid and I hope it will receive serious consideration.

Canada should also reveal and publicize the violations of human rights in other countries. We should not allow the continuation of current repressions in Chile, in Latin America, in Indonesia and in South Africa without objecting to them.

● (1542)

[*English*]

In sum, this is a government whose commitment is doubtful and whose record is shabby. The people of Canada expect better of their government in support of human rights. I say to this House and to the people of Canada that the government we form after the next election will provide a better example and a better quality of life.

Some hon. Members: Hear, hear!

Mr. Clark: First, we will put our own domestic house in better order. A government which believed in freedom of

information for its own citizens would have more credibility in asserting the rights of citizens of other countries. A government prepared to rewrite an outdated and frighteningly vague Official Secrets Act, and to end the use of ill-defined procedures like writs of assistance, will be a stronger voice for human rights in the world. We will take those initiatives.

Second, we will never be quiet about our commitment to the principles of fundamental liberties for all mankind. We will assert that commitment at every opportunity, and back it up with concrete international action. Our government, for example, will be an active, not a passive, supporter of the appointment of a United Nations Commissioner of Human Rights.

Third, we will apply the principles to which all Canadians are committed, openly and consistently. We will not provide Canadian aid to governments guilty of gross violation of human rights, and we will not use agencies like the EDC to do by the back door what we condemn at the front door.

Some hon. Members: Hear, hear!

Mr. Clark: Fourth, we will be both forthright and realistic in our recognition of the motives of the Soviet Union. The kindest thing one can say about this government in relation to the Soviet Union is that it is remarkably naive about the motives of that country.

The Prime Minister's external affairs adviser confesses he would have liked to have kept the lid on the most recent example of Soviet espionage in Canada because he was worried how the Soviet government might react if the people of Canada were told about it. When that same case came to light, the Prime Minister sought to downplay it because he said he was concerned about its impact on our trade with the Soviet Union. And now this week we have our Prime Minister virtually isolated among NATO leaders in his apparent lack of any serious concern about the continuing build-up of Warsaw Pact forces in central Europe.

Canada's national interest is ill-served by such naivete. The Soviet Union will continue to buy our grain and other products because it needs them, and because we are able to supply them at the right time and right price. That is the essence of Soviet commercial policy, and no amount of pussy-footing around on spies or human rights will change it. As for the Soviet build-up in central Europe and its expanding activity in Africa, what is required of Canada and all NATO countries is not to turn a blind eye, but to respond forcefully and effectively, as proposed by President Carter and President Giscard d'Estaing.

Finally, and most important, we will make our commitment to human rights a legitimate priority in formulating Canadian foreign policy, as is the case in the United States.

I began with references to the Bill of Rights. The principles set forth so eloquently by the right hon. gentleman from Prince Albert in the Bill of Rights are real. They embody the most essential beliefs of our society, of our very *raison d'être* as a nation, and Canadians have a right to expect that these real principles have real meaning in the policies of their government.

Some hon. Members: Hear, hear!

Right Hon. J. G. Diefenbaker (Prince Albert): First, Mr. Speaker, I would like to thank the Leader of the Opposition (Mr. Clark) for his generous words concerning myself. At the same time, I express my fear at the number of ministers who are here this afternoon of a government as multitudinous as the sands of the sea, a cabinet that has been multiplied in numbers.

A matter is before the House of transcendent interest to all who believe in freedom, and the total number of ministers present is three. That indicates the attitude of this government and the degree to which fundamental freedoms have been undermined, to an extent never before known in my day, and I have been here for a long while. A number of examples were set forth by the Leader of the Opposition.

Where is Canada going? That question is in the hearts and minds of Canadians everywhere today. What about human rights and fundamental freedoms? What about international rights set out in agreements solemnly entered into by the U.S.S.R., and as solemnly disregarded? It is that I am going to speak about in particular today.

I simply want to make a general reference to an honour that came to me. The Leader of the Opposition made reference to an honorary degree from the Ukrainian Free University in Munich, Germany, a university composed of men and women who, in the interests of freedom, have been forced out of their own countries and are endeavouring to keep alive the fire of freedom.

I want to mention particularly Dr. W. Yaniw, the Rector, and Dr. Sakaluk, the Pro-Rector, who came to Saskatoon for the purpose of joining in that award which, of the many I have received throughout the years, none has touched me more deeply.

From the time that we went to western Canada to the Northwest Territories, in 1903, to Carlton, I saw something of the injustice being done to those of racial origin other than the two basic races. I saw shocking examples of discrimination on the basis of race and colour. I determined when I was only ten or 11 that I would devote my life to bringing an end in this nation to discrimination on the basis of race, colour, or otherwise.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I saw the Indian ill treated. We lived on the old Carlton-Edmonton Swan River-Winnipeg trail. The Red River carts were still moving by, not in large caravans, but five or six in line. We saw people who came from Continental Europe being treated in a way that was as unjust as it was unChristian.

Each one of us has in his or her heart something that no one else has, something placed there by the Almighty, it must be. They will be a minority who follow that something. Ultimately the minority will become a majority if what is being undertaken and tried is for the welfare of people in general.

The Leader of the Opposition mentioned that this government is noted for its quiet diplomacy. I certainly agree with the quietness. As far as the diplomacy is concerned, it has been a government that has refused to stand internationally and nationally.

● (1552)

When I first brought before parliament the question of a bill of rights for Canadians, members of the government paid lip service to the objectives which I had in mind. Beyond that, nothing. It took years and years before any advance could be made. If there had not been a change of government in 1957, Canadians today would not enjoy the freedom which is inherent in the legislation passed by parliament in the Bill of Rights.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: They gave vocal support to the idea, and that was all. Mr. Speaker, I am not here for the purpose of advertising myself, but over the years—and I was at the bar scores of days every year—I never charged an Indian if he had a just case, and where there was injustice on the part of those of different racial origin inherent in what had taken place with regard to them, I took the case.

As far as the French language is concerned, it is sometimes forgotten that I had the largest support in the province of Quebec any Conservative leader had received since the days of Macdonald. It was on the basis of the stand I had taken in 1921. As a young lawyer I was asked whether I would take an appeal order which was made in the trial of two French Canadian trustees, Boutin and Ethier, who had been convicted of permitting the teaching of French beyond the extent contemplated by the law. Everybody knew my objective was parliament. My friends came to me and said, "If you take that case you can never hope to be in parliament." And they almost proved it. Four times in succession they proved it. The case of Boutin and Ethier is not a figment of my imagination, Mr. Speaker. It can be found in the law reports of 1921. I went ahead with the case and, as things turned out, the appeal was allowed. Since then, throughout the years, French Canadians in Western Canada have not forgotten than when they had no friends in the law to take their appeal it was a lawyer in the small town of Wellkum who did so. In other words, believing in freedom and the maintenance of those principles in the constitution without which Canada cannot survive, I took trial after trial when it was not popular to do so.

The Leader of the Opposition mentioned parliament in a passing way. Mr. Speaker, this is no parliament such as I saw, first, in 1940 in the dark days of war. Mackenzie King was prime minister. It is of interest that my dad taught him in the primer.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I think my dad was the only person in Canada who asked Mackenzie King when he was prime minister, "What shall I call you now?" And he said, "Willie". But I want to tell you that the "Willie" did not apply to Willie's son—my father's first name was Willie. Mackenzie King insisted upon parliament being upheld. We didn't have cooling apparatus then. We had a slight attempt at it. And by this time, the latter part of May and the early days of June, when Mr. Mackenzie King had decided that parliament had sat long enough, even that cooling apparatus was turned down to nothing and the temperature was greatly added to. He knew how to act in order to achieve results.

Mr. MacEachen: I will make a note of that!

Mr. Diefenbaker: I am not passing this on to the Deputy Prime Minister (Mr. MacEachen), because he is astute, I listened to his motion today and I was convinced that he has inherited some of Mr. King's unusual political acumen.

For some reason the Prime Minister (Mr. Trudeau) seems to have an aversion to having consideration given by parliament to the diabolical cruelties which have been perpetrated and which are being perpetrated today on captive peoples in Europe.

Where do I get the affection I have for people of Ukrainian origin? It goes back to those early days on the homestead when we were surrounded by Ukrainians, Hungarians, Polish immigrants. I formed for them an affection which the years have not eradicated.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: You talk about international freedom. Well, I intend to give you some examples of that. In connection with the conference in 1975 to which the Leader of the Opposition has referred, the Helsinki conference, I wanted parliament to take a stand. Will parliament take a stand? So long as there is a Liberal government of the kind which exists today, regardless of injustice, whenever motions are moved under Standing Order 43 there are one or two members opposite who are, apparently, *personna designata*. The hon. member for Pontiac (Mr. Lefebvre) is one of them, I think. He sits back there behind the whip of the Liberal party and in that squeaky voice says "No". And that ends the discussion. A gramophone record, I suggest to the whip of the Liberal party, would be more effective.

What I am saying is this: parliament has been emasculated. Look at the order paper. There are a thousand questions left unanswered. That is my estimate in round figures. Ask a question this government doesn't want to have answered, and it simply dies on the order paper regardless of whether the election is to be on October 26 or on some other occasion when the Prime Minister finally determines that the people should have the right to make known their views.

What about this Helsinki conference? I was a pariah. I said: This is all wrong. It means nothing. It is dangerous. It will enable the U.S.S.R. to surround by boundaries, gained as a result of conquest, freedom-loving people such as the Ukrainians and the Baltic peoples and others whose only crime is that they dare to believe in freedom.

Some hon. Members: Hear, hear!

● (1602)

Mr. Diefenbaker: I suggest that the Government of Canada take a stand. In the last few days the Prime Minister has been taking stands both in Washington and in New York which have been so uncertain that nobody can possibly conclude what Canada stands for. Indeed, some of the observations indicate that he rather supports the attitude of the U.S.S.R. with respect to NATO.

Where are we going? I brought a question before parliament just before Helsinki. I will not read it in detail. I asked the question on July 24, 1975. I said:

Mr. Speaker, my question is directed to the Prime Minister. Next week there will be a meeting of 35 nations in Helsinki. We in this House have no idea whatsoever as to the stand that the Prime Minister will take on behalf of Canada, there having been no day set aside for the purpose of discussion and ascertaining the feelings of members of this House with regard to the tremendous problems affecting the peace of not only Europe, but of the world, which will come up. I therefore ask him whether he has received representations from organizations such as the Ukarainian Canadian Committee—

That committee is dedicated to freedom, stands for freedom, and maintains courage at all times in that connection.

I specifically ask the Prime Minister . . . whether any treaty signed by Canada should include a definite commitment by all signatories, including the U.S.S.R., to implement within their jurisdictions the principles embodied in the universal declaration of human rights and, second, that in the establishment of boundaries in eastern Europe which are the result of conquest, that such establishment should be conditional on the principle of self-determination being accepted by the U.S.S.R. and the other nations. I ask what stand Canada is going to take on this matter. I speak on behalf of representations made to me for hundreds of thousands of Canadians of Ukrainian origin and also Latvian, Estonian and Lithuanian origin. They are very concerned—

They wanted to know what was going to take place. That is a summary of what I asked. The Prime Minister answered, with the usual clarity which characterizes him when he endeavours to conceal completely what this House wants to know. He said:

Mr. Speaker, as to the matter of representations, I do not believe I have received any specific representations about this conference I am attending next week. Of course, I have heard from Canadian groups of various origins about the subject many times. I have always responded to them and given them my views on it. They are well known.

All he meant by that is that they were well known to him and no one else.

MR. DIEFENBAKER: What are they?

MR. TRUDEAU: As to the conference itself, it has been in preparation for about two years. It has been discussed many times. I have answered many questions and I have had a press conference on it.

MR. DIEFENBAKER: We are talking about parliament, not press conferences.

MR. TRUDEAU: Parliament never deigned to ask me any questions on this.

MR. STANFIELD: I deigned to ask you a question.

MR. TRUDEAU: Every time I have been asked questions on foreign affairs, I have attempted to deal with them as best I could. I have no recollection of having been asked specific details about this particular conference. However, I have said in various places that Canada's role in this conference has been a very constructive one indeed.

Constructive in what regard? Silence? The Prime Minister went on:

[Mr. Diefenbaker.]

We are the ones who insisted on doing the most on what is known as the third basket, the principle of free movement of people's ideas and exchange of information . . . It is not a negotiating conference. There has been agreement reached by the various governments on the document which will be proposed in Helsinki next week. I will, of course, be pleased to table that document in the House when I return.

I then said that that was not what we wanted to know. We wanted to know what the Prime Minister was going to say. Hon. members all know what the answer was, about 200 words of complete innocuity, ambiguity or nonsense.

Mr. Deputy Speaker: Order please. Perhaps the right hon. member will allow me to inform him that his time has expired. However, with the unanimous consent of the House he could continue. Is there consent to allow the right hon. member to complete his remarks?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There does not seem to be unanimous consent.

An hon. Member: Who said no?

Mr. Clark: The hon. member for Davenport (Mr. Caccia) said no.

An hon. Member: So did MacFarlane.

Mr. MacFarlane: You asked us to put him on in that position. We did not think he would exceed his time.

Mr. Alexander: Mr. Speaker, there is complete agreement, because hon. members opposite would not say no at this time.

Mr. Deputy Speaker: Order, please. I hope hon members do not expect the Chair to put the question three times. I can ask it once more, but I think that will be the last time. Is there unanimous consent to allow the right hon. member to complete his remarks?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There is not unanimous consent.

Mr. Paproski: Charlie Caccia, Davenport. Caccia said no.

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, I noted that in his remarks the Leader of the Opposition (Mr. Clark) attacked this government on a number of accounts in connection with human rights, and I would like to spend a few moments, before going into the body of my remarks, talking about that. We are accused of not really taking a lead role regarding human rights. I was present at Belgrade on behalf of the Government of Canada.

Mr. Diefenbaker: And said nothing.

Mr. Cafik: There was very broad support for the position we took, and which I took on behalf of the government. There was considerable praise by the communities in Canada whose origins rest in eastern Europe for the strong position we took. I know of no government at the Belgrade follow-up conference which took a harder or more direct position regarding human rights than this government.

Mr. Diefenbaker: What was that stand?

Mr. Cafik: Mr. Speaker, I did not interrupt the right hon. gentleman while he was speaking because of my respect for him as a human being. I will deal with his question if the right hon. gentleman will exercise a little patience.

The second point I want to make is in relation to a comment made by the Leader of the Opposition, who seems to feel that members of this government or of this party have a naive attitude toward the Soviet Union and perhaps other countries which violate human rights. I certainly do not have any naive impression as to the motivation or the idealogical differences in regime between some of those countries and others in the world, including Canada. Canada is a democratic society with a very strong base, historically and presently, of respect for human rights. It is evident that other regimes of this world do not have such an attitude or disposition, and we suffer no naivete about that whatsoever.

The other suggestion which was made by the Leader of the Opposition, which I felt hit a little below the belt and which, to my knowledge, has no foundation in fact, related to the expulsion of Soviet spies from Canada. If I interpreted the hon. member's remarks correctly, he seemed to want to leave the implication that the Prime Minister (Mr. Trudeau) would rather have dealt with that quietly.

That is a strange, anomalous position to be taken by the Leader of the Opposition who, on the other hand, often seems to think that the Prime Minister makes all the decisions. In this particular case the Leader of the Opposition seems to think that the Prime Minister was overruled. The fact is that the decision to expel Soviet spies was made by the cabinet of Canada. The Prime Minister, myself, all other cabinet ministers and members on this side of the House unanimously support that decision, in spite of ramifications which may result regarding Soviet-Canadian relations. We do not want spies of any country in this country, and we took steps which any self-respecting government would take. We are not naive in this respect either.

The right hon. gentleman from Prince Albert, for whom I have a great deal of respect, wanted to know what happened regarding numerous motions under Standing Order 43. I would like to say that my respect for the House of Commons, to my knowledge, has not been challenged very often, if at all. When I was in Belgrade, in my speech on behalf of the Government of Canada, I referred to unanimous resolutions of the House of Commons, in order to substantiate the strong position we were taking, and to indicate that all Canadians, through their elected representatives, unanimously supported that strong, hard stand in relation to human rights. Also I delivered personally to Ambassador Veronsof the resolution which was passed in the House of Commons in respect of the human rights issue. Just prior to my departure, I had that delivered directly to him.

• (1612)

Some hon. Members: Hear, hear!

Mr. Cafik: There is no question whatsoever as to our position in relation to this. I draw the attention of hon. members opposite and the people of Canada to the fact that unanimous resolutions have been passed by the House on a variety of human rights issues. Some of them have been brought forward by hon. members of the opposition, some of them have been brought forward by hon. members of the government. All of the resolutions relating to this subject, to my knowledge, have been supported unanimously. There is more to unite us on this issue of human rights, if we were to set aside the partisan political considerations which perhaps motivate some people in their comments.

The other point which was made by the right hon. member for Prince Albert (Mr. Diefenbaker) relates to the Helsinki Final Act itself. He seems to feel that it was a bad thing to enter into. He may well adopt whatever position he likes. When the agreement was originally signed, there were some who felt, as he apparently does, that the signing of the Final Act solidified existing boundaries in Europe.

On December 19, 1977 in my speech in the House of Commons, I dealt with this question in a similar debate. I indicated, as is the fact, that there is no solidification or moral sanction of the existing boundaries in eastern Europe. There is nothing in the Final Act which in fact does that.

Mr. Diefenbaker: That is simply not correct.

Mr. Cafik: It does indicate that the signatory countries will not use force to change the existing boundaries. That is altogether different than giving moral sanction to those boundaries, or to say that we, as a government, or any other signatory government, support that particular position.

I should like to refer to the motion directly. I am the first to agree that it is unfortunately true that there still exist all too many serious violations of human rights in many countries, violations which are a proper cause of concern to many Canadians. However, I find it difficult to understand, let alone accept, how this government can be accused of inadequacy in its response to these situations. For the record, I shall now outline what positive actions this government has taken in the international human rights field. In this context, I will deal with the more specific issue of the U.S.S.R., the Helsinki accords, the Belgrade conference and its aftermath.

Whether at the United Nations General Assembly, in multilateral fora such as the United Nations Commission on Human Rights and the recent Belgrade meeting, as well as in our bilateral relationships with a number of countries, Canada has expressed clearly and vigorously its concern with violations

of human rights, and has acted positively to resolve such issues.

At the United Nations we have joined with other like-minded countries in developing and sponsoring a series of resolutions which expressed the condemnation of the international community with regard to the persistent and often appalling violation of human rights in countries such as South Africa and Chile. As well, we have been involved at the United Nations in efforts to eliminate all forms of racial discrimination, torture, other cruel, inhumane and degrading treatment of persons, and of religious intolerance. In all, over 30 different aspects of human rights are currently being dealt with by the United Nations General Assembly, and Canada has played a prominent role in this important forum.

At the most recent thirty-fourth session of the United Nations Commission on Human Rights in February, Canada's delegation to that 34-member body was active in having the commission deal with a variety of human rights situations throughout the world, including Cambodia. As hon. members will recall, the commission's call upon Cambodia to explain its human rights record was cited in the resolution of April 7 of this House which condemned Cambodia. As well, the United Nations Commission dealt with the human rights situation in South Africa, Chile, Argentina, Uganda, Uruguay, Indonesia, Paraguay, Bolivia, the Republics of Korea, and Ethiopia. The human rights situation in the U.S.S.R. was raised by several delegations, including that of Canada. Our delegation brought to the commission's attention the unanimous resolution of the House with regard to the Shcharansky case.

Although the work of the United Nations does not always make the headlines and has no enforcement machinery, it is nevertheless a principal channel for bringing the weight of international opinion to bear on countries which persistently violate human rights. After an active campaign following the thirty-fourth session of the commission, Canada was recently re-elected by the Economic and Social Council of the United Nations to another three-year term on the commission in an open election, the results of which clearly reflected the high regard for Canada among the international community for our work on that important body. It is now our intention to continue to work to broaden the commission's scope and to improve its methods of work so as to ensure that it is made as effective an international instrument as possible.

Unfortunately there is no international consensus in the United Nations on many human rights subjects or situations, and no effective enforcement machinery. However, this does not mean that Canada will slacken its efforts at the United Nations, since that body does express considerable public opinion which in many areas, and for some violations, can be effective.

Mr. Diefenbaker: Did a public servant write that?

Mr. Cafik: With regard to Cambodia and the April 7 unanimous resolution of the House, the government presented the text to the Secretariat of the United Nations and to its subcommission on the prevention of discrimination and protection of minorities. Also it was presented to all countries in the Asia-Pacific region with which Canada has relations, to Cambodia through its embassy in Peking, to the United States of America, and to a number of western European countries which, with Canada, had brought the Cambodian situation to the attention of the Commission on Human Rights. However, Cambodia's position of isolation makes it very difficult to have an effective impact on that country, whether it be through public opinion or any other form of United Nations or other pressures.

The situations in Cambodia, Chile, Uganda, South Africa, and the cases of Shcharansky and Orlov, are only a few of those which have been of concern to the government. That concern has been reinforced by many members on both sides of the House, particularly those members involved in the human rights work of the joint parliamentary committee. Also it reflects the interests of Amnesty International, other non-governmental organizations, and individual Canadians who have written to the government, ministers, and other members, to express their concerns and views.

In my own particular case I have received representations from the ethnocultural communities across Canada. I have met with them by the hundreds and thousands to deal with our human rights' stance and position. Without fear of contradiction, the position I have taken in respect of this particular equation and very central human question has drawn enormous support in this country. I am deeply grateful for that support of my expression of the views of Canadians on these very important issues.

Some hon. Members: Hear, hear!

Mr. Cafik: Having dealt with the question of Canada's responses to violations of human rights in a number of countries, both through multilateral and bilateral channels, now I should like to turn to the specific aspect of the motion before us which deals with the Soviet Union, the communist bloc countries, and the Helsinki Final Act.

• (1622)

The response of the government regarding the way the human rights provisions of the Helsinki Final Act are being implemented by the U.S.S.R. and the Eastern European participants is based on two main considerations: first, the constraints imposed on us by the nature of the Final Act itself. It is a set of guidelines without any deadlines or any hard and fast rules as to how its provisions are to be implemented. There is no doubt there is a moral and political commitment rather than a legal one, and in my view an international commitment according to a very sacred document. The second is in respect of what action will be most effective in achieving our main objective, which is to improve the situation of those who suffer as a result of deficiencies in the respect being shown to the human rights provision of that Act.

Those who have taken the time to read the booklet "Canada at Belgrade", that was recently published by the Department of External Affairs, and which has been distributed to all

members of this House, will be well aware of the firm position of the Canada delegation at Belgrade.

I think our position was the envy of many countries of the world. There is no doubt whatsoever that it has evoked considerable concern on the part of the Soviet Union and many countries of Eastern Europe. I am not sure I am unique in this respect, and I certainly know that a former Prime Minister of this country, the right hon. member for Prince Albert, in his days as Prime Minister had the distinction and the honour of being attacked by the Soviet Union for some of his very tough stands, but I was very pleased the other day to note that in Kiev, in an official communist organ, a whole page was devoted to what I think was a slanderous attack, but quite accurate in some respects, on my position regarding human rights. If I can be attacked in that substantive way, I must be doing something right.

It is very difficult to end up building a case that this government has been weak on this issue, if in fact those countries are very much concerned with the tough stand we have taken and go to the trouble in a foreign country of attacking myself, particularly, because of the strong stance I have taken.

There is more than just words, of course, in relation to the human rights equation. We have to do more than just talk. We have to try to realize some positive achievements. There is talk here in this House and in the country as to the virtues of quiet diplomacy versus the virtues of taking an open, hard line stance in order to focus public opinion on these violations of human rights.

There is no question but that in individual cases the quiet approach is often the more successful. The statistics would indicate that this government, through the approach it has taken on individual human rights violations, has indeed achieved some marked success. I do not think we should take the risk of losing those opportunites to be successful simply for the polemics of the thing. Perhaps from time to time we have to move in both directions. The stance I have personally taken as the minister of multiculturalism could perhaps be categorized as less than quiet diplomacy. Quiet diplomacy has a valid position as well in order that we can maximize our opportunity of achieving success.

In Belgrade our position was strong. There the final document that emanated from Belgrade was a considerable disappointment to all the participants. It was a disappointment, I think, to all Canadians and all freedom loving people in the world. The fact is it was a consensus document. It does provide some hope that in two years down the line in Madrid, where there will be a second follow up conference, this government and other like-minded governments will be able to zero in again on human rights violations that still remain.

I am very hopeful that as long as we continue to conduct dialogue and talk between the two ideological camps of this world, dealing with these questions in an open and frank way, and continuing to insist that the application and implementation of the Final Act is a matter of public concern to this government, and a matter of international right for us to express our views in respect of it, there is the possibility that change will come.

Change cannot come quickly, not because we would not want it so but because the simple fact is that the question of human rights within the Soviet Union and other countries in that part of the world boils down to a very basic and fundamental thing. It is felt perhaps by many of those countries in positions of authority that the giving of the kind of freedom that we enjoy and take for granted would destroy the very nature of their countries. I think they may well be right. It is for that reason it is difficult to move them to the kind of respect for human rights that is so inherent within our society. We must understand that, we must have patience, and we must never be reluctant to speak out powerfully and forcefully on behalf of all people anywhere in the world whose rights have been violated. That is my position and the position of this government, and it will continue to be the position of this government on behalf of all people all over the world.

Mr. Alkenbrack: Mr. Speaker, may I ask the minister a question?

Mr. Cafik: Has my time expired, Mr. Speaker?

Mr. Deputy Speaker: No, the hon. minister has a few minutes left, so if he wants to entertain the question I will recognize the hon. member for that purpose.

Mr. Cafik: If I have two or three minutes left I would like to make one more point, and then I will be delighted to entertain the question.

The last point I would like to make, and I think it is very serious, is that two years down the road there will be a second follow up conference at Madrid on security and co-operation in Europe. The position that Canada has taken, a position that many other free nations of the world have taken at the conference at Belgrade, has indicated in a very forceful way to those who are not prepared to live up to the provisions of the Final Act of Helsinki that we do not intend to sit back and not deal with the matter again. There is enormous pressure now for those countries within the next two years to try, at least on the surface, to put themselves in a better light.

My last point relating to this is that we as a government have an obligation to deal with the work, between now and the conference that is to take place in Madrid, of encouraging all members of parliament and all Canadians who have a special interest in the human rights question to participate, provide information, to have input, and to assist the government in determining the stance that ought to be taken. As minister of multiculturalism I have already begun to encourage those communities, of eastern European background in particular, to share with me and the government their views, their attitudes and concerns in order that they may be taken into account in forming our policies and approach at the next conference to take place in Madrid.

Mr. Deputy Speaker: Assuming the minister consents to a question, I will recognize the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack).

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I have been quite impressed with the minister's attempt to outline the championing of human rights by this government abroad. The minister has outlined the government's interest in promoting and maintaining these human rights in many countries in the world. Why then does the government neglect human rights right here at home? For example, circular number 78-3 issued by Revenue Canada warned that churches and charities risk losing their tax exempt status if they engage in political activity, and such activity is defined as trying to change any legislation, or even maintaining existing legislation, or soliciting support for their aims through public meetings, or attempting to influence policy decisions. Why does the government adopt that posture vis-à-vis human rights here at home?

● (1632)

Mr. Cafik: Mr. Speaker, I thought that that cow would have been milked to death by now. In any event, there is no doubt whatsoever that charitable organizations, in my view, have a right to indulge in any number of things. The real question that needs to be addressed is, to what extent. For example, should we be funding as a charitable group some organization that may be a purely political operation?

However, I do not need to deal with that, but I would like to say that I believe it is just short of scandalous, and this is the second point that has been made today in a different context, that here we are dealing with human rights and human rights violations in parts of the world that are neither democratic nor free. They do not have even the semblance of our kind of freedom, and here we find two people—one a leader of a party and one a member of that same party—who are trying to draw the parallel that we in Canada are suffering from the same kind of human rights violations. That is absolute garbage. It is nonsense, and if that is the kind of freedom that those hon. members think we have in Canada, then I say, "God help this country if it ever falls into the hands of people with such a distorted view of the nature of our country."

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, on behalf of my party I would like to say at the outset that the subject matter of this motion, which expresses regret, according to the Leader of the Opposition (Mr. Clark), that the government's response to the persistent violations of human rights, particularly violations of the Helsinki Agreement by countries within the Soviet bloc, is a matter of very real importance. This subject touches upon, quite correctly, the issue of human liberty, and it is one that a demoncratic assembly, whether in Canada or anywhere else in the world, ought to regard as being of great importance, because liberty is not something that ought to be restricted as a value to a particular country in which one happens to live as a matter of moral concern.

Human liberty is a matter not only of concern for Canadians but for all men and women throughout the world. It may have been preferable to include in the motion a reference to the denial of liberties in non-Soviet bloc countries, and I am thinking of Chile and Argentina. I was pleased to see the opposition leader make reference to authoritarian regimes of a kind other than those found in the Soviet bloc. I merely say in passing that it might have been useful in other circumstances to have a motion that pertains to human liberty universal in its application to all those regimes in the world where human liberties are denied, whether it is the Soviet bloc or somewhere else.

However, the issue before us today is the Soviet bloc, its denial of liberty, and the response that this government has or has not given to that question. I am in a bit of a dilemma, Mr. Speaker, and I say this candidly as a democrat, socialist, and Canadian, in coming to grips directly with this question. It is one thing to talk about what one can do within one's own state or one's society at a given time in order to achieve human liberty for one's own people or one's own community. The question we are really debating today, if I understand it correctly, is really what can one nation state do about influencing the development of liberty in another nation state. It is a difficult question, and anyone who is concerned about war and peace, and about civilized relationships between nations, as well as human liberty for people within a nation, has to come to grips with it.

We cannot simply rely on rhetoric or eloquent phrases about the need to promote liberty in other nation states. One has to come to grips with this serious question, when talking about national politics, of the limitations, if they exist, and the course of action that is open to one nation state believing in liberty, in terms of its effect on achieving liberty for individuals in other states where that liberty is being denied. This is the basic concern that we should be facing in this debate.

One of the elementary ways that a country, whether it is Canada or any other country, can demonstrate its concern about liberty and basic rights is to demonstrate, with unequivocal commitment, with unequivocal day to day action, its own demonstrable belief in liberty by practising that at home and by preserving and ensuring that the practices of freedom where they exist are maintained.

I have not been impressed by the present government's commitment to the basic principles of civil liberty as reflected in our systems, as they pertain directly to the principle of the rule of law. The minister who just sat down coined one of the great abominations in terms of language of politics in this decade not many months ago when he said, "From time to time in Canada the rule of reason ought to replace the rule of law." Anyone who knows about the rule of law and what it means in this country would shudder, I am sure, when they heard that abomination coming from that minister in the context of a serious debate about the limitations of the actions of the RCMP and the appropriate response of ministers of the

Crown in exercising control over the RCMP. That whole issue has, in the view of myself and every person in this country who is concerned with liberties—

The Acting Speaker (Mr. Turner): Order, please. The Minister of State (Multiculturalism). (Mr. Cafik) on a point of order.

Mr. Broadbent: I would debate—

Mr. Cafik: It is a point of order, not a question.

The Acting Speaker (Mr. Turner): Order, please. The hon. member rose on a point of order. The Minister of State (Multiculturalism).

Mr. Cafik: Mr. Speaker, I do not wish to take away from the time allotted to the hon. member for Oshawa-Whitby (Mr. Broadbent), but he said that I said that the rule of reason ought to replace the rule of law. If I recall the context of my remarks and my remarks, I was really saying that the rule of reason is the rule of law. It is defined in many legal corners historically that law is the rule of reason, and that was what I was talking about. I would have thought the hon. member was intelligent enough to know that.

An hon. Member: That is not a point of order.

Mr. Broadbent: The hon. member has certainly demonstrated in the clearest possible way his attitude of having the rule of reason replace the rule of law, for if ever there was a non-point of order, that was it. There is no one, Mr. Speaker, who misunderstood the minister's remarks at the time, and I say that not as a cheap shot to a particular minister in this instance, but the whole ministry, as at the time—the Solicitor General (Mr. Blais), the Prime Minister (Mr. Trudeau), the Minister of Justice (Mr. Basford) and the minister for multiculturalism (Mr. Cafik)—it showed at the peak period of the debate about the mishandling of internal security matters by this government a shoddy respect for the whole principle of the rule of law, a shoddy neglect of the importance of preserving civil liberties. I have no intention of documenting that today, because we are on another matter.

I am saying that in any democracy one way of demonstrating clearly your own commitment to the principles of liberty is to practise that at home, and that is not what we have had in an unequivocal fashion from this government.

I would like now to shift to the other part of the motion which makes specific reference to the Soviet bloc countries. Mr. Speaker, at the end of my remarks I will deal with what I think are severe limitations in a nation state having an effect on the liberty of other countries. One of the things that we can do and should do from time to time, not in any state of self righteousness but hopefully because it reflects our commitment to the age old notion of human liberty, is bear witness to what is actually going on in other countries in the world.

● (1642)

Every speech about freedom should not merely be political rhetoric of a self-serving nature. From time to time world leaders, prime ministers and others, have an obligation—as I think President Carter has demonstrated in the past couple of years—to speak out about liberty beyond the borders of their own nations and to give visible evidence of its denial, to show visible concern to the people within other states and to say that the situation ought to be rectified.

There is no doubt in my mind that the Helsinki Accord, which was ratified by the heads of 35 states three years ago, has been violated in a serious way by countries in the Soviet bloc. The expectations that were generated at the outset of the revolution in the Soviet Union at the conclusion of the first world war were for the emancipation of people in that part of the world in the fullest possible way. What we have seen is a regime, from Lenin on, that has imposed perhaps the most restrictive and coercive set of bureaucratic, to use a euphemism, practices which have denied human liberty.

There has been vivid demonstration of that in the works of Solzhenitsyn, and recently vivid and disturbing evidence has been brought forward that psychiatric practice even in the Soviet Union today is being used and perverted to equate discontent and criticism of the Soviet regime as visible demonstration of schizophrenia. It is being actively pursued by people who call themselves psychiatrists in the Soviet Union. It is a clear and utter abuse of the principles of human health sciences if there ever was one, Mr. Speaker.

There has been in the Soviet Union, of course, the persistent repression of cultural minorities. The Ukrainians stand out, perhaps, in our country as the largest group numerically. Many of us have been involved in individual cases of men and women who have dared to speak out simply for the right to emphasize their own cultural distinctiveness, their own uniqueness as part of the Soviet bloc. There is the case of Valentyn Moroz which is an outstanding example, but there have been many others. The reality is that the Soviet Union, preceding the Helsinki Agreement and post Helsinki, violates human rights in a way that is not acceptable to men and women anywhere who believe in the principles of freedom.

In the context of this motion I want to do what I think politicians in free societies ought to do from time to time, and that is to talk about a particular event that is going on that demonstrates the perversion of the principles of human liberty. In this particular instance I want to talk about that beautiful, exciting, creative country on the one hand, but also sad and deeply disturbing country on the other, namely, Czechoslovakia.

There have been few countries in modern history that have had the opportunity for the complete flowering of human liberty in all its aspects, including human equality, that compare with Czechoslovakia. It is a small country in the heart of Europe, highly industrialized, highly creative in the arts, highly developed in all the early principles of liberal democracy. In cycles beginning in 1938, then 1968—and I think in 1978 we are going to witness it again—it has had experiences of a particular cataclysmic nature that have denied the flowering of human liberty in that country. This is what a lot of us, experiencing and watching the development of mankind in this

century, had hoped would not take place. We had hoped to see a more positive and creative society emerge.

Just over a year ago in that remarkable country an 1,800-word statement was signed. It was a terse statement, relatively devoid of rhetoric, but moving because of that. It was signed initially by about 200 people in Czechoslovakia, and in it an appeal was made to the Czechoslovakian government, and beyond that to all the people of the world, to look at what was happening in the denial of basic human liberties in that land—the denial of free speech, of the right to worship, the right to privacy, and the right to due process of law.

In signing that the participants were making two claims, first, that the Helsinki Accord was being violated, and second, in terms of the principles allegedly maintained in the constitution of their own country, their rights were not being adhered to but were being denied. Signing that petition were liberals, socialists, communists, religious, and artistic people of no particular political persuasion. It represented a cross-section of the Czech community who wanted nothing more than basic human liberty. The statement itself was neither anti-state nor anti-socialist. It was produced by a group of people who were primarily fighting for the liberty of their fellow citizens.

Interestingly enough, the document was not written as an appeal for the freedom of that particular category usually described as intellectuals—novelists, musicians, university professors, lawyers and so on. It was concerned that the freedom that is being denied in Czechoslovakia, that is being denied today, is having its most regressive effects on the ordinary working people of that country.

One of the signers of that charter was a distinguished historian by the name of Karel Bartosek. In signing this document he drew attention to the fact that what was of particular concern to him and his friends was that ordinary disasters such as a mining disaster that had taken place in Czechoslovakia were not reported in the news because of censorship.

That is the point I want to make in my remarks today, Mr. Speaker, about the effects of the denial of freedom of expression in a country like Czechoslovakia, Romania, the Soviet Union, or any other country that denies freedom of expression. What they are doing is not simply curtailing the right of a handful of intellectuals to express their views, much more important in numerical terms is the fact that they are denying the right to have the problems of ordinary people, whether they be industrial workers or farmers, discussed and debated. That, basically, is what the charter of 1977 was all about.

Perhaps the most distinguished signatory of that charter was Professor Jan Patocka of Czechoslovakia, who is considered by many to be among the two or three outstanding philosophers in the history of that country. He was 69 when he signed it a year and four months ago, so it was a matter of considerable courage on his part. We can make speeches about other countries, but it takes no particular courage to do that. It took a lot of courage for this man to sign this document at the age of 69.

[Mr. Broadbent.]

I want to quote what he said about the importance of liberty in a country like Czechoslovakia. He said:

● (1652)

> Without a moral basis, without a conviction which does not stem from opportunity, circumstances or expected advantages, no society can function, regardless of how advanced it is technically . . . (but) it is not man who defines a moral order according to arbitrary needs, wishes, tendencies and desires. On the contrary, it is morality which defines the man . . . the notion of an international pact regarding human rights—

He was talking about the Helsinki Accord.

> —means only this: societies place themselves under the sovereignty of a moral belief . . . It is to this conviction that Charter 77 is responding.

Just shortly after he signed that petition, within a matter of weeks, in part because of harassment that he received in the Czechoslovakian state, he died.

I notice that my time is just about up, but the point I want to make in this all too brief allusion to Czechoslovakia is that there are certain things we can do in a nation state that is apart from another nation state in which liberties are being denied. One is that from time to time we should describe that reality. I say in all seriousness that the Prime Minister has not been among world leaders in that respect, in my view. I do not recall the Prime Minister making a speech, either in the House of Commons or outside, on basic liberties, giving concrete examples where they are being denied in other states, where he has made an appeal to the international community to bring its moral force to bear in showing those people in other states that we care about their freedom. I would fault the Prime Minister on that score, because he should do more about it.

The Acting Speaker (Mr. Turner): I regret to inform the hon. member that his allotted time has expired.

Mr. Clark: Mr. Speaker, I rise on a point of order. I am sure if the Leader of the New Democratic Party (Mr. Broadbent) were to seek unanimous consent of the House for an extension of time, there would be a willingness in the House to grant him that.

The Acting Speaker (Mr. Turner): If there is unanimous consent in the House, the hon. Leader of the New Democratic Party may continue.

Mr. MacFarlane: Mr. Speaker, it would not be the purpose of this side of the House to inhibit anyone speaking. But I would like members to remember that there was an actual agreement, with two speakers allotted 30 minutes, one of them being the Leader of the Opposition (Mr. Clark) and the other a speaker from the government side. Other speakers are allotted 20 minutes each. If we continue too much longer there will be some hon. members who will be knocked off the bottom of the list. I caution hon. members in that regard. That is why we heard a "no" from this side of the House in regard to the right hon. member for Prince Albert (Mr. Diefenbaker), whom we normally respect and give unlimited time.

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest that we have four more speakers and there is

one hour and five minutes at our disposal. Hon. members may divide this time up among themselves. The Chair is in your hands.

Mr. Broadbent: Mr. Speaker, I will continue. I want to thank my colleagues in the House for giving me extra time. I will not abuse that privilege and I will conclude my remarks very quickly.

I said that there was one area in which the nation state and politicians in that nation state can have an influence from time to time. It cannot be abused, but from time to time we have an obligation to speak out about the denial of liberty in other countries.

A second point I wanted to emphasize is that our best way of influencing liberty in other countries, without exaggerating our role and capacity to act on what happens in another state, is to practise those principles at home in order to give a visible demonstration that we intend to implement, within our own country, the principles of liberty about which we talk.

My final point concerns an issue touched upon by both the minister who spoke and the hon. Leader of the Opposition (Mr. Clark). It was not fully developed, and it seems to me that it would be worth while pursuing it at another stage of this debate. In a world of nation states, what kinds of limited action can we take from the point of view of state power vis-à-vis another state? One suggestion which has been made in terms of other states that clearly violate human rights in an unequivocal way, pertains to aid programs. We should have nothing to do with aid programs for states in that kind of position. I agree with that. Beyond that minimal point, what can we do?

Can we close our doors to trade completely? Can we close our doors to other forms of human communication? I think not. We have to maintain some connection and communication. At least at the state to state level we can maintain some modicum of civilized existence, with the ultimate hope that the free societies, by demonstration of their freedom at home, will thus influence the development of freedom in other states.

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, it is rather refreshing to hear and follow the hon. Leader of the New Democratic Party (Mr. Broadbent) in this debate. He has evidently proven that it is possible to speak on this topic refraining from narrow partisan consideration and from exercising the kind of synthetic rage that was displayed earlier, at the beginning of the debate, by the Leader of the Official Opposition (Mr. Clark), followed by the right hon. member for Prince Albert (Mr. Diefenbaker). Both hon. members did not even take the trouble to attend the Belgrade conference and one really does not know whether they are in agreement or not.

If one looks for a moment at the wording of the motion before us today, which regrets "the inadequate response" of the Canadian government and criticizes it particularly in relation to violation by the Soviet Union and the communist bloc of the Helsinki Accord, one inevitably concludes that the Progressive Conservative party supports and agrees with the concept of the Helsinki Accord. Otherwise they would not mention that Accord in their motion. Having done so, in the speech given by the right hon. member for Prince Albert, he comes pretty close to a rejection of the content and spirit and the objective of the Helsinki Accord. So we have the Leader of the Opposition using the Helsinki Agreement as a document against which we should measure our performance, and criticizing us for not having lived up to it, followed by one of his frontbenchers, perhaps not openly criticizing, but coming pretty close to expressing the thought that he has no time and no support for that very same agreement. If that is a display of unity in that party on a fundamental issue like this—

An hon. Member: You are sucking lemons, Charlie.

Some hon. Members: Oh, oh!

Mr. Caccia: —on the sales tax we will be distracted on another occasion to demonstrate division on the other side as well. I would like to stick to the subject in the limited time available.

The right hon. member for Prince Albert displayed one of his old chestnuts which has been raised since the signing of the Helsinki Agreement, namely, saying this document in a way finalizes frontiers in Europe as inevitable, a conclusion about which nothing can be done. Nothing is further from the truth.

From the Helsinki Agreement Final Act at page 4, the second paragraph under the section headed "I. Sovereign equality, respect for the rights inherent in sovereignty" reads:

> Within the framework of international law, all the participating States have equal rights and duties. They will respect each other's right to define and conduct as it wishes its relations with other States in accordance with international law and in the spirit of the present Declaration. They consider that their frontiers can be changed,—

And I repeat "can be changed".

It continues:

> —in accordance with international law, by peaceful means and by agreement.

This is the point that does not seem to have been recognized, accepted, and perhaps even understood by the critics of the Helsinki Agreement.

Another criticism which was raised in the course of the debate earlier in the afternoon was one that related to the question that somehow, as a result of the Helsinki Agreement, free worship—I believe it was the Leader of the Official Opposition who made the criticism—has not been the subject of concern and has not been the subject of improvements in the ensuing years since 1975. I have news for the official opposition leader. If he had researched the subject matter before making his speech this afternoon, he would have learned that the representative of the Holy See made a speech in Belgrade on October 7, 1977. Monsignor Silvestrini made an intervention on behalf of the Holy See. I have a report of what he said about religious freedoms. It is only from one page that I will quote:

● (1702)

> As regards religious freedoms it is an undeniable fact that the Final Act said "go" to this positive process although it is still at the start. This is, in particular,

sufficiently clear as regards circulation and meetings of persons and communications from country to country.

Indeed there have been confirmed encouraging developments in this field as far as we are concerned, by the various churches and various denominational groups. But in particular, as regards the Catholic church, of which I am particularly competent to speak, it is satisfying to note that a certain number of positive facts without doubt have been proved. Above all, there has been recorded a broader flow, a fairly steady one, of travel facilities for religious motives. Travel for bishops to come to Rome for their visit "ad limina" (as we know this is a visit which should be made every five years to the Pope by the bishops, and this year indeed it includes the turn of the European countries), or also for travel for bishops and other ecclesiastics to attend important meetings of the Holy See, or participation by monks and nuns in the general chapter of their order, or other conventions in Rome, or other places in Europe and America; or again, participation of bishops, priests, groups of the laiety in major international manifestations of a religious nature; like the Holy Year which took place at Rome in 1975, and the International Eucharistic Congress of Philadelphia in 1976—or for pilgrimages to European sanctuaries, both east and west. Furthermore we can note more frequent meetings and exchanges of visits among representatives of the Episcopy of various countries, more numerous concessions for priests who have emigrated to visit their own families at home, and a certain number of young ecclesiastics who have been sent to take study courses in cultural, theological university institutes in Rome and elsewhere.

In the same way in the field of means of communication and information, we can record the concessions given to religious communities to print locally a certain number of prayer books and catechisms, the authorization given to send some thousand religious publications (gospels, bibles, catechisms) or liturgical publications (missals, ritual for the administration of the sacraments, brevaries for priests and religious works of piety), to Catholic communities who previously could neither print nor import; furthermore, the now unhindered reception without interference for some radio religious programs, like the Radio Vatican broadcasts.

These measures, which we stress with satisfaction, correspond to commitments in the Final Act and have begun to modify—even though it is but partially so far, and not to the same extent everywhere, a previous situation which in the field of communications and relations from one country to another, was previously one of rigid and discouraging frustration.

These words are from one of the top diplomats at the Holy See who commented in October, 1977, at Belgrade about the progress being made there in terms of religious freedom. They are by an individual who certainly has a much greater understanding than the one displayed by the spokesmen for the official opposition this afternoon on the complexity of this issue and the slowness with which this progress has to take place.

One would imagine that the Leader of the Opposition or the right hon. member for Prince Albert expected the day after the signing of the Helsinki Agreement an immediate change, from night to day, in the conditions prevailing in the countries in eastern Europe. That is naive. I will comment later on our present approach of exercising quiet diplomacy. However, they expect there ought to be an immediate, radical, and profound change to bring about a society in those eastern countries which would adopt the same kind of values, communications and general freedoms as we know them in Canada. That is simply absurd and unreal.

I do not think the Leader of the Opposition or the right hon. member for Prince Albert achieved anything useful or substantial except increasing their electoral support in Canada by making the kind of statements they made this afternoon. That is cheap politics, catering to the vote at home. It certainly will not earn them one bit of respect, recognition or influence in the international fora in the world outside this building and away from this Hill where we have to operate, and deal with those groups of nations of competing ideologies and competing systems.

The right hon. member for Prince Albert tried to treat us to a great performance of his own, allowing his ego to be expanded all over the place. He really did not do much service to the cause of human rights in which we definitely share. The Progressive Conservative party has no monopoly by expounding the view it has.

In concluding the first part of my remarks, the hon. member for Oshawa-Whitby is to be commended for approaching the matter in a cool, substantial and broad sense, not dealing with human rights in a narrow, partisan political consideration.

The Leader of the Opposition in his very excellent French made reference to *le manque de volonté des dirigeants Soviétiques* in the sense there is a lack of will on the part of the Soviet leadership in implementing the Helsinki Agreement. In that reference he also said *trop de reticence de la part du gouvernement Canadien*, too much reluctance on the part of the Canadian government to deal with them.

I cannot comment about the attitudes of the Soviet leaders. However, I can certainly tell hon. members, some of whom will participate in this debate, who were in Belgrade, that there was certainly no reticence on the part of the Canadian delegation and Canadian government in giving direction and inspiration from Ottawa, to our officials in Belgrade. Daily they expressed forcefully and openly our deep concern about the question of human rights and the slowness of implementation contained in the Helsinki Agreement on the part of some of the Eastern European countries.

I spent five weeks in Belgrade on the Third Basket committee which dealt with the question of human context, human exchanges, religious freedoms and all of that subject. There was not one day when the representatives of the Canadian government, through officials of External Affairs, did not hammer away at representatives of the Soviet Union, sometimes to a degree almost unusual by standards of Canadian performance in the past, persisting, protesting, and making the point about the high degree of discontent expressed by the western communities and the Canadian people about their slowness of performance, a slowness on the part of the Soviet Union and other eastern countries in coming closer to achieving the objectives contained in the Final Act.

It is easy for us to point the finger and expect more from countries which are not under our control, countries which have their own sovereignty and jurisdiction. The hon. member for Oshawa-Whitby stated earlier it is easy to make great speeches until one has to face the reality of an international forum.

One of the basic achievements of the Helsinki Agreement is that it is possible to bring to discussion around the bargaining table those countries with which we evidentally have ideologi-

cal disagreements, to express our criticism of their shortcomings in implementing some parts of the Act which ought to be implemented. It offers them the same opportunity. We are ourselves not entirely free of blame when it comes to the issue of human rights. We were criticized while we were there for our treatment of our native people—our shortcomings in this area were exploited to the full—and our critics were able to refer to other social shortcomings in western society. So there is an exchange of views and, at the same time, I believe, there is a slow but progressive move toward liberalization and the implementation of some of the basic freedoms in which the world of public opinion so largely believes.

● (1712)

One thing became evident in those days in Belgrade. It is that the eastern European countries are not wholly insensitive to world opinion, as may sometimes seem to be the case from here. They are concerned about it and they try, either by cover-up tactics, to answer criticism or, at least, to give the impression that they are above criticism. Whether we can bring them to our standards and to the implementation of the basic principles in which we believe, in a matter of years or decades, is a big question. I believe it is a matter of decades, because it is hard to expect that monolithic systems which for centuries have been based on a different theory of government can quickly accept an entirely different approach to the role of the citizen, of the judiciary, and of the state.

We have been accused of lack of will to play a leading role in securing human rights. This view was expressed by the Leader of the Opposition. If the hon. gentleman wants proof of the kind of role we played in Belgrade I would urge him to read extracts from the speeches and interventions made by Canadian representatives between October, 1977, and March, 1978. They are in print. They have been published by the Department of External Affairs, and they give a wide-ranging sample of major interventions on the part of Canada. These extracts should be enough to show that we did, in fact, play a leading role, making our views known at every opportunity. The booklet to which I have just referred contains only excerpts from speeches and contributions made during plenary sessions; it contains no record of Canadian interventions during meetings of the committees which were held every day—it would take an encyclopedia to incorporate all of those. Nevertheless, it was in committee we were most vocal and determined to play precisely the kind of role the opposition accuses us of failing to play.

Critics of Canada's diplomacy should ask themselves which is likely to be the more productive, the quiet diplomacy or the strident kind, the kind of diplomacy which attempts to get the best possible deal from other countries or that which is designed to go down well at home. Anyone who has had experience of the United Nations, or the Belgrade meetings, or any other international forum must conclude—

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

Human Rights

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I welcome this opportunity to join in this debate on the motion introduced by the hon. member for Rocky Mountain (Mr. Clark). The motion of the hon. member deals with a very touchy subject in which I have been interested for quite some time. The violations of human rights in the world are a major obstacle to the harmonious development of the nations and co-operation between them. A long time before the conclusion of the Helsinki Final Act came the UN Universal Charter of Human Rights.

When looking briefly at the tense situation which is developing today just about everywhere in the world and where on a daily basis individuals are denied their fundamental liberties, we realize that these beautiful resolutions still have to be implemented. People had hoped that after the signing of the Final Act of Helsinki detente between the two blocs would become a reality for all their citizens. The final act is rather clear on that issue. All participating states are bound to respect human rights and fundamental liberties such as freedom of thought, of conscience, of religion and of political persuasion. The signatory states are also supposed to favour and encourage the effective practice of civil and political rights, as well as economic, social and cultural rights as well as others which pertain to human dignity. What have the Soviet bloc nations done to implement this act to which they have subscribed? Newspapers keep reporting violations of the Helsinki accords by the Soviet Union and Czechoslovakia. And there are still many cases that will never be known to the press.

The Belgrade conference which followed the Helsinki conference and which was to consider the progress made since the final agreement was signed was a monumental farce. It became quite obvious that that conference was going nowhere. Every intervention in favour of the upholding of human rights in the Soviet Union was seen by Moscow representatives as interference in their internal affairs. Mr. Speaker, must we remain insensitive to citizens being denied their basic rights simply because they do not live here? Should we close our eyes to the massacres in Uganda, the military regimes in Africa and Latin America, the racist regime in South Africa? No, Mr. Speaker. Human rights are the responsibility of all conscious citizens in the whole world. There is in Czechoslovakia a movement called Charter 77 which was formed by individuals concerned with the indifference of their government vis-à-vis the Helsinki Accords.

Those individuals monitor the implementation of the principles in the final act in their country. It is through that association that the foreign press can get information on the situation with respect to human rights in eastern countries. In a recent document, the spokesmen for Charter 77 show that in that country which is signatory to the Helsinki agreement, nearly 30,000 persons are placed in preventive custody every year. And I did say, Mr. Speaker, in preventive custody. They are locked up before they criticize the regime out loud. A

recent piece of news informed us that many known signatories to that charter are arrested without any other form of trial and bullied during questionings.

Another recent event took place in the Soviet Union. Physicist Youri Orlov was sentenced to seven years in labour camp and five years in exile. The only thing they could find against Mr. Orlov was being the leader of the Helsinki group which was trying to monitor the implementation of the Helsinki agreements in the U.S.S.R. Mr. Orlov is only the last of several Soviet dissidents who cherish human rights and have all been sentenced to maximum penalties. Earlier this month, in Rostov, 2,000 Baptists were detained following a religious demonstration. And what about the inhuman situations that Soviet Jews must endure before emigrating to Israel? Those people must wait years, lose all their rights and belongings before being able to leave that country in very small numbers.

In light of that situation and the obvious repression that exists in the U.S.S.R. and Czechoslovakia there is no protest from this government. Can we accept, Mr. Speaker, that our government should remain quiet in face of those flagrant violations of human rights and the brutality to which dissidents are submitted?

It is true that lately, given such bills as the legislation on mail interception, the performance of the government concerning human rights is rather inadequate. In the introduction of a booklet entitled "Canada at Belgrade," the Secretary of State for External Affairs said about the preliminary steps to the conclusion of the Helsinki Final Act and I quote:

> Canada was particularly active in promoting the practical down-to-earth expressions of human rights, such as the freer movement of people and the freer flow of ideas.

In the present situation, Mr. Speaker, the minister should have said instead that Canada was particularly passive in promoting the practical down-to-earth expressions of human rights. Apparently the government is not overly concerned about those rights. It is true that with the sales tax issue we forgot some very important problems. We must recognize that if some freedoms are endangered in the world, they are our owns.

To conclude, Mr. Speaker, let me repeat the advice I gave to the people of the Dominion of Canada English Speaking Association who sent me a document in which they asked for the abolition of French language rights in Canada. In a letter published by the newspaper *Le Droit*, two weeks ago I said:

> As long as there are language barriers and as long as any one of us suffers from discrimination because his language is not that of the majority or because he is different from those who consider themselves as the sole depositaries of truth and right, none of us can really be sure about his already limited freedoms.

The government should implement the principle that man is there to be loved. Dignity is to be the object of unconditional love.

[Mr. Allard.]

• (1722)

[*English*]

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, I realize that the hon. member for Grey-Simcoe (Mr. Mitges) would like to contribute to this debate, and I will cut my remarks short so that he will have at least half the time which might be available to both of us before the end of this debate.

I want to say at the outset that in a debate as important as this it is only natural for those of us who live in political life to become involved in a political way, but the reason of a person such as myself for trying to insist on the timing of speeches in this debate was to ensure that it might be possible that the two final speakers, in this case the hon. member for Grey-Simcoe and myself, might be able to speak.

I remember as a young Canadian considering the right hon. member for Prince Albert (Mr. Diefenbaker) to be an outstanding Prime Minister in the area of human rights. I also remember that in his day the late Right Hon. Lester Pearson was also considered to be a man who made great contributions at the United Nations regarding human rights. I think it is rather unfortunate and unexpected that in a matter as important as this, regardless of political feelings—and we may disagree on methods—that some do not recognize that in his speeches in the last few days on disarmament and NATO, which are not unrelated to this matter, the Prime Minister (Mr. Trudeau) put Canada in the forefront, and Canadian policy in the forefront, regarding human rights. I think that should be accepted and understood clearly.

In his speech on disarmament at the United Nations the Prime Minister said, and I quote:

> I believe world security would be seriously diminished by the further spread of nuclear weapons and that it is the responsible course for governments to pursue policies based on the presumption that proliferation can be stopped.

There have been innuendoes today that the Prime Minister has not said anything against the neutron bomb. He has indicated clearly his desire that this kind of build-up should not occur. This is closely associated with human rights, because if a neutron bomb were dropped here today, the desks would be here, the lights would be here, the cameras would be here, and the building would be here, but we would not. Not even a fly would be here. The neutron bomb is an attack on life itself. It is not a simple war weapon, and therefore when we deal with disarmament we are dealing with something which vitally involves human rights. When we deal with NATO, we are involved with the same thing.

The Prime Minister has also pointed out that when we talk about security and security of individuals and nations, we have to realize that those nations in the so-called atomic pact feel the necessity to create balances for their security. Others who are involved with conventional arms feel the necessity of having 30,000 tanks for security. Others feel they need 20,000 aircraft for security. Those of us who want disarmament are apprehensive about the security of all those who live on this planet, and therefore we want a reduction in arms.

We cannot achieve security by telling others that they should not have concern about their security. Sometimes our stand in NATO should be that we must together be certain that we are adequately armed for security purposes, but our stance in the United Nations must sometimes also be that we should achieve some methods whereby we can stop further development of weapons and then begin to disarm. It was a dream after the first world war. It was a dream at Geneva. This is the first time someone has tried to revive that dream in the presence of all nations. It is an important dream. If we remember that it is a political dream, then we can move into the arena of civil rights. We must understand that the armed forces and those matters of defence and security are arms of political policy which do not in themselves make political policy.

• (1732)

Perhaps the Prime Minister does not speak in the same manner as members of the opposition parties or other members of parliament. But he is speaking as most Canadians and most members of parliament want him to speak. We speak for disarmament. We speak for security for ourselves. We speak and have concern for the human rights of others. The first time the Prime Minister spoke at the United Nations, he brought forth a concrete suggestion as to how we might proceed with concern. He brought forth the so-called strategy of suffocation.

An hon. Member: Oh, oh!

Mr. MacFarlane: I should like to remind the hon. member that this is not something to laugh at. At least it is a starting point. Referring to the neutron bomb and its attack on life, we say that there should be a completely agreed upon test ban. Why? Because we cannot stop minds from thinking, scientists from working, or laboratory work. If we have a test ban, the work of scientists is confined to laboratories. They cannot go out and do repeated tests in an attempt to discover a weapon greater than the neutron bomb. The test ban is very important. At least it will keep the control of new developments in the laboratories.

A second area involved in the strategy of suffocation, or putting the lid on the jar, is to place a ban on the flight testing of vehicles which deliver weapons. Both of these points are terribly important to the world. That fact can be verified. We must be honest about it. It is a fact that we trust each other and we love each other. All God's children love each other, but all God's children usually check on each other. We must attempt to do these things together. We can check flight testing of vehicles and flight delivery systems. Those two things are possible in this world.

Also we should check the distribution of material for war use. We can check the actual production and development of new weapons. If we check those three areas, the further production of war instruments which would be an attack on life itself can be suffocated.

The fourth proposition is an interesting one. We must look at the actual expenses each country puts into the production of nuclear devices for war. If an institution were set up in order to study matters in a world-like manner, we would be aware of what each country puts into that segment known as its so-called security. Then we would be placed in a position where we could say: is this reasonable for the Soviet Union, for the United States, or for Canada?

Canada is a country of many capabilities. It has had a series of governments. I have respect for hon. members opposite. All Canadians are the same. Canada has not developed atomic warfare weapons on its soil. We made that choice. I doubt whether any political party would come forward and indicate that we should. Through the expense strategy, we could suffocate further the greater development of atomic weapons. That is the first step. It must be followed by a more major step which is closer to the area of civil rights.

Civil rights seem to be impinged on by more conventional ideas. They are dealt with by people with conventional weapons. They come in the midst of the night and knock on doors. They take people to prisons and torture them. They do not allow people to speak out concerning their opinions. If we can arrive at some agreement in the first area, then we could reach the conventional area.

Since 1945 there have been 135 or 138 conflicts. Approximately 80 countries have been involved in these conflicts. As a result of them, 25 million people have died. Not one atomic bomb has been dropped. Thus, those people have been killed by conventional weapons, or perhaps they have been secreted away somewhere.

At this time we are involved in a debate which I hope will continue. I hope the young are attracted to this issue. I hope it is discussed in our schools. It is at the very root of Canada's destiny. They should listen to the attitude we portray to the world, as well as what is said of import.

During the great days of the Japanese they developed printed circuits, small radios, and technical equipment which became so important to us. At the same time, the Americans and Russians sent people to the moon. Because of our attitudes and the kind of people we are, perhaps we will solve our own differences of opinion. Perhaps we will bring forth new fathers of confederation and a new constitution. Perhaps we will bring forth new ideas on disarmament, civil rights and attitudes. Perhaps attitude is the great export Canada has to offer to the world. This is an important chance for us.

We must remember the time when Portia White was turned away from places in Canada. She was a beautiful contralto, a beautiful singer from Halifax. She was a beautiful negro woman who was turned away. We must remember Marian Anderson who was not allowed to stay at the Royal York Hotel when she was speaking at a Canadian Club luncheon. We must remember North Hatley in Quebec with its signs which read: "Dogs and Jews not admitted, Christians only". Those of us who lived in Canada and were required to face those things understand what human rights are all about. We have a right to change such attitudes. We are far ahead in our

own freedoms, but we must not forget that Belgrade is far more important to the mothers, fathers, brothers, sisters and relatives in Canada who have families elsewhere in the world who are much more maligned than us.

The motion before us is an important one. Although it tends to be critical of the government, its aim is to get at the fact that something must be done about human rights in the world. Are we going to do something? We must have good discussions on this. We should remember that we have a good Secretary of State for External Affairs (Mr. Jamieson). He is capable of speaking well, logically, solidly, and honestly on this subject. He would have participated in this debate if it had not been necessary for him to go to Washington. He is in Washington facing another phase of civil rights in the NATO meetings. We should remember that we have a Minister of State for Multiculturalism (Mr. Cafik). By taking on that portfolio, he stands for all the ethno-cultural groups in Canada. Automatically he must associate himself with the hopes, aspirations, and loves of those people for their loved ones in other countries.

All of us should remember that we can make our lives sublime, as great men in history have done. The footprints of Canada in the sands of time must be strong. We must be prepared to put our lives forward for the lives of brothers and sisters in Europe, Asia, Russia or Africa. Canada must play its role in the world. We must come forward to be counted.

The Prime Minister, the cabinet, government members, opposition members and senators, as a federation must guarantee the human rights and the dignity of individuals. Human rights are important. We must support disarmament, because the newest development is an attack on life itself. We should do something to improve this planet for our existence, and then move on to social and political problems which will be even more difficult.

Some hon. Members: Hear, hear!

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I should like to thank the hon. member for Hamilton Mountain (Mr. MacFarlane) for being courteous by allowing me some of his allotted time in order to participate in this very important subject this afternoon.

● (1742)

I think, Mr. Speaker, as others have already said, that the subject of human rights and the concern that all of us in this House I am sure have regarding this important issue, are far too important to be the subject of political partisanship, but instead should be an all embracing concern for all of us in parliament if we are ever to be successful is not only guaranteeing and upholding the human rights of every individual in Canada but, equally important, in our universal fight to uphold the sacred human rights of all human beings in every corner of the world as well.

Having said that, I have to say I was greatly disappointed and dismayed by the hon. member for Davenport (Mr. Caccia) who, instead of trying to make a contribution to this very important discussion here this afternoon, chose to use most of his time in berating and highly criticizing the contributions of others members of the House who participated in this debate in good faith and with an earnest desire to seek progress in our constant fight to improve the progress of human rights throughout the globe. I am sure this type of diplomacy, as exhibited here this afternoon, would have a very low priority in discussions of human rights, or in any other discussions, for that matter.

Canadians as a race, I think, are inclined to be complacent about human rights. We are even more inclined to forget that we have some responsibility for what is happening in other parts of the world and that what is happening in other parts of the world can and does affect the kind of life we can live here in Canada.

At times we take for granted our basic human rights; freedom of speech, freedom of the press, freedom to worship, and even a right to a certain standard of living. These are accepted without question. It is not always easy for Canadians to comprehend the harsh realities of life in Eastern Europe where about 300 million people languish under an oppressive police rule, their families are held hostage, their freedom of movement is curtailed, and no aspect of their lives is without surveillance of some sort.

Several years ago the Helsinki conferences were convened in an attempt to promote détente in Europe and to reach some sort of international consensus on the recognition of human liberties and rights. The rights of individuals, families and cultures were explicitly recognized by the 35 signatories to the Helsinki Agreement.

The recent review of the implementation of the Helsinki pact has made clear that the Soviet Union and its satellites are not living up to their promise to observe in practice those principles set out at Helsinki.

Anxious to secure the legitimization of its post-war boundaries, the Soviet Union was perfectly willing to give voice to its support for human rights. In action, however, it deliberately and systematically falls short. Numerous violations of the Helsinki accords are now coming to light, the most recent involving the sentencing of Yuri Orlov, who was tried and convicted for the so-called crime of monitoring the Soviet Union's human rights performance against the pledge made in Helsinki.

The Nobel prize winner Aleksandr Solzhenitsyn, Amnesty International, the Samizdat Sources, the ever increasing number of dissidents in the Soviet Union, and various publications in the west, have well documented the suppression of liberty and the gross violation of human rights within the U.S.S.R. and its controlled satellite countries. All along, the Soviets have insisted upon their right to do as they please on their own home territory. However, the gross and systematic violation of human rights must be regarded as an international concern and no longer as the exclusive preserve of the domestic jurisdiction of the country concerned.

The approach of the government with respect to this issue has been, on the whole, one of quiet diplomacy. Apparently the

government hopes that by means of behind the scenes negotiations it will be able to influence the policies of the Eastern bloc countries on such issues as family reunification, freedom of movement, and the unjust imprisonment of Soviet dissidents. The over-all results have been less than satisfactory.

Yuri Orlov is only one of several dissidents who have been harassed or imprisoned this past year for attempting to monitor the Soviet government's performance under the Helsinki Accord. Though it has become somewhat easier for a westerner to travel in the Soviet Union, the movement of Soviet citizens is still severely restricted, and the whole question of family reunification is far from resolved.

The Canadian Ukrainian Immigrant Aid Society, in cooperation with the Department of External Affairs, recently undertook a project of conducting a Canada-wide compilation and analysis of the reunification problem. The results indicated that in the majority of cases there has not been settlement for periods of over 30 years and, in many instances, for over 50 years. Most tragic of all is the length of time involved. Many have been attempting to reunify immediate families for over a quarter of a century, and some for half a century.

It is time our government took a more vocal and outspoken position. It is apparent that the situation will not be solved through the use of regular bureaucratic channels, or by so-called quiet diplomacy.

To effect change, the violations of the Helsinki Accord must be brought to public awareness, for in the present state of international law on human rights the most effective sanction is the force of international public opinion, which is something to which even the most authoritarian governments are sensitive.

"Public opinion is the most powerful medium of all. Like religion it penetrates into the darkest corners." That is from a letter written over 150 years ago by Metternich, the authoritarian Austrian foreign minister.

I have another quotation also from a source not usually associated with concern for human rights. It is from the *Wall Street Journal* and states:

There is little question that the dissidents have been able to survive as they have because people abroad were listening to them.

That was in reference to Soviet dissidents.

The point is that an outspoken and vocal condemnation of the violation of human rights will have more effect than a policy of quiet diplomacy in arousing public opinion and putting pressure on Soviet authorities.

Undoubtedly, Canadians have a lot to be thankful for. Canada is a far cry from being a police state. However, can we really settle back in our chairs secure in the knowledge that Canada is a true democracy where social, economic, political, and cultural rights are fully respected? I would suggest that we cannot afford to get too complacent. One has only to read the daily press to realize that Canada has its own problems in the area of human rights.

Of course infringements on civil and human liberties in Canada are not nearly as severe as in the Soviet bloc countries. However, our own failings will have to be faced and dealt with if we are going to accept the task of acting as watchdogs over human rights in the rest of the world.

Canadians have achieved equality before the law, but in reality we fall far short of reaching the ideal of democratic freedoms. Incidents of racism and discrimination are growing at an alarming rate. It was for this reason the House felt compelled to pass a human rights act setting out the prohibited grounds of discrimination. The House also passed legislation to establish a commission to monitor the implementation of the Human Rights Act.

Unfortunately, no government can legislate away racism or discrimination. Human rights and human dignity in Canada, as elsewhere in the world, have not been and are not likely to be realized by lofty rhetoric even when enshrined in a constitution. The only way they can be achieved is by those relentless forces of social change, and by our timely response to them. It is a question of giving substance to words, by taking positive and constructive action in order to attempt to create a climate in which racism and discrimination will not flourish.

• (1752)

In Canada a concept of cultural pluralism and human rights is being encouraged and actively pursued in the belief that our society will become stronger and more enriched. There is no doubt about the realism of the concept. However, to attain that goal we have to translate that concept into practice. Action, not empty words or empty promises, is the course we have to take if we are really sincere in the building of our nation. It is for this reason that I support a multiculturalism policy for Canada.

I have no hesitation in stating that multiculturalism is the most suitable way of assuring not only cultural freedom but all our basic human liberties in every corner of our country. A recognition of multiculturalism in Canada assures that ethnic groups in Canada will be guaranteed their right and desire to practise and keep their traditions, language, and culture.

The universal acceptance of multiculturalism in Canada by all its citizens will mean, as well, greater respect and understanding of each other. It will also mean the disappearance of personal and institutional prejudices and the creation of a more friendly and open climate. Without the eradication of the disease of prejudice and racism, no basic human rights will ever be a reality in Canada and we will never earn the title of a truly great nation.

Because I feel so strongly about the value of a multiculturalism policy as a means to enhance human rights and human dignity, I cannot help but be very concerned about the manner in which it is being implemented by this government. It is apparent that the government is far from committed to a multicultural Canadian society, despite any outcry to the contrary. The government's hesitation to commit itself has been illustrated on a number of occasions. For instance, since the announcement of the policy in October, 1971, there have

been only two full time ministers for multiculturalism, and both of these appointments were made when an election appeared imminent. That alone should indicate the lack of priority that this government gives to multiculturalism in Canada.

The recent announcement of an increase in the multiculturalism budget is undoubtedly another attempt on the part of the government to endear itself to the ethnocultural communities just prior to an election. The government has announced that the multiculturalism budget will amount to $50 million over the next five years. This sum sounds like a lot of money until it is broken down by year. The government is telling us that the multiculturalism budget will now be $10 million per year, an actual increase of slightly less than $2 million per year over the present budget.

It was something like four years ago that this government first promised to increase the multiculturalism budget to $10 million annually. It has taken the government four years, and the possibility of another election, to reiterate this promise, and from the experiences of four years ago we know there is no guarantee the government will keep this promise.

In view of the present spending practices of the multiculturalism directorate, we can expect at least 40 per cent, or $4 million, to be used on advertising and administrative expenses. A further $3 million will be spent by the cultural agencies such as the National Film Board and the Museum of Man. That leaves roughly $3 million to be used directly by the ethno-cultural communities for language and culture retention, not a very large sum when you consider that the government plans to spend $4.5 million alone in one week of Canada Day celebrations. When you consider that our ethno-cultural communities—and I am referring to those who have neither French nor English as their background—represent more than one third of the population of Canada, a budget of $10 million annually is an effrontery of the first magnitude.

Last summer the government had an opportunity to make a positive contribution to the development of the multicultural ideal in Canada, an opportunity which it failed to take advantage of. At that time a motion was introduced to amend the Immigration Act so that it could take into consideration not only the bilingual character of Canadian society but also its multicultural nature. We on this side of the House supported the motion which gave recognition to the fact that Canada is composed of many different ethnocultural groups which want to cherish their different cultures without penalty, and which want to feel they are co-equals in the building and development of Canadian society. The motion, however, was defeated by government members in the House, raising serious doubts about the sincerity of the government's intentions with respect to multiculturalism.

In view of the government's noncommital attitude, it is not surprising that many Canadians are still unfamiliar with the goals of multiculturalism policy. A recently published majority attitudes study revealed that most Canadians were really unaware of a multiculturalism policy in Canada, and those who were aware of such a policy perceived it only in the context of allowing immigrants to maintain their customs and folk traditions. It is apparent that a great deal more effort must be made before a policy of multiculturalism moves beyond indifferent acceptance to understanding and use by all Canadians regardless of their ethnic origin.

It is the belief of our party that the key to a more dynamic multiculturalism policy lies in placing more decision making responsibility with the ethnocultural communities in Canada. A first step in this direction could be achieved by changing the method of selection of the representatives to the Canadian Consultative Council on Multiculturalism. At present the members of the council are political appointments of the government. In our opinion, this is wrong. These people should be elected from the ethno-cultural communities they represent.

It is also our belief that more of an effort has to be made to try to follow through on the recommendations of the Consultative Council on Multiculturalism. Up until now the recommendations of the council have frequently been ignored, probably gathering dust in some obscure corner of the directorate. For instance, the council has repeatedly stressed the pivotal relationship of language to culture retention, recommending on several occasions that the government initiate federal-provincial agreements to introduce third language instruction in the public schools system. Needless to say, these recommendations have been largely ignored by the government.

From its inception, the council has also recommended that the mandate of the CBC be revised so as to allow for the introduction of multilingual broadcasting, but so far the results have not been very encouraging. The council further recommended that all federal cultural agencies include qualified persons of various ethno-cultural backgrounds on their governing boards.

A multiculturalism policy, to be successful, must take into consideration a broad spectrum of society, including education, the broadcasting media, newspapers and literature, the performing arts, museum programs, community cultural centres, government services, youth programs, and relations with other countries. Above all, if we are concerned with changing attitudes in Canada, then multiculturalism must be a predominant theme in the education system. From the beginning of Confederation, Mr. Speaker, cultural and linguistic questions have always been central to Canada's existence as a unified and civilized nation.

The Acting Speaker (Mr. Turner): Order, please. It being six o'clock p.m., it is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired. I do now leave the chair and this House stands adjourned until tomorrow at two o'clock p.m, pursuant to Standing Order 2(1).

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 1, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

DELAY IN LOADING GRAIN SHIPS AT VANCOUVER, B.C.—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of serious and pressing necessity. In light of the fact that as of May 31, 26 ships are at the port of Vancouver, of which 19 are waiting while only seven are loading because of insufficient supplies of grain due to the shortage of railway hopper and boxcars, and as of April 1 some 23,000 Canadian boxcars are in the United States being utilized for the movement of goods by the United States railways, which represents some 13,000 more boxcars than is the normal and, further, since the railways have reduced their grain-carrying fleet to 13,300 boxcars, with projections to reduce this amount to 6,300 by 1981, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), that:

This House instruct the Minister of Transport to take immediate action to resolve this very serious economic emergency which has resulted in the loss of our reputation as a reliable grain supplier, plus a further deterioration in our balance of trade position, and also to take immediate steps to alleviate the producer of the mounting demurrage costs due to our inadequate grain handling and transportation system.

Mr. Speaker: The introduction of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CONFLICT OF INTEREST

APPOINTMENT OF FORMER MINISTER TO BOARD OF DIRECTORS OF PRIVATE INDUSTRY—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. It has been announced that Donald S. Macdonald has been elected to the board of directors of McDonnell-Douglas Corporation. Considering that this corporation is one of the front-runners for the $2.3 billion fighter aircraft contract with the federal government, and considering that Mr. Macdonald's former position as minister of finance and minister of national defence puts him in a position of special advantage to the company and is contrary to the public interest, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House request the Prime Minister to urge Mr. Macdonald to resign forthwith from his position as a member of the board of directors of the McDonnell-Douglas Corporation.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

FINANCE

SUGGESTED DISCOUNTING SYSTEM FOR CANADIAN-MADE PRODUCTS—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering that prices go up much faster than salaries and that low income people are therefore affected by a decrease in their purchasing power, and given the obvious dissatisfaction of House of Commons employees following the review of their salary scale which was announced on May 31 last, as a partial solution to their problem I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the Minister of Finance (Mr. Chrétien) to introduce legislation which would apply a discounting system on retail prices on all Canadian-made products to bring back consumer prices to the level of the current purchasing power of consumers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

PIPELINES

GUIDELINES AND REGULATIONS FOR ALASKA HIGHWAY PIPELINE—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise under the provisions of Standing Order 43 to propose a motion of urgent and pressing necessity. Having regard to the tabling of preliminary documents outlining the government's position with respect to environmental and socioeconomic guidelines in connection with the proposed Alaska Highway pipeline, and in light of the many inconsistencies, omissions and contradictions contained in the discussion paper and, further, regarding the fact that there has never been a study of the impact in socioeconomic or environmental terms in most areas touched by the pipeline, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That the committee of the House known as the special pipeline committee be reactivated immediately with a mandate to conduct hearings and call witnesses for the purpose of establishing clear guidelines and regulations designed to safeguard the legitimate interests of all affected.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

POST OFFICE

DELAYED DELIVERY OF MAIL IN TORONTO AREA—MOTION UNDER S.O. 43

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion on a matter of urgent and pressing necessity, namely, the inability of the Post Office to deliver the mail. I refer specifically to the situation in the Toronto post office, where the backlog of mail and parcels is so great that the post office is storing large quantities of mail and packages in an armoury instead of processing and delivering them. I move, seconded by the hon. member for Norfolk-Haldimand (Mr. Knowles):

That this House direct the Postmaster General to acquire the necessary personnel and initiate action immediately to clear the backlog of mail in the Toronto post office and ensure a reasonable level of mail delivery in that area in the future.

Mr. Speaker: Presentation of such a motion for debate at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

HOUSE OF COMMONS

COLLECTIVE BARGAINING FOR EMPLOYEES—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as a matter of urgency, seconded by the hon. member for Sault Ste. Marie (Mr. Symes), I move:

That this House recommends the immediate introduction of legislation to provide for collective bargaining for employees of the House of Commons, the Library of Parliament and the Senate, as recommended by a special joint committee on the public service as long ago as February 3, 1967, it being the view of this House that this parliament having granted the right of collective bargaining to public servants and to employees in the private sector who come under federal labour jurisdiction, we should, by comparable legislation, grant this same right to our own employees.

Mr. Speaker: Presentation of such a motion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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URBAN AFFAIRS

SEWAGE TREATMENT PLANT FOR OUTAOUAIS, QUEBEC, REGION—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Minister of State for Urban Affairs (Mr. Ouellet) has confirmed in a letter to me dated May 26, 1978, that the planned sewage treatment plant for the Outaouais region will not control phosphate or viral pollution of the effluent, I move, seconded by the hon. member for Simcoe North (Mr. Rynard):

That this serious matter be referred to the appropriate standing committee for further study so that experts can be heard and recommendations made.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

REPORT ON CN OPERATIONS IN NEWFOUNDLAND—REQUEST FOR TABLING—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the importance to the province of Newfoundland of the findings of the royal commission inquiring into CN operations in that province and its impact on the future of transportation in

Newfoundland, I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That the report of the royal commission on CN operations in Newfoundland, now in the hands of the Minister of Transport, be tabled in this House forthwith.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF LEADER OF OPPOSITION IN GRENADA

Mr. Speaker: Order, please. Before beginning the question period, I know that members would want to joint with me in welcoming a visitor from a fellow country in the Commonwealth, the beautiful island of Grenada. The Leader of the Opposition of that country Dr. Maurice Bishop, is here, being received by members of the Commonwealth Parliamentary Association at a luncheon event today, and is now in our gallery.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

NATIONAL DEFENCE

INCREASED CAPITAL BUDGET—COMMITMENTS TO NATO

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. As the Prime Minister will know, Canada's capital budget for our defence program will increase during the current fiscal year by $100 million, or 2.8 per cent in real terms. All of that increase, as the Prime Minister also knows, is going to replace equipment in the Canadian armed forces and is not at all the result of any increased commitment to NATO.

Can the Prime Minister tell the House of Commons whether supplementary estimates will be brought down for increased expenditures by the Department of National Defence as a result of any commitments made by Canada at the NATO summit conference?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition is, of course, not correct in implying or even in stating that money spent by the government in national defence is not for NATO purposes. On the contrary, a great deal of the commitments made to NATO will

be commitments which will be followed up through this expenditure and through this federal budget of, presently, some $4.1 billion, to be increased as the Leader of the Opposition says. There is no plan for supplementary budgets.

● (1417)

I would explain to the Leader of the Opposition that the commitments we have taken are the same as those of the other 14 NATO countries—13, I think, because in this particular case France has not subscribed to the commitment—and it is to adhere to the conclusions of the long-term defence planning program put forth by NATO which had been discussed by our Minister of National Defence with other ministers about ten days ago. Every leader, including myself, indicated their acceptance of these conclusions. It does not call for new expenditures beyond the ones to which the hon. Leader of the Opposition just referred. I would point out to him that these are very substantial new commitments and they are going to proceed at an increased rate of something around 3 per cent in real terms for the next several years.

Mr. Clark: Mr. Speaker, so that I clearly understand that answer and the country understands it, the Prime Minister is saying that Canada entered into no new commitments to NATO at the meeting just concluded.

My supplementary question will deal with another aspect of the Prime Minister's recent activities outside of the House of Commons. It deals with the discussion of Soviet-Cuban involvement in Africa. The conference is to take place next Monday in Paris. Would the Prime Minister tell the House of Commons whether Canada was invited to attend that conference and to participate, as a natural extension of Canada's role in the UN Security Council and, if we were invited, why did we decline to attend?

Mr. Trudeau: Mr. Speaker, once again the preamble to the question gives an incorrect impression. There are increased expenditures; indeed, 12 per cent in real terms to capital expenditures in the armed forces and about 3 per cent over-all. Many of these new expenditures will be for NATO purposes. On the question, Mr. Speaker, the answer is that we have not been invited.

Mr. Clark: Mr. Speaker, I wonder if the Prime Minister could tell us whether the Government of Canada sought or intends to seek the opportunity, as an extension of its Security Council responsibilities, to participate in that meeting in Paris.

Perhaps while he is answering that question the Prime Minister could also indicate to us whether it is his intention, as the leader of the government who went to the United Nations and Washington and made statements that were not discussed previously in the House of Commons, to come before the House of Commons, as is the normal practice, and to make a report in a statement on motions to the House indicating exactly what new undertakings were made by himself on behalf of Canada, and to allow some discussion of that matter in this House.

Mr. Trudeau: Mr. Speaker, there are two or three unrelated questions in that particular question. I will try and remember them. Dealing with the last one, on the NATO side I have just given an answer to the Leader of the Opposition and I do not know what further statement he needs beyond that.

In so far as the position I took in New York on disarmament is concerned, I would point out to the Leader of the Opposition that it is contained in the white paper on defence policy that we made public in 1971. The Leader of the Opposition's predecessor would perhaps be able to hand him his copy, and he could see what was stated in it.

In so far as the Paris conference is concerned we have not been invited and we have not sought to be invited. As far as I am concerned, there is no need to be invited. We are involved in Africa in very constructive ways. The Secretary of State for External Affairs answered questions in this House the other week about our role in Namibia. The House knows that the preference of this government is to be involved in peaceful pursuits in Africa and in establishing political and social conditions on that continent which will create better conditions and prevent destabilization, rather than to come in after and try to correct the situation once it has been destabilized.

● (1422)

Mr. Clark: Again in the interests of clarification, is it the intention of the Prime Minister and the Government of Canada to break the practice of previous governments and, indeed, to break the practice of the previous secretary of state for external affairs, and to exclude parliament from the opportunity to discuss these undertakings or policies that Canada adopts internationally; or, instead, will the Prime Minister follow the practice and his responsibilities and report to the House of Commons, in a statement on motions, the decisions to which he has been party during the last few days in the United States?

Mr. Trudeau: Mr. Speaker, as the Secretary of State for External Affairs answered last week in the House, he has appeared before standing committees of this House and answered all questions and discussed all issues put to him. The opposition apparently was not interested in asking questions on the particular subject that the Leader of the Opposition discovered over the weekend. As far as I am concerned, I am happy to answer each and every question put to me by the opposition. I see no need for a statement, Mr. Speaker. I doubt whether the Leader of the Opposition really sees a need for a statement: he would then have to hand the floor over to one of his members to learn what his policy is on defence.

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EXTERNAL AFFAIRS

CANADIAN APPROACH TO AFRICAN QUESTION

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. I think it should be made clear right away that at the last external affairs committee meeting neither the minister nor his undersecretary came to answer questions.

Some hon. Members: Hear, hear!

Mr. Roche: Returning to the question of Canada's non-involvement in the Paris Conference for African Security, I ask the minister why it is that Canada is involved in presenting the western proposal for Namibian independence, Canada is involved in trade sanctions against South Africa, and yet we are not involved and the Prime Minister is casting disdain on the security conference, which is brought about by the presence of 40,000 Cuban troops which is severely threatening security in Africa. I wish to know what standard the government applies to the security conference and is it, in fact, a double standard that we have in Africa?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, since there has been some comment, perhaps I can be permitted to say that I will go back to the committee at any time. The hon. member knows that. If he would like to set it up for any time in the next month, or as long as we will be here, I will be glad to do it.

An hon. Member: Next week?

Mr. Jamieson: Next week is fine with me. I think it is important, in answering the hon. member, to make the point at the beginning that the question with regard to the conference on Zaire, if that is an appropriate name for it, and Canada's involvement in it stems from an error which was made in Paris and since has been corrected. The question stemmed from a totally false comment made by the Quai d'Orsay which they have conceded since was in error, saying in fact that we had been invited. We were never asked to involve ourselves in the first place.

It has also been described as a security conference by the hon. member. It is a quite informal grouping of Belgium, France, I believe, the United States and perhaps the United Kingdom, on the basis of asking what can be done with regard to their nationals in Zaire, and also with regard to the very specific investments which they have in that country. It is very informal. It is not being held under the auspices of any international organization. If it were held under the United Nations, then perhaps we might have been involved as members of the Security Council. It is exploratory.

Following the meetings which are to be held in Europe next week, it is conceivable that a more formal conference will be held. However, at the moment it is just a matter of these countries getting together to discuss their particular interests. As the Prime Minister has said, there is no real reason at this moment why we should seek to be involved. Indeed, it would be rather difficult to see what kind of contribution we could make in that particular situation at the moment.

Mr. Roche: Mr. Speaker, once again the government and this minister in particular have sidestepped the question of Cuban involvement in Africa which is such a serious threat to security in that country. If Canada will not take an interest in

a security conference for Africa, and if Canada will not raise its voice at the Security Council of the United Nations, where we are still a member, what steps will Canada take to get Cuba out of Africa?

● (1427)

Mr. Clark: Tell us about the EDC.

Mr. Jamieson: Mr. Speaker, in the first place, if we are going to have this kind of discussion, I am delighted to participate. But I ask the hon. member to get the facts of the matter straight. None of the members in the NATO discussions or at the United Nations has made any direct suggestion or claim that there are, indeed, Cubans involved in the Zaire situation.

Some hon. Members: Oh, oh!

Mr. Jamieson: Let me add in that connection that Canada made comments both in the NATO context and previously, indicating that we clearly and unmistakably deplore the involvement of both the Soviet Union and Cuba anywhere in Africa. That is on the record of this House as well as elsewhere.

The hon. member asks what we can do to get Cuba or any other foreign involvement out of Africa. With regard to Cuban involvement or any other country seeking the same kinds of incursions into Africa, we will, of course, support any initiatives which are taken within the Security Council or within the General Assembly. I come back to the point that to this moment, in any event, neither the United States nor any other country has put forward any proposals which could be considered in that forum. However, we will be quite prepared to do so and to support vigorously and without qualification a demand that Cuba get out of Africa now, without any further delay.

Some hon. Members: Hear, hear!

Mr. Alexander: Why don't you be a leader and take the initiative?

Mr. Paproski: Send them a couple of DC-8s.

Mr. Roche: We will continue this next week.

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby.

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CONFLICT OF INTEREST

APPOINTMENT OF FORMER MINISTER TO BOARD OF DIRECTORS OF PRIVATE INDUSTRY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister on a very different subject. Considering that Donald Macdonald, former minister of finance and a former minister of national defence, has been elected to the board of directors of the McDonnell-Douglas Corporation, which corporation is one of the front-runners for the $2.3 billion fighter aircraft contract with the federal government, would the Prime Minister not agree that this action violates the principle of his own guidelines which were tabled in the House in December of 1976 and which state, in part, that a former government official should not take a position in the private sector in which he would be giving advice for commercial purposes on programs or policies of his former department?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the position of Mr. Macdonald, the former minister of finance in this government, is one which he has taken after studying the guidelines and making sure that he did adhere to them. We all know that Mr. Macdonald is an honest and scrupulous person. He did give some consideration to his position as a former minister, and I can state that the guidelines which, as the hon. member says, were tabled in this House in December of 1976, along with a letter which I wrote to ministers explaining what their duty was, have not been contravened in any way, despite what the Leader of the New Democratic Party says.

The guidelines explain a position which has to be adhered to by former officials and ministers who have privileged knowledge, during a period of one year and during a period of two years, in relation to former portfolios. I know of no contact between the McDonnell-Douglas Corporation and the Department of Finance. If the hon. member has any information to the contrary, I wish he would make it public.

Mr. Broadbent: Mr. Speaker, I took care in my question to say that in my understanding of the guidelines, what was involved in this particular case was a violation of the principle or spirit, and I want to make it clear that I am not questioning Mr. Macdonald's personal integrity. The Prime Minister knows, and we all know, that a conflict of interest position has nothing to do with the individual integrity of a person.

● (1432)

The former minister of finance has himself publicly admitted that as a member of the cabinet he was involved in the discussion of the question of the purchase of fighter aircraft—which can only pertain, I think, to a future major purchase—on matters "dealing with guidance to bidders". Since Mr. Macdonald has acknowledged that as minister of finance he was involved in such negotiations, and since the corporation has submitted a bid, now that he is a member of the board of directors, surely the Prime Minister would admit that he is in a preferred position to help the corporation get a contract with the federal government.

Mr. Trudeau: Mr. Speaker, the answer is no, he is not in a preferred position, nor will his corporation be in a preferred position. I know the leader of the NDP understands the importance of what he calls the principles or the spirit of the guidelines. They were enunciated in order to give some guidance to members of any government after they had left the

government, much in the same way they were given for the guidance of civil servants, particularly those in higher positions, after they had left government service.

We felt, I think, it would have the support of the House generally, and certainly of public opinion, that we should not attempt to penalize or prevent the men and women who had served their country in either the civil service or in government from ever again working at their trade, and we set a period of one and two years which was meant to create a distance between them and their former employment. We were very specific about the ethics of changing sides and advocating one case after you had defended the contrary case in the government's interest. We were specific in the guidelines in spelling out a certain number of rules which should not be broken.

My examination of the guidelines, without the benefit of talking to Mr. Macdonald since the news came out, has shown that he has not broken the letter or the spirit of the guidelines unless, of course, the spirit is meant to imply that no person who serves in government, either as a political person or as a civil servant, should thereafter be able to work in private enterprise; and this is not the spirit of the guidelines as we see it. The hon. member has in his own party a House leader who, after having left—

Mr. Speaker: Order, please.

Mr. Broadbent: As the Prime Minister will recall, the guidelines were not debated in the House but were issued by fiat of the Prime Minister himself. One of the guidelines would have pertained very directly to Mr. Macdonald if he had been a former official as opposed to being a former minister of the Crown. One of them says that for one year former officials are not to give counsel for commercial purposes on programs or policies of the government department with which they were employed during the preceding year.

If this guideline is relevant for a former official for a period of a year, why is not the same guideline strictly relevant, in principle, to a former minister of the Crown whose position of authority or power is much greater than that of an official? If it is relevant, then surely it applies in principle to the case of Mr. Macdonald.

Mr. Trudeau: The principle applies to a former department. If Mr. Macdonald had accepted a directorship in a corporation or business which had dealings with the minister of finance or the Department of Finance, then the leader of the NDP would be right. But he has not. If he had accepted the directorship of a bank—obviously, the Department of Finance and banking are closely connected—again the leader of the NDP would be correct. But there is no direct relationship between the Department of Finance and the McDonnell-Douglas Corporation which builds airplanes. It seems to me the guidelines are applicable in a fair way, and the leader of the NDP should understand it.

[Mr. Trudeau.]

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHETHER QUESTION OF DÉTENTE RAISED WITH NATO COUNTRIES

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to put my question to the right hon. Prime Minister. Further to a reply the Prime Minister just gave the Leader of the Opposition to the effect that the Canadian government has accepted to spend for NATO, or under the treaty of the NATO countries, from 12 to 30 per cent all told, can he tell us whether détente was discussed with the representatives of the members of NATO, seeing détente is so dear to the Soviet bloc? In addition, were ways and means discussed of coming to an agreement over the long term with regard to the arms race?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, we discussed those matters very much indeed and I thank the hon. member for his interest. I shall see to it that he gets a copy of the news release published yesterday; it should reach him probably later today or tomorrow. He will see that the matter of détente was discussed at length and that the subject proved to be of great interest to all the participants, including myself, with a view to contributing to the progress of the discussions on disarmament as a contributing factor to détente, as well as at the Vienna negotiations on the limitation of conventional armament and the discussions under SALT with regard to the limitation of nuclear weapons. So, we were very much concerned about the matter and we share the concern of the hon. member. We are striving toward a balance of power not only in the increase of expenditures but also in helping to reduce them equitably on both sides.

REASON CANADA DOES NOT BENEFIT FROM FUNDS FOR EXTERNAL DEFENCE

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, in view of the fact that Canada has committed itself to raise its NATO expenditures by 12 to 30 per cent and that, from what I understand, every time we have raised our expenditures in NATO countries, because we have invested in other countries, for example in Lahr, Germany, and elsewhere, we have not benefited from our expenditures in this security program like other countries do, could the Prime Minister tell us whether he discussed this matter with his counterparts, with the people responsible for this question which in my view is a fundamental matter. If we use taxpayers' money to guarantee our security or to defend ourselves eventually, how come none of this money comes back to this country?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, we have also discussed this matter, and Canada and other countries share the hon. member's concern, namely that much of the money they spend for their defence is spent in other countries, including the United States, England, France

and Germany, rather than in their own country. We have established a committee of officials and eventually of ministers to try to find means to make this sharing more equitable. As the hon. member knows, we already have a defence-sharing agreement with the United States, but this concern is shared by all NATO countries.

ESTABLISHMENT OF LIAISON GROUP BETWEEN NATO AND WARSAW PACT BLOCS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, here is my last question to the right hon. Prime Minister. Could he tell us whether he had time to set some bases in their discussions about further disarmament especially to achieve the détente sought by the Soviet bloc?

Could the Prime Minister tell us whether they reached an agreement to set up a liaison group which could commute between the two blocs, i.e. namely NATO and the Warsaw pact blocs?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, for the moment there is no question of commuting, as the hon. member put it, but of course the Vienna meeting includes representatives from the two blocs. What I have suggested at the NATO meeting, as it had also been suggested indeed by other heads of state, is that at some time we should see to it that the Vienna negotiations be conducted at the ministerial level rather than at the official level and then hopefully there could be a positive breakthrough, and we are ready to take that decision if necessary.

* * *

[*English*]

FINANCE

REASON FOR DECLINE IN VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As the dollar shows renewed instability now and it is hovering again in the 89-cent range, would the minister indicate to the House and to the Canadian people why it appears to be dropping once again, notwithstanding the fact that he has arranged $7 billion in loans and credit, presumably to try to shore-up the dollar?

Hon. Jean Chrétien (Minister of Finance): I think probably one of the reasons is that the hon. member is back in town.

Some hon. Members: Hear, hear!

● (1442)

Mr. Chrétien: Mr. Speaker, of course, the dollar is a floating dollar, as I have said a few times in this House: that means it can go up and it can go down. This morning it has recuperated somewhat, and at 1.45 p.m. it was at 89.43 cents.

Mr. Stevens: Mr. Speaker, the Minister of Finance has indicated that the dollar might go up or down. In the event the dollar continues to go down, would the minister indicate whether he is content to see it fall even further as long as this is done in an orderly way?

Mr. Chrétien: Mr. Speaker, I do not reply to that kind of hypothetical question because it leads to speculation, and that is also a factor that influences the dollar. For example, when the minister of finance for Quebec said he was going to have his own currency, that stopped the upward movement of the dollar. That is the kind of intervention made off the cuff that influences the dollar, and that is why I said earlier—in a half joking way, although with some seriousness—that the Canadian dollar does not gain anything when members of the opposition, like the hon. member for York-Simcoe, try to speculate in respect of the value of the dollar by asking that kind of question.

Mr. Stevens: Mr. Speaker, my final supplementary question is again to the Minister of Finance. Surely he does not expect members of this opposition to stop asking appropriate questions, even though they are embarrassing to the government.

Some hon. Members: Oh, oh!

Mr. Stevens: My question centres, really, on the basic reason our dollar has deteriorated in value, and that is the chronic current account balance position of this nation, which is running at a deficit double that of the United States in relation to our gross national product. Will the minister indicate whether any steps of a concrete nature are being taken to narrow this deficit so there will not be this continuing pressure on the dollar?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the best way to correct that situation lies in the performance of the economy since the beginning of this year. As for the balance of payments in respect of trade, the performance of Canada has been very good for the first four months of this year. Last year we had a trade surplus of $3 billion and if the present trend goes on the surplus could reach $5 billion this year. That is the best way to correct our balance of payments problem.

* * *

[*English*]

CONSUMER AFFAIRS

ORGANIZED REBATE PROGRAM BETWEEN FOOD RETAILERS AND PRODUCERS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Will the minister advise whether there is an investigation under way by the director of combines investigations into the organized rebate program between some large food retailers and certain producers?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, there is no formal investigation, although we are keeping a close watch on the investigation being carried out by the Ontario legislature. Let me say that the opinion of the director of investigations is that such rebates to a retailer would be legal as long as they were offered to all retailers who purchase in the same amounts. In other words, if they were not discriminatory they would be legal, but at this point it is difficult to say whether that is presently the case because all the evidence is not in.

Mr. Kempling: Mr. Speaker, would the minister indicate whether his director of combines investigations has indicated the impact these rebates may have in lowering farm profits and increasing prices to consumers, or does he believe that this is a normal cost recovery program, as large retailers have stated it is?

Mr. Allmand: Mr. Speaker, the director and officials of our department are not yet ready to make a judgment on this and will not be ready until they have observed all the evidence. These possibilities must be examined, but we cannot make a report on the matter as yet.

* * *

HEALTH AND WELFARE

INCREASED FUNDING FOR MEDICAL RESEARCH COUNCIL

Mr. S. Victor Railton (Welland): Mr. Speaker, my question is for the Minister of National Health and Welfare. In light of representations made to the Standing Committee on Health, Welfare and Social Affairs concerning the need for increased funding for the Medical Research Council, has the minister given further consideration to this matter in order that Canada's medical research capability can be properly sustained?

Hon. Monique Bégin (Minister of National Health and Welfare): *Oui, monsieur l'Orateur.* Yes, Mr. Speaker. If they did not understand "*oui*", I will put it in English. I would like to take this opportunity to confirm that the budget of the MRC, which had an increase of 5.8 per cent over last year's estimate, will now enjoy an increase of 11.8 per cent.

Some hon. Members: Hear, hear!

COMMITMENT OF FUNDS TO MEDICAL RESEARCH

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I should like to ask the minister whether the 11.8 per cent increase of which she has spoken will be applied to the current year, or to next year; and could she also tell the House whether it represents any kind of long-term commitment to medical research?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, we have a long-term commitment to research, of course. If the hon. member is talking about the acute problem of arriving at some form of stability in respect of longer term funds, namely, over a period of three to five years, Dr. René Simard, who started today as the new president of MRC, has already presented me with a first document, which I am studying at the time, which deals with this matter. As to the first question the hon. member raised, let me say that this increase will be in the current fiscal year.

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NATIONAL DEFENCE

DEPLOYMENT OF NEUTRON BOMB

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Minister of National Defence. It has to do with the neutron bomb and the fact that one of his chiefs of staff took the stand that without the neutron bomb, the overwhelming power of the U.S.S.R. would place the western world in a serious position in terms of defence.

One has only to go back to the debates of 1938-39, both in this parliament and in the parliament in Britain, to realize that the same discussions were taking place then in respect of up-to-the-minute technological developments.

In view of the fact that this senior officer has taken that position, and with the knowledge he has, which is not possessed by the rest of us, will he give consideration, before the summer adjournment takes place, to having a day set aside for discussion of defence in order that members generally, and the people as a whole, can come to their own conclusions in respect of this matter—a matter which is one of survival, if one accepts the defence point of view, or a situation that places us in an extremely vulnerable position if one adopts the disarmament view of others?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the right hon. gentleman raises a very interesting point. I would welcome the opportunity, if the opposition would choose one of its allotted days, to debate this subject.

As to the other points, I think the right hon. gentleman raises the point that the Chief of Defence Staff, Admiral Falls, gave a military appreciation, which is not uncommon, on the utility of the weapon. He did not question its battlefield utility. He was not making a recommendation with reference to maintaining a credible deterrence.

This government, through the Prime Minister, in the last few days has reaffirmed our commitment to the alliance as well as our continuing co-operation and co-ordination. Knowing full well the lessons of the past, one must be in a position to deter aggression. The best way, we all feel, including my colleagues, the defence ministers of NORAD, to do this would be to reduce the level of armament rather than to escalate it. In the meantime, we have confirmed and reconfirmed our position to increase our readiness so we can deal from a position of strength.

Mr. Diefenbaker: That is very interesting, Mr. Speaker. The same arguments were made in 1938 and 1939 when so many countries in the western world failed to realize or to accept the

realization of the serious strength of Germany of that day and followed the course of the ostrich with its head in the sand.

● (1452)

It would be worth having a day set aside by the government to discuss this matter fully and completely, so that at least parliament would know exactly the position; because it could be too late if appropriate action is not taken. If, on the other hand, such an open discussion—

Mr. Speaker: Order.

Mr. Danson: Mr. Speaker, the best place for this debate to take place in a reasonable fashion would be before the Committee on External Affairs and National Defence, where I have appeared whenever I have been asked. It would be very helpful, as guidance to me, to have the right hon. gentleman there, whose position is obviously different from that of the defence critic of his party.

Some hon. Members: Oh, oh!

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HOUSE OF COMMONS

COLLECTIVE BARGAINING FOR EMPLOYEES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Deputy Prime Minister. In view of the fact that following the tabling of the report of the special committee on the public service in February, 1967, ministers from time to time assured us that consideration was being given to the recommendation that there be collective bargaining for employees on Parliament Hill, can the Deputy Prime Minister tell us the stage of that consideration at the present time? Will there soon be legislation granting to these employees the same rights that we have granted to so many others?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there will not be legislation on that subject, certainly not in this session of parliament. It is my expectation that possibly at the next session or, indeed, in the new parliament, I will be bringing in an over-all measure.

Some hon. Members: Oh, oh!

* * *

FISHERIES

DISCUSSION OF FISHING BOUNDARIES WITH UNITED STATES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the right hon. Prime Minister. I should like to ask the Prime Minister if, by any chance, when he was in Washington he thought to raise with the President of the United States a very important question regarding the defence of Canadian fishing interests, namely, negotiations on the extension of our boundaries out to 200 miles and the related fishing question. If he did raise this question, would he give us some indication of the response?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I had occasion to talk briefly to President Carter on this subject, although, as the hon. member would suspect, there was not a lot of time on the agenda for this type of discussion. For that reason, we agreed to defer to our ministers of external affairs, Mr. Vance and Mr. Jamieson, who did discuss the matter at greater length. There was a report in cabinet this morning in the presence of the Minister of Fisheries and the Deputy Prime Minister, and the Minister of Fisheries is now taking under advisement the information we brought back.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, in view of that report, which could be encouraging and which could not be encouraging because we do not know what the results were, and without asking anyone to reveal what was passed around in cabinet, I wonder if the Secretary of State for External Affairs took the opportunity when he was in Washington to discuss with another important influence in Washington, namely, some of his parliamentary colleagues in Congress—those key people who are expected to ratify the agreement—the same matter, and whether he had any concrete results.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I did not speak with any congressional leaders on this question.

Mr. Munro (Esquimalt-Saanich): Shame on you.

Mr. Jamieson: The hon. member said, "Shame on you." I am not sure if he would feel the same way if the American cabinet ministers were to come up here and lobby some of our people. That is one consideration. But I have to say, at the same time, there was nothing lost in that regard. The conversations with Secretary of State Vance were very comprehensive. I undertake to indicate to the House at the earliest possible moment the outcome of those conversations and what steps will be taken.

PROGRESS REPORT ON CANADA-U.S. NEGOTIATIONS RESPECTING FISHING BOUNDARIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is related to the question that has been asked and I direct it to the hon. Minister of Fisheries and the Environment. In view of the fact that in 1977 the United States set the total allowable catch for cod and haddock at 20,000 and 6,000 metric tonnes, respectively, in Georges Bank—a 40 per cent increase, in effect, on both species—which contravenes section 8 of the 1977 interim agreement, and they also increased their pollock catch by 3,000 metric tonnes and the scallop catch by 180 per cent in one year, would the Minister of Fisheries, since neither the Prime Minister nor the minister for external affairs seem to have the answer, give the House an up to date report on the progress being made in resolving the Canada-U.S.

boundary dispute? If agreement is not reached, for example, on a quota for scallops in 1978, can he inform the House what will happen to the interim fisheries agreement which presently exists between our two countries?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, in case there is some misunderstanding, I must remind the hon. member that some of the quotas he has alluded to are, either in total or in part, taken on the American side of what would be an eventual boundary. These are transboundary stocks in which we have an interest and for this reason, of course, we do not agree with the American position with regard to the conservation measures we have recommended.

As to the final outcome, the hon. member will have to bear with me a little longer. I have expressed the hope that we will have by the end of this week knowledge of whether the agreement is, or is not, possible.

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CONFLICT OF INTEREST

EFFECT OF GUIDELINES ON FORMER MINISTERS AND DEPUTY MINISTERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I address my question to the Prime Minister. It relates to the question first raised this afternoon by the Leader of the New Democratic Party concerning the appointment of Donald S. Macdonald to the board of directors of the MacDonnell-Douglas Corporation.

My question to the Prime Minister is this: Does he not concede that the position of a former cabinet minister is quite distinct from that of a former deputy minister of a particular department, in the concept of collective agreement within cabinet and collective decision-making, particularly when the minister was the former minister of finance who will be very much concerned about an expenditure of $2.3 billion for the acquisition of military aircraft?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the hon. member is now arguing contrary to the position taken by the Leader of the New Democratic Party, who was arguing that they should be guided by the same guidelines. Now the hon. member is suggesting that they should be different. The position of the government was put before the House in December of 1976.

An hon. Member: Tabled.

Mr. Trudeau: It has been tabled. It has been made public and is known. If it had been unfair in some way, I would have expected members opposite to so state. They are not reticent in telling the government that it is too lenient with its former members and former officials. It was done at the time of a rather hotly debated issue raised in this House on the occasion of a former deputy minister being engaged in other business in Ottawa. We responded at the time with guidelines that seemed to be fair in the sense that they did put a distance between a former position and the next successive position. They spelled out that there could be no serving of two masters simultaneously or in immediate succession, and they were accepted then, I believe, as reasonable. I repeat that Mr. Macdonald has adhered to these guidelines in their strictest sense.

If hon. members opposite want to propose stricter guidelines for the future which would apply to all members of the House and in a particular sense to former cabinet ministers and former civil servants, we are anxious to have their views.

Mr. Clark: We would like to do away with frozen trusts, for example.

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition is beginning to speak. You will note that it is three o'clock.

Mr. Hnatyshyn: I have one supplementary, Mr. Speaker. It may not have occurred to the Prime Minister, who is very tired after his long trip, that that is precisely what we are trying to do: we are trying to improve the guidelines which he made, for they are not engraved in granite.

Is the Prime Minister aware of the fact that Mr. Macdonald has also been appointed to the board of directors of Shell Canada Limited, which has substantial interests in Syncrude and other federal projects, and does he not think that in light of this kind of development, where a minister in the cabinet, recently retired, was involved in energy policy decisions, he should at least reconsider his guidelines to make more stringent rules for cabinet ministers and former cabinet ministers?

Mr. Clark: Tell us about frozen trusts.

Mr. Trudeau: Mr. Speaker, the important issue now is that I state—and the statement has not been challenged by the opposition—that the former minister of finance has respected the guidelines. If the hon. member opposite wants to argue that they should be stronger and that they should apply in future with some stringency, we are prepared to hear suggestions. I am just telling the opposition that those guidelines have been known to the House and the Canadian people since December, 1976, and the former minister has respected them.

● (1502)

We know it is a question which will always cause problems. If you say the distance will be two years, people will ask, "Why not five?" If you say there will be a conflict which must be resolved in one year, they will ask, "Why not two years?" It is very important not to put former citizens who served the Canadian public from the particular vantage point of parliament, whether as members of parliament and members of a government or, for that matter, members of the public service, in a position where they have to retire into nothingness. That is not the position we want to take.

PRIVILEGE

MR. BALDWIN—STATEMENT ISSUED BY JUDGE MAYRAND OF MONTREAL

Mr. G. W. Baldwin (Peace River): Mr. Speaker, before I begin I wonder if I might ask if the Minister of Justice (Mr. Basford) is prepared to indicate anything regarding the government's position. He may have had an opportunity to discuss the matter with his colleague, the Minister of Supply and Services (Mr. Goyer), under whose auspices it would appear much of the alleged bungling with respect to this matter took place.

I see no indication of a willingness on the other side to stand and deal with the matter, so I shall proceed.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am not sure what the hon. member wishes me to respond to. He raised a question of privilege the other day to which, I take it, he wants to speak again. At that time he did not indicate the precise nature of the motion he wants to move, so I am unable to respond to it at this time.

The question he asked me the other day was about tabling certain documents and I undertook to table that which I could. I am in the process of doing that. I have three documents ready for tabling, and another one is being worked on presently.

Mr. Baldwin: I will take that at face value, Mr. Speaker, and hope that the documents will be tabled because they are very, very important to this particular issue. I really and sincerely hope that the aura of secrecy which appears to be around the trial in this matter does not surround this House.

I have obtained and sent to the Minister of Justice, and to all those other hon. members who were good enough to intervene in this debate the other day, copies of an English translation of the statement issued in Montreal on May 29 by Acting Chief Judge Mayrand. I must say that the copy which came to us is not very legible and I was only able to produce as good an English translation as possible under the circumstances, so if there is any challenge as to its terms I shall, of course, consider that.

I am not going to read all of the statement, which is three pages long and, of course, as a private member I am not permitted to table it. It may be that when the Minister of Justice speaks he will be able to table the document in its entirety if he accepts it.

In part, some of the comments which appear in the statement are as follows:

> Some members of parliament, under the protection of parliamentary privilege, have taken the liberty—

I underline the word "liberty".

> —of questioning and critizing the way in which the trial was conducted before Justice Luc Trudel of the Sessions Court.

Then he said:

> It is up to the citizens to place pressure on the legislators in order to change the law or on the cabinet in order to change its attitude.

And later he said:

> In the name of the respect of judicial independence, we cannot tolerate—

I repeat those words, Mr. Speaker.

> —we cannot tolerate the remarks of Mr. Gerald Baldwin, M.P., who was wondering whether the law had not been well understood or had been wrongfully applied by the judges. We respectfully advise him to content himself with doing his own work, that is, with the drafting of a better Official Secrets Act, if he feels the present one is unjust and abusive. The member of parliament, Mr. Baldwin, should not pose as an appeal court to study the conduct of the judge of this trial, especially since he is totally ignorant of the facts presented as evidence—

Finally he said:

> It seems to us that it would be preferable to leave to the courts the delicate task of drawing the line between the rights of the individual and the rights of a nation in the application of the law.

I have underlined vocally some of the statements made by the Acting Chief Judge and I will relate my comments to some of the remarks in the statement, later.

To start with, I want to say that I have never been happy about the use of the word "privilege." I have never maintained that members of this House, of parliament, have rights and privileges higher than those of others, but I think, and I would insist, and I am sure my colleagues on both sides of the House would insist, that members of this House must be guaranteed, must be assured that there are no inhibitions, or any suggestion of intimidation to prevent every one of us from carrying out our duties as we see fit.

Some hon. Members: Hear, hear!

Mr. Baldwin: This is especially so today when so many challenges exist to the strength and the capacity of this House and this parliament to carry out its responsibilities. I suggest we must be ever vigilant to correct what appears to be limitations on our rights as members to do the job we were sent here to do.

I hold no brief for Mr. Treu, Mr. Speaker, but I am concerned about the circumstances under which the legislation in question, the Official Secrets Act, was applied, and which permit the taking of proceedings such as the trial, conviction, and sentence of Dr. Alexander Peter Treu.

Like courts or judges, or even prime ministers, we must be prepared to accept and live with criticism, but not with threats or statements designed or calculated or intended to fence us in and to limit our capacity to discharge our responsibilities. We must be in a position where we have full immunity in this regard, and that is what I complain of in this case. That, Mr. Speaker, is something which concerns this House, and I suggest it is not a matter just of myself as a member of the opposition or of my friends in the New Democratic Party and the Social Credit party. I would hope this would apply to members on both sides of the House who have concern about the capacity of this House and of every member of this House to discharge their duties without being threatened or intimidated, or without any inhibitions.

I say, Mr. Speaker, that in this particular case it would seem to me that the statement and the language of the Acting Chief

Judge have transgressed the boundary line and, in my opinion, they constitute a threat or intimidation by their context.

Some hon. Members: Hear, hear!

Mr. Baldwin: The words "some members of parliament under the protection of parliamentary privilege" are certainly more than reasonable criticism. Then he said "have taken the liberty". I consider that to be an affront to myself and every member of parliament. If I had not considered, and if other hon. members who spoke in this debate the other day had not considered they were justified in doing that, they would not have done so. To be accused in doing so, in the original comments I made in this House on three occasions, that I am taking a liberty in discussing the matter in the way I did, constitutes to my mind far more than any judge is justified in bringing to my attention in the form of the statement which was issued by Judge Mayrand.

We must couple the following statements:

It is up to the citizens to place pressure on the legislators in order to change the law or on the cabinet in order to change its attitude . . .

—we cannot tolerate the remarks of Mr. Gerald Baldwin, M.P.—

Mr. Speaker, this is not an ordinary citizen speaking; this is a judge, with power to summon people before him, peremptorily, and to sentence them on the basis of an allegation of contempt. This is a person who has, as a member of the judiciary, whose independence I and all members of this House will always respect, the power to call myself or the right hon. member for Prince Albert (Mr. Diefenbaker), or the Leader of the Opposition (Mr. Clark), or any member before him on a question of laying a charge, punishable by imprisonment or otherwise, of contempt. I underline the wording, "We cannot tolerate the remarks of Mr. Baldwin," coupled with what has been said before, coupled with a subsequent statement, we advise him—

● (1512)

—and he means we are telling him; cautioning him—

—to content himself with doing his own work, that is with the drafting of a better Official Secrets Act, if he feels the present one is unjust and abusive.

I have already commented on that. I have been trying to do it for four years with a notable lack of success so far.

Miss MacDonald: Wrong government.

Mr. Baldwin: I resent the right of any judge to tell me that I have no right to be critical of the way in which a trial is conducted when in doing so there was no mention of the trial judge, no mention of his name. What I was doing was what any member of this House would do and has done, saying trials of this nature and character take us far beyond what is permissible in this particular day and age.

Some hon. Members: Hear, hear!

Mr. Baldwin: There is an obligation upon us, by calling attention to trials of this nature, to seek corrective action. If we did not do that, I would not be doing my job as a member, nor would other members of this House.

I have looked at the possibilities of what this House can do. I have looked at some of the precedents, and I have looked at the hearings of the committee which Your Honour has the privilege to chair, that is, the committee on rights and immunities. We have dealt with this issue, particularly in a report made on April 29, 1977. This House received a report from the special committee, which says in part:

3. The freedom of speech accorded to members of parliament is a fundamental right without which they would be hampered in the performance of their duties. It permits them to speak in the House without inhibition, to refer to any matter or express any opinion as they see fit, and to say what they feel needs to be said in the furtherance of the national interest and the aspirations of their constituents.

We were at the time dealing with the question of sub judice, but the words which were uttered by that committee and tabled in this House have not been challenged. I submit to you, Mr. Speaker, and to members of this House, that these words must be taken to represent the considered opinion of all members of this House and that they are wise and essential words in the kind of world in which we live today.

Later on, dealing with the question of the convention of sub judice and privilege, the committee went on to say:

Your committee believes, however, that any modification of the practice—

And that is the practice of sub judice and privilege.

—should be in the direction of greater flexibility rather than stricter application. It is not possible to determine whether or to what extent comments made in parliament might affect the outcome of a trial or an inquiry.

It went on to say the option should be left with the Chair.

We have also had some illustrations of questions of privilege in this House. One of the very earliest ones deals with a case in 1879, when Mr. Alexander Mackenzie stated in the House that one of his colleagues had been called "a cheat and a swindler" by a certain John A. Macdonell who came into the House to profess those words. The culprit was expelled from the House by the Sergeant-at-Arms while still insisting that L. S. Huntington was a cheat and a swindler. On February 16, 1880, Macdonell was again summoned to the Bar. He appeared on the day ordered and apologized, but only to the House and not to Huntington. He was nonetheless discharged after a motion was passed declaring his actions a breach of the privileges of the House.

There is another interesting case which has some similarity. In 1874 the House ordered that H. J. Clarke, the Attorney General of Manitoba, be called to the Bar of the House to answer some questions. Clarke was seeking to execute a warrant for the arrest of Louis Riel for the murder of Thomas Scott. As Riel had been recently elected to the House as the hon. member for Provencher, the warrant was considered by some as a contempt of parliament.

There are other cases. However, I think it would be wise to say that in issues of this kind we should consider each one on its own particular merits, to examine to what extent, and that is an issue upon which you, Your Honour, as guardian and as the repository of the privileges of this House may be called

upon to make a decision, whether in your view there has been a prima facie case of privilege. It is not for Your Honour to make a decision that there has or has not been but to say whether, in your opinion, enough facts have been put before this House to justify the House being given the motion for the purpose of coming to a decision, if it becomes essential to go that far.

I will not go any further with this. Other members may want to participate. I would like to think that I have put sufficient facts before the House which would warrant some concern, not only on the part of members on this side of the House but members on the other side as well, who surely must be alarmed at the extent of the threat posed within the four corners of the statement made by Chief Judge Mayrand.

Maybe the Minister of Justice can deal with this next point because I think this is relevant to the whole issue. It deals with what has been established to be a very serious threat to the freedoms and liberties of people in this country. Has the minister given any consideration to instructing counsel to appear before the appeal tribunal to have them seek to have the bail order rectified so as to permit Dr. Treu to be able to speak to myself and other people in regard to this issue? Is the Minister of Justice prepared to instruct counsel to appear before the appellate tribunal and ask that the appeal be held publicly? There is always the saving right of any court when issues come up which may be pertinent to national defence, or in cases of espionage, to urge that documents not be disclosed.

I would also like to ask if the minister is prepared to walk the full mile and instruct counsel to appear in appellate court and agree that because this trial was held in secret, the conviction and sentence be quashed and that an order be sought to include a provision that a new trial be held publicly, also saving the right of the Crown to insist or to ask at any time that certain evidence or documents which may be inimical to the security and the defence of the country be kept in camera. I suggest that would be a fair and reasonable thing to do under the circumstances.

I am prepared to move a motion and my motion would be: That the matters consisting of the statement made by the Chief Judge, Mayrand, dealing with the statements I made in this House, a statement made by the chief judge on May 29, and all related issues be referred to the Standing Committee on Right and Immunities.

I suggest that committee because that committee has already had experience and has dealt in considerable detail with these particular issues. I am prepared to relinquish the rights I have, in observance of the belief that we might secure a measure of justice for a man who, while he may have breached technically an act in the remarks of the judge who sentenced him, seems at the moment, according to the limited facts we have, to have been the subject of a grave miscarriage of justice. That is the issue which should concern us all primarily. I am reserving the right to move that motion. I would first like to hear what the Minister of Justice and others may have to say.

• (1522)

Mr. Speaker: Order, please. I am sure there are others who wish to participate. I am anxious to hear the comments of other members. I see the Minister of Justice (Mr. Basford) anxious to participate. But there is one thought I want to put forward before inviting the participation of other members.

There are two or three matters that are tied together in the subject raised by the hon. member for Peace River (Mr. Baldwin). The first is that aspect he was touching on at the conclusion of his remarks, that is, some suggestion in respect to the merit of the case before the courts and some positions to be taken with regard to the actual legal matter that is before the courts. That is one which will be ongoing and one that I am sure he, and other members, will pursue with great interest. I am certain all hon. members will want to do that.

The matter which is of a more particular nature from the procedural point of view is that of the question of privilege, because the hon. member for Peace River has based his action in the House on privilege. Of course my obligation may be to find whether the matter does in fact come within the strict and classic definition of privilege that we have followed in the past, whether there has been an affront or contempt of parliament, or whether there has been a molestation or interference in some way with the hon. member in carrying out his duty.

It occurs to me that if I make that fundamental decision, then I give the matter priority and put the question to the House as to whether it should be sent to the committee on rights and immunities, which the hon. member has suggested. While other members are participating, I would want them to bear this in mind. In the end, it seems to me that with the mandate that that committee has already, it would be most unlikely that that committee would complete the work of its present mandate without in some way turning its attention to this entire matter, whether it gets a specific reference or not.

That is something which is quite important to remember, because the subject which is before that committee, the rights and immunities of members, can hardly be looked at in full without a reference to that particular matter. That leads me to the area I would want hon. members to think about during their participation in this discussion, that is, that it may be possible to accommodate the position the House seeks to achieve without making a basic decision on the question of privilege, if the House, instead of insisting on a decision on privilege first, agrees that the matter ought to be referred to the committee on rights and immunities. If the House is in unanimous agreement that the matter ought to be referred to the Standing Committee on Rights and Immunities of Members for examination there, then it is not necessary that it be confined within the strict definition of privilege.

Since the matter relates to language and, therefore, somewhat to the potential rather than the actual interference by the courts in the actions of this member or any other hon. member, and since language has often been set aside as an actual molestation and interference, and since obviously the hon. member and other hon. members are not in the slightest intimidated in their desire to pursue this matter, by whatever

language was used—and I am not saying this because I have not heard all the arguments and I have not examined them, but it may be difficult to fit them into the specific and classific definition of privilege—if that is so, it may be that hon. members would want to think about the possibility of saying we can obviate the decision on privilege by simply agreeing that the matter ought to be referred to the committee in any case.

If that does become possible during the discussion, or during the time that I have it under reserve, it is something on which I would want to take some guidance from the House before coming to a final decision. If there is no consent and no accord in that respect, then of course I will carry on and make the basic decision that it is my responsibility to make on the matter of privilege.

Mr. Basford: Mr. Speaker, I appreciate your position of endeavouring to make a suggestion that might be helpful. Obviously it has to be considered carefully. However, as I understand the suggestion, I would have some difficulty with it.

As Your Honour pointed out, there are several aspects to this whole matter. One is the obvious concern of the hon. member for Peace River (Mr. Baldwin), a concern which I suspect is shared by all members of the House, including myself, as to the wording of the Official Secrets Act and its application. That is a matter of substance, not of privilege.

There is the second matter, the question of the Crown's case, which is related to a number of questions the hon. member has asked me and for which I, as Minister of Justice, obviously as a political officer of the House am accountable to the House. It seems to me there is a procedure where the Crown, through its Minister of Justice, is accountable for the conduct of the case, is accountable to the House in the daily question period or in the examination of the departmental estimates in the Standing Committee on Justice and Legal Affairs.

During the handling of estimates, as the chief law officer, I am subject to examination by any member who wishes to come to the committee, on how I or my officials are conducting a Crown's case.

An hon. Member: You do not have to answer.

Mr. Basford: The hon. member yells out that I do not have to answer. That, as Your Honour knows, is a rule. The fact is that I have never been asked any question in the Justice and Legal Affairs Committee, so the question of whether or not I would answer has never arisen.

The third aspect is the question of privilege, or the alleged question of privilege, which arises, or allegedly arises, out of the remarks of the Acting Chief Sessions Judge in Quebec. I suggest, with respect, it is that latter part on which we have to concentrate.

I might go back to the question of Your Honour's suggestion of referring the whole matter to some committee. I recall the hon. member for Peace River suggesting the other day that that would be desirable so that the committee could call the judge before it. With the greatest of respect, that is something that parliament should undertake only under the most serious of circumstances.

I want to make very sure what my role is in this debate. I am not here to defend a judge. These statements, or alleged statements, were made by a provincially appointed judge. Even if he were a federally appointed judge, he is not accountable to me for his remarks, nor am I accountable to parliament for his remarks.

It would be unwise, and in fact dangerous, if one is going to consider the independence both of parliament and the judiciary for parliament to pass motions summoning judges, particularly provincially appointed judges, before our committee. If the judiciary has committed an error or a wrong, this parliament has set up through amendments to the Judges Act, through the Judicial Council of Canada, a mechanism for dealing with those types of complaints about members of the judiciary. In the province of Quebec there is a similar kind of mechanism for dealing with complaints about the conduct, behaviour or actions of the judiciary.

As I made very clear in this House a while ago in my statement relative to the hon. member for Leeds (Mr. Cossitt), it is up to this parliament and its members to determine our rights, privileges, and freedoms. Equally, the independence of this institution and the independence of the judiciary, from each other, depend on our not being called to court for them to determine our privileges, and on judges not being called before this court to determine their rights and privileges.

● (1532)

Therefore, while Your Honour's suggestion to refer the whole matter to a committee is, I know, made in a spirit of helpfulness, I resist it because I think that would create a very dangerous precedent.

On the substance of whether the remarks constitute a question of privilege or a prima facie case of privilege, the hon. member was not able to table the remarks. I would be happy, although in this matter I have no official capacity whatsoever, to table, if the hon. member will supply me with a copy of it, a copy of his letter to me of June 1 to which are attached what purports to be a transcript of the judge's remarks. I will be quite happy to accommodate the hon. member in tabling it if he will give me the copy to table. In no way can I authenticate the correctness of the transcript or the translation, but I am happy to accommodate the hon. member in that way.

Whether the statement which has been given to Your Honour is a wise statement or an unwise statement is a question which I am not going to debate. One could argue that it may not be a wise statement, and that a judge should not have made comments on a matter which really is highly political. However, we are not here to debate whether the statement was wise. We are here to debate whether it constitutes a question of privilege.

I think I will make just three short points. First, whether the statement is well founded or not, it clearly acknowledges in the

second paragraph the privileges of parliament—"Some members of parliament, under the protection of parliamentary privilege, have taken the liberty—". The hon. member takes issue with the words "taken the liberty" and so forth, but it seems to me that there is a very clear acknowledgement that whatever the hon. member did, or whatever any hon. members did in this House in commenting on the case, they were acting within the privileges of the House of Commons and acting within their own privileges.

Mr. Fraser: It is just exactly the opposite.

Mr. Basford: There is a clear acknowledgement that that privilege to comment exists. There is a clear acknowledgement that there is a freedom in this House and among hon. members to comment in the way they want.

Second, the statement is not an instrument of the court. The hon. member feels he has been threatened or intimidated. As Your Honour has said, quite obviously hon. members are not threatened or intimidated. The comments have engendered this very debate, and for the hon. member for Peace River, whom I have known for a long time, to suggest that he has been threatened by these comments or in any way intimidated, or is likely to be intimidated is, with all due respect, carrying it somewhat too far.

Third, I point out that the statement is not an instrument of the court. It is not a court order. It has no status or stature. In no way can it affect the privileges or the rights of members of this House.

Mr. Hnatyshyn: Ron, you may have to run again because you are not going to make a good lawyer.

Mr. Beatty: If I get into trouble, will you promise to be the Crown attorney?

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, first of all I would like to comment on the issue of how the statement in question gets before us. I suggest that whether or not the Minister of Justice (Mr. Basford) tables the letter from the hon. member for Peace River (Mr. Baldwin), and the copy of the translation of the statement which the hon. member sent him, the House could, by unanimous consent, agree to have anything it wishes made an appendix to today's *Hansard*, and I suggest that since we are discussing a statement made by the judge, at some point Your Honour might ask if there is such consent. My suggestion is that the consent be to the making of an appendix to today's *Hansard* of the letter which the hon. member for Peace River wrote to the Minister of Justice—he wrote the same one to me—together with the enclosure, namely, a translation of the judge's statement. Is it Your Honour's disposition to settle that matter now?

Mr. Speaker: The Minister of Justice (Mr. Basford) made reference to the letter and, I think, quoted from it. At least I hope he did. The House is obviously generally interested in having the letter tabled, either under our practice whereby a minister of the Crown participating in discussion, who quotes from a document, is asked by the House or compelled by the House to table it or, in any case, upon the unanimous consent of the House which, I assume, is now forthcoming.

I take it that the minister has the consent of the House at this time—just to keep it perfectly clear that we are proceeding with consent—to table the letter referred to, and the enclosure. It can be done in that way, and the matter then becomes at least a part of our proceedings. If the hon. member is suggesting now that it ought also to be made an appendix to *Hansard*, I will now ask if there is unanimous consent that that document be printed in *Hansard* as an appendix. Is that agreed?

Some hon. Members: Agreed.

Mr. Speaker: So ordered.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, there is one other matter which has been referred to, mainly by the Minister of Justice—

Mr. Basford: I do not have a copy to table.

Mr. Knowles (Winnipeg North Centre): I have a copy. The other matter which has been referred to, mainly by the Minister of Justice, is the question of whether this House or one of its committees should call the judge to appear before such a committee.

Mr. Peters: Hear, hear!

Mr. Knowles (Winnipeg North Centre): My good friend and chief counsel, the hon. member for Timiskaming (Mr. Peters), is expressing his view. I suggest that that not be part of the discussion here in the House. If we refer this matter to a committee, let the committee decide on that question. There are angles which are involved, and I think they should be looked at, but I do not think the question of whether Your Honour decides that there is a prima facie case of privilege should be conditioned upon whether that means calling the judge before the committee.

In any case, the only request in the motion which the hon. member for Peace River proposes to make is that the matter be referred to the Standing Committee on Rights and Immunities of Members. It is a bit unusual to refer a matter of privilege to a committee other than the Standing Committee on Privileges and Elections, but I think in this case the point is well taken.

I gathered that Your Honour rather favoured the idea of having the whole matter simply referred as a reference to that committee if there was unanimous consent. But if the Minister of Justice is not prepared to give that unanimous consent, Your Honour may yet have to rule on whether there is a question of privilege, and it is to that that I address myself today, as I did when we discussed this matter a couple of days ago.

There are three sentences in May's nineteenth edition which I would like to read. They are short and to the point. On page 150 there is this sentence:

To attempt to influence members in their conduct by threats is also a breach of privilege.

Another sentence is found on page 151.

It is a breach of privilege to molest any member of either House on account of his conduct in parliament.

Then on page 153 there is another sentence which I think has some relevance.

Wilful misrepresentation of the proceedings of members is an offence of the same character as a libel.

Despite what the Minister of Justice has said about members not being intimidated by the comments of the judge, which of course is demonstrated by the fact that we are discussing the matter in full freedom here on the floor of the House, the fact is that the gentleman who has offered this criticism is not an editorial writer in the employ of some newspaper, and not an ordinary citizen of Canada saying he will not vote for the hon. member for Peace River at the next election. He is a judge who has the power to summon persons to his court, or to charge the hon. member for Peace River with contempt. I suggest that when a judge in that position makes the statements that he has made in the translation which is now before us, he is in effect saying to the hon. member for Peace River: desist or something can happen to you. Indeed, he is saying it to all of us. I put that down as a threat, as noted on page 150 of May's nineteenth edition, or as molestation.

● (1542)

There is also, in my view, some misrepresentation of what the hon. member for Peace River was trying to do. I realize that the hon. member for Peace River has read the offending sentences and that the document is now part of today's record, but I think it should be noted again that the first sentence which was read is as follows:

Some members of parliament, under the protection of parliamentary privilege, have taken the liberty of questioning and criticizing the way in which the trial was conducted by Mr. Justice Luc Trudel of the Sessions Court.

The Minister of Justice says that is a statement of our rights. If that is what he meant, he could have said that we have exercised the right to question and criticize, but when he says that a member of parliament has taken a liberty, it means that in his view the member is trifling with our rights and that that in effect is a warning that, in the view of the judge, he has gone too far.

Then for that same judge to say later in very clear language—at least as far as the English translation goes—

In the name of the respect of judicial independence, we cannot tolerate the remarks of Mr. Gerald Baldwin, M.P. who was wondering whether the law had not been well understood or had been wrongfully applied by the judges.

—as I have already said, if this were an editorial writer saying this in the *Globe and Mail*, in the Montreal *Gazette*, or in the Winnipeg *Free Press*—so what, the hon. member for Peace River would not worry at all.

If this were an ordinary citizen writing letters to an editor, or writing to members of parliament saying "we cannot tolerate that sort of thing, we will not support the member in the next election", that would not be cause for concern. But when a judge, with the power to charge a person with contempt, says that sort of thing, in my view he is attempting to influence a member in his conduct in the House, he is molesting a member on account of his conduct in parliament, and I suggest that, whether or not we have the right to call the judge, or decide that we have that right, the hon. member for Peace River has been wronged by that kind of statement.

The judge goes on to say:

We respectfully advise him to content himself with doing his own work . . . The member of parliament, Mr. Baldwin, should not pose as an appeal court to study the conduct of the judge of this trial—

Then the final paragraph is of the same character. It reads:

It seems to us that it would be preferable to leave to the courts the delicate task of drawing the line between the rights of the individual and the rights of a nation—

Editorial writers may tell us that until they are blue in the face and we do not worry about it, but when a judge says that we do not have the right in this high court of parliament to discuss the question of drawing the line between the rights of the individual and the rights of a nation, in my view that is going too far. I say "going too far" because the effect of that is to attempt to influence members in the conduct of their duties in parliament, and it is a case of molesting a member of parliament on account of his conduct in parliament.

I have read again today, as I did before I presented a motion some days ago under Standing Order 43, the words of the hon. member for Peace River on this whole question. They were contained in a motion under Standing Order 43 on Friday, May 12, in questions to the Minister of Justice on Monday, May 15, and in another motion under Standing Order 43 on Tuesday, May 23, and I find in all those statements nothing that is offensive, nothing that goes beyond his concern that we have on our statute books an Official Secrets Act which is thoroughly out of date and should be looked at and revised so that the kind of trial which took place in the case of Dr. Treu could not take place at all. Because, in my view, the hon. member for Peace River has not offended the rights of the courts not to be criticized, because he has exercised restraint, because he has pursued his duty in trying to get this parliament to bring up to date an outdated and antiquated law, I believe that for the judge to molest and interfere with the member's rights is a classic case of privilege.

I must say that I come back to my feeling that Your Honour's suggestion was a good one and, if it can be negotiated, I would go along with it, namely, that this matter be gone into thoroughly by the Standing Committee on Rights and Immunities of Members. But if the Minister of Justice is not prepared to give unanimous consent to pursuing that course, then of course Your Honour will have to decide whether or not there is an actual case of privilege, bearing in mind that the classic definition of privilege is an attempt by anyone, especially outside of the House, to interfere with the right of a member to do his duty in the House. I suggest that that is what the judge has done. Whatever may be our rights of redress, at least we have the right to declare that the privileges

of the hon. member for Peace River, the privileges of this House, have been offended, and we have the right to have that matter discussed in an appropriate committee, and to issue a statement which, I trust, will be completely on the side of our distinguished colleague, the hon. member for Peace River.

Mr. Speaker: The hon. member for Grenville-Carleton (Mr. Baker) will have the floor in just a moment.

In examining the transcript of the remarks which the hon. member was good enough to provide to the Chair in giving notice of his intention to raise this today, there is one matter I should mention, that is, that some argument has centred around the second paragraph which reads:

Some members of parliament, under the protection of parliamentary privilege, have taken the liberty of questioning—

The phrase "taken the liberty of questioning" has come under considerable attention until the present time.

The French text is as follows:

—certains députés, sous le couvert de leur immunité parlementaire, se sont permis de questionner—

[*English*]

I think most hon. members would agree that a possible translation of that would be "have taken the liberty", but another translation of it would be that members, under the protection of parliamentary privilege, have allowed themselves to question.

Mr. Knowles (Winnipeg North Centre): La même chose.

Mr. Speaker: It is not quite the same thing, because there was some argument as to whether or not this could be described as a liberty when in fact it may be not only the right of a member but his duty. I only put that on the record because so much has been made of it. If privilege is going to be found—and, as I have indicated earlier, it will not be without some difficulty—it seems to me that the far more serious words are those which are translated very accurately. Those are the ones that say:

In the name of the respect of judicial independence, we cannot tolerate the remarks of Mr. Gerald Baldwin, M.P.,—

That was a direct translation, and those words are far more serious than the oblique references as to whether we are doing it by liberty or by right. I would think there would be further discussion and consideration of that language, and other hon. members are free to comment on the other language as well, but I thought I should correct the record.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, in looking at the statement—and I am not unhappy you interjected—I should like to say, first of all, that frankly I am just a little disturbed that the Minister of Justice (Mr. Basford) decided today he does not agree to what I thought was a perfectly reasonable and perfectly acceptable suggestion that the matter go to committee where it can be dealt with. Frankly, I think that upon reflection, as he looks back upon his career in parliament, the Minister of Justice is going to count that decision among the most regrettable he has made in the exercise of his duties, because it would have been an appropriate, quiet, and dignified way of handling the matter, to look at it from the point of view of the position of the House of Commons, on the one hand, and the question of the importance and integrity of the judiciary on the other, to which he directed himself on Tuesday. It was a regrettable decision. I commend you, sir, for having advanced it, and I condemn the Minister of Justice for having rejected it.

The second matter is with respect to the translation of the words you brought forward. I think it is a very dangerous thing, and I say this with respect, if we look at the document paragraph for paragraph, word for word, or phrase for phrase. We have to look at the whole tenor of the document.

● (1552)

The tenor of the document, while it did not intimidate the hon. member for Peace River (Mr. Baldwin), or the right hon. member for Prince Albert (Mr. Diefenbaker), is the main point. The point is in respect of the nature of the words that appear in the document, and the tone of that document. The point is, could the document be considered to intimidate anyone, not specifically hon. members, but rather the position of parliament in the scheme of things and its relationship to the courts? If there ever was any doubt about the whole purport of the document, that doubt should be resolved in favour of parliament. I do not think there can be any doubt, and there is certainly no doubt in my mind, and I say that with respect. The doubt ought to be resolved in favour of what you must decide at this point, sir, and that is whether there is a prima facie case.

This does not mean, Mr. Speaker, that you have to try the issue and decide whether there was a breach of privilege, and whether that has been proved to the degree required. What you have to decide is whether there is a prima facie case, and whether there is enough in the document itself, taken as a whole, bearing in mind what the authorities have said, to warrant sending the matter to the committee in order that the committee can deal with it, following an appropriate motion having been dealt with by the House.

I suggest, with the greatest respect to that learned judge in Quebec who made the statement, that this is far more than merely an unwise statement. I suggest to you, sir, with respect, that the matter has to be resolved by this House in favour of protection of the privileges of the members of this place. I am not suggesting that they were threatened, per se, but rather whether they could be threatened by this statement. That is the issue which has to be dealt with in respect to a prima facie case. I think that prima facie case has amply been made out by the hon. member for Peace River.

It is important that we consider the position of the judiciary, but it is equally important that this House considers it own traditions, its own privileges, and its own place in the scheme of things. If we do not deal with the matter, then what will happen is something the right hon. member for Prince Albert suggested the other day; a travelled part can become a high-

way. All of these little things begin to build up, and we may find the traditions and privileges of this House, in the sense the hon. member for Peace River spoke about them, gradually whittled and eroded away. If that should happen, it is not just members of the House of Commons who will suffer. This institution itself will suffer, as will the force of this institution in the scheme of our national affairs. We do have certain privileges—I guess you could call them immunities or rights—to be used responsibly for the protection of people, causes, and institutions.

This is why it is important, if Your Honour has any doubt in respect of the matter, that the doubt ought to be resolved in favour of deciding that a prima facie case has been made. I must suggest, sir, that the facts should lead you far beyond that point. However, if the facts have left Your Honour's feelings in balance, then any doubt should be resolved in favour of this institution and its privileges, and I ask you to rule in that way, sir.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): I will attempt to be brief, Mr. Speaker. It would seem to me that the real question at issue here is one of conflicting privileges, perhaps, and the necessity that parliament has its rights, freedoms, immunities and privileges. So, equally, does the judiciary. I think some of the words of the hon. member for Peace River (Mr. Baldwin) were very well chosen, but I think, in terms of the way he applied them to the rights of members of parliament, they could equally and equitably be applied to members of the judiciary. There must be rights, freedoms, and immunities which are afforded members in order that they may do their job. Concomitantly, there must be rights and privileges afforded members of the judiciary to do their job.

What the hon. membr for Grenville Carleton (Mr. Baker) has said, to the ffect that it was the nature or the tenor of the words that is important, is quite true. With respect, sir, I do not see in the words, as I read this translation, any of the same reflections. I do not see the same tenor in those words.

An hon. Member: Oh, oh!

Mr. Young: Perhaps the hon. lady would permit me to complete my remarks. I do not see that same tenor in the words. I see a difference of opinion between a member of parliament and a judicial official; a difference of opinion between a member of parliament and a judicial official; a difference of reflection of one upon the other. One has to be a little bit thin-skinned to find the reflections in those words that have been attached to them thus far.

To begin with, there is a very important issue in respect of the nuance of the language within which the words were spoken. They do not translate quite so directly into the English language as they appear from the translation we apparently have before us. Mr. Speaker has made a point already on one particular passage.

There is a very important issue here in respect of the nuance to be attached to the words spoken in the language in which they were spoken. A translation, rough or as accurate as one may get, may not contain the same nuances.

I said that I did not see the same flavour, the same tenor, and the same nature of feeling in the words as seen by the hon. member for Grenville-Carleton. I wish to refer to one or two passages. I hope this translation is a as accurate as it possibly can be, because I am working from the English in the translation and not from the original.

There are a couple of very important passages in this translation. At one point the judge was saying that the Official Secrets Act places a judge in a real dilemma. He went on to explain how a judge would find himself in a dilemma when conducting a trial under the Official Secrets Act. Some time later in this translation the judge was saying:

> In the name of the respect of judicial independence, we cannot tolerate the remarks—

The sentence goes on to state:

> —who was wondering whether the law had not been well understood or had been wrongfully applied by the judges.

I think those two phrases explain the context in which the judge received the remarks and the nature of the state of his mind at the time he made his comments in reply. I do not think one can overlook that.

The hon. member for Winnipeg North Centre (Mr. Knowles) said, and I hope that I am not taking him out of context, that the judge had said something about members of parliament not having the right to draw the line, although I do not see that in here. The passage I see, and again this is from a translation, but the judge is saying "It seems to us that it would be preferable to leave to the courts the delicate task of drawing the line between rights of individuals and rights of a nation in the application of the law." That in no way, Mr. Speaker, could be interpreted to say that the judge was saying what rights parliament has and what rights parliament does not have.

Mr. Knowles (Winnipeg North Centre): That is precisely what he is saying.

Mr. Young: It seems to me that the man is saying, "It would be preferable." You would have to be very thin-skinned to read into the remarks the nature of which is understood by the hon. member for Winnipeg North Centre.

An hon. Member: He is trying not to see it.

Mr. Young: There are, evidently, a lot of members from the other side, Mr. Speaker, who wish to speak from their seats. If they wish to get up and participate in the debate, they are quite welcome to do so.

An hon. Member: Sit down; I will do so.

Mr. Young: All right, if the hon. member would be decent enough first to allow me to conclude my remarks. I will be a few more seconds.

To read that as a threat to parliament when the man is saying, "that it seems to us that it would be preferable", overblows quite dramatically the meaning of the words and their context. I would suggest that one—and again I would stress I have to read from a translation because I have not seen the original in the language in which it was spoken, and you, Mr. Speaker, have pointed out a difference, a nuance in the language in which it was originally spoken from what appears in the translation—one has to be thin-skinned to put the character into the words that has been put. I think it is tempest which has been overblown at this time.

Hon. Robert L. Stanfield (Halifax): I will be very brief, Mr. Speaker. My concern is with the attitude taken by the Minister of Justice (Mr. Basford) and his parliamentary assistant. In a sense, I am almost more concerned about their attitude than I am about the original question that was raised.

Some hon. Members: Hear, hear!

Mr. Stanfield: The argument raised by the Minister of Justice was entirely spurious and substantially irrelevant. His suggestion, Mr. Speaker, that your very reasonable proposal should not be accepted, because someone has suggested in the House that the judge might be called before a committee of the House, is surely no reason why the Minister of Justice and the members on the other side of the House could not have accepted it. It is for the committee to decide how they would proceed, and I am sure a committee of this House would be quite capable of making that decision in a way consistent with the traditions of this House and of this country. For the Minister of Justice to make such a spurious argument and use that as a basis for refusing his consent, does not engender very much respect from me at least.

The minister also had something to say about his accountability to the House with respect to the conduct of trials and possible miscarriages of justice. I wonder why he introduced that at all, unless it was to infer that the hon. member for Peace River (Mr. Baldwin) ought to have proceeded in some other way. We all know that there is no way in which the Minister of Justice can be held accountable in any specific way to an appropriate committee, or any other way, because he does not have to answer questions even in committee.

The point the minister was trying to make, whatever it was, had nothing to do with the case. The distance the hon. gentleman has gone to try to suggest that we on this side of the House are thin-skinned to have taken offence at the remarks of the chief justice is a surprise to me. I asked myself as I listened to them: why are they taking this position? Why is the Minister of Justice and his parliamentary secretary taking this position? Surely, the whole purpose of this statement by the chief justice was to cause the hon. member for Peace River to desist in this kind of comment in this House. I suggest, with respect, that there is no other possible interpretation.

You, sir, may be quite right in suggesting that the hon. member for Peace River is not in fact intimidated, but I suggest to you that that is not a relevant consideration. I suggest the question is, what was this comment calculated to do? The only reason it was made by the chief judge was to cause the hon. member for Peace River and other members of parliament to desist from this kind of remark in the House.

As for the comments of the parliamentary secretary, there is some kind of conflict of privilege here that is a bit beyond me. I do not understand why both sides of the House could not have co-operated in getting this matter before a committee for consideration by an all-party standing committee. That would be the place to consider it, but that does not seem to be acceptable to the government, and I, therefore, suspect that you will have to make the decision, sir.

Without repeating myself unnecessarily, there has been an attempt made by the chief justice of this court to silence a member of parliament.

Mr. Young: Nonsense!

Mr. Stanfield: What nonsense? It is open to no other reasonable interpretation. It may be, on the pretence that you have indicated in a preliminary way, that you may have difficulty finding that on the traditions and on the concept of privilege it does constitute a violation of our privileges, but I suggest with all sincerity there is no other reasonable interpretation of these comments. They were intended to silence a member of parliament, and the fact that they have not, and will not silence him, is irrelevant. I am very disturbed by the attitude taken by the Minister of Justice and his parliamentary secretary.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would simply like to draw your attention to the fact that we are now discussing a comment made in French by a judge from Quebec, and on the fact that we are discussing a translation. A moment ago, Your Honour took the precaution of referring us to the French version, that is the original version of the hon. judge's comment, and you made a distinction which, in my view, is quite right and timely, pointing out that the statement made by the judge has a clearly different meaning than it seems to have in the English translation.

I do not wish to argue at this moment, Mr. Speaker, on the merits of the question raised by the hon. member for Peace River (Mr. Baldwin). My point is that, realizing we were discussing the translation of a statement made in French by a francophone judge, I tried to get and did obtain from the clerk of the House or his assistant the French original of the statement. Mr. Speaker, that copy is practically illegible. It is impossible for me, as I can show you, and it comes from you because I had photocopies made of it, as I said, it is impossible to read it, to all practical purposes and intents, in an intelligent way and to comment on it today. I presume that someone must have had a legible version since we are now discussing the English translation. But it certainly is not the document I now

have in my possession and which was given to me through your assistants and was used for that translation, Mr. Speaker.

What I am asking is that we be given the chance to study the original version of the comments made by the learned judge so that we can, in an enlightened way, basing ourselves on the original text, comment on a topic that is very serious in my opinion. I am not asking that the debate be postponed indefinitely. I am asking for a short postponement, possibly until tomorrow at the least, to allow those who want to see the original statement to get a copy that is legible and understandable and can be understood and then discuss the matter advisedly. My request is therefore that I at least might be allowed to come back to the subject at the earliest opportunity, but that I be given a legible copy of the French original of the statement made by the learned judge.

● (1612)

[*English*]

Mr. Baldwin: Mr. Speaker, on the very day that statement made by the judge came to my attention, we got in touch with his office. An undertaking was given by his office that a letter would be sent by special delivery. It should have reached my office the next day, according to their calculations.

An hon. Member: They don't know the Post Office the way we do.

Mr. Baldwin: I say this with due respect, Mr. Speaker. That document did not reach my office, has not reached my office, and I do not know whether it ever will. My instructions were that it was a special delivery letter containing a copy of the comments of the chief judge and it would be in my possession immediately. That has not happened. I did all I could, and I was only able to obtain the same kind of barely legible copy as the hon. member, from a member of the press gallery who got it from the office of the clerk in Montreal.

I had people in our organization who are good at this, and who are reputable, make as careful and detailed a copy as possible under the circumstances. I would have preferred the other way, but I was put in this impossible position. Now I understand that the chief judge departed yesterday for Greece for two or three weeks, and so we may not be able to get another copy as he is not available.

Mr. Speaker: Order, please. The parliamentary secretary has requested that he be given some time to examine the text. I think that is a reasonable request. In any event, I would intend to take some time for study of the matters I have to decide, so there certainly will be an opportunity for him to examine the text. If he seeks an opportunity to make an intervention as the result of that study, I certainly think the House ought to accord it to him.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I suppose we could ask the hon. member for Peace River (Mr. Baldwin) if we have extradition privileges with Greece!

[Mr. Pinard.]

Many of the people who spoke today have commented on the wording, the legality, the lawyer's position in terms of this privilege. I think consideration should also be given to those of us who are not lawyers and who may not know the niceties of the law and so may be intimidated.

I am very pleased that the hon. member for Peace River brought this forth. He is one of the most honourable members of this House. He is certainly one of those dedicated to law in a very general sense, and to law as it specifically affects parliament.

I think it reflects badly on some members of this House that they have continually neglected to take full advantage of the suggestions of Your Honour with regard to solving some of the problems of the House. As I understand it, Your Honour made the suggestion today on behalf of all members—without making the decision whether or not the judge was in contempt of parliament and whether he had in fact intimidated a member of parliament to a point where he could not conduct his business—of an alternative course that would allow this matter to be discussed, and might eliminate the threat that would be inherent in a very definite decision of the House in finding there was a prima facie case of intimidation.

I would question the legalistic ability of some members who participated, and would certainly question their ability in other senses in making this argument, who have disagreed with you for, I think, partisan and very selfish reasons. It is not the first time. We had a situation of a similar nature not too long ago.

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member but I think we ought to be careful here. What I asked the House to do was—while other contributions were being made, and while I had the matter under reserve—to consider whether a reference to the Standing Committee on Rights and Immunities of Members might be a matter of consent. That is a departure for the Chair to take at the beginning of a procedural discussion. I would not want that to be taken as a suggestion that it be done. That is unfair. What I did was to say that it ought to be considered.

There may be all kinds of reasons why people want to take positions, but I think we should be careful to say that the Chair put forward a matter that might be considered on this occasion or any other occasion. I would not want it to be said that I simply observed to the House that the matter might be resolved that way, that in fact it was the way that I preferred or that I suggested. That puts too strong an interpretation on what I was endeavouring to do. I thought that while contributions were being made, and while I had it under reserve, members might want to discuss the possibility of an agreed reference. I do not want that to be taken as a suggestion that I would prefer it that way, however. In fact, if the matter rests with me officially and I have to make a decision on the grounds of privilege, I am quite happy to do so.

Mr. Peters: Mr. Speaker, I listened to your suggestion and found it to be excellent. I accepted it, as I think many members did, and I think there would have been agreement. I have no legal training, but not long ago I received a letter from

a legal firm. It had about 20 names on fancy notepaper, and it threatened to sue me for a number of things that I had said about pensions, not necessarily in this House, but certainly those things have been said in this House as well.

I am not easily intimidated, Mr. Speaker, but I am not very wealthy either. I am not sure that I want to face that battery of lawyers in Toronto, so I have pretty well ceased and desisted from talking about that particular problem. While I would not say I have backed down, I certainly have been cautious.

I am sure that if many of us not trained in the law received a letter of that sort, or an indication in a press release that a judge said, "If you say those things outside the House of Commons I will have you in contempt of court and put you in jail", we would feel intimidated. That is really what happened in this case. Judges do not normally go around explaining why they make a certain decision. Questions were asked why the judge had made a decision in relation to bail and had prevented members of parliament from asking questions about it even in this House. They certainly could not talk to the person who could give a first-hand account of it, even privately outside this chamber, and get the information without the person who asked the question and the person who had the information being in contempt of court. To me, that is intimidation.

It often amazes those of us who are uninformed when we hear one lawyer address another as "my honourable friend", when you can see the knife about six inches long going into the back. It is "my honourable friend", "my honourable associate", "my honourable colleague", and that sort of thing—just mumbo-jumbo.

As a person who is not legally trained, it seemed to me that when the judge made that statement he was only making it in order to intimidate. He does not do that every time. Certainly ever time he makes a judgment he does not give a press release saying why he did certain things, and telling members of parliament that if they refer to it then they could be in contempt of court. I might suggest to the hon. member for Peace River (Mr. Baldwin) that if he should take a train to Montreal and say it out of court—

● (1622)

Mr. Baldwin: I cancelled one this week end.

Mr. Peters: —he would now have to wait for that judge to come back from his extended holiday in Greece. I am not suggesting that, Mr. Speaker, because I am damned sure the judge would put him in jail if he did it, if he has the power to do it. Therefore, he is intimidating him. I think for that reason your suggestion, Mr. Speaker, was an ideal one.

I am shocked at these government members trying to defend something that is indefensible, on behalf of the judiciary over which they have no control. They cannot answer questions in this House, they did not appoint these people for whom they are not responsible. It would seem to me they should start worrying a little more about members of parliament who may be intimidated by a judge.

Certainly one of the cabinet ministers, in my opinion, was intimidated by a judge. They damn well think that that cabinet minister had the right to say that the guy needed a pair of glasses, that he certainly did not see a judicial situation very clearly. I think the minister was right. Certainly when he let those companies off, he was wrong. I do not think it is right for them to get up and go to the committee and defend the right of the RCMP to bug a member of parliament and say there is no privilege in that. He really did not get hurt. He did not say anything that incriminated him with his wife so, therefore, it is not a matter of privilege.

I would like the Liberal members of this House to show a little more concern for the individual member who may find himself in a position of being intimidated. While I know the member for Peace River is not being intimidated by this judge, I know he knows that he is making this case on our behalf because it may happen to someone else who may feel just as strongly about the law. I would suggest that it will be a member from Quebec who is being threatened by that same judiciary who will be the next on the list if we do not stand up for the limited privilege that we have in this House which, to me, is only the privilege of being protected against libel in this House. Sometimes we are allowed on behalf of our constituents to say what we think on their behalf, and assume that privilege on their behalf where it is not available to us as ordinary members of parliament on the street.

Mr. Speaker: Members who have contributed to this discussion have all put forward some very helpful views. As I indicated earlier, I want to give them careful consideration. If the Parliamentary Secretary to the President of Privy Council (Mr. Pinard), after examination of the original text in French, wants to make a further contribution, he ought to have the opportunity to do it, although I would hope he would do it very soon.

I want to reiterate that while I have the matter under reserve, the matter of any kind of agreed reference, as always in matters of this sort, remains open. Maybe some discussion can take place on that. If they do not, I would like to make it clear that when I put that idea forward it is an idea that can be taken under consideration really in every matter of privilege, I suppose. If it materializes, the Chair can be advised, and that is a happy resolution of the matter. If it does not materialize, I think it would be most inappropriate to consider that the mention of it by the Chair would be a preference expressed by the Chair for the resolution of the matter. That, I think, would be most improper. And in that atmosphere it is one that I would not want to contribute to in any way.

To close this matter from discussion at this time we ought to be clear on the documents we have ordered appended. Such as the quality of the copies that are available, I have the notice which the hon. member gave to me. It includes a French text and the translation to which reference has been made. For the sake of accuracy these will be the set of documents to be appended to today's *Hansard* and printed as a part of it. This clarifies the order that we made earlier, because there was some confusion about what text we were printing, particularly

since the original text may be different from the documents we have tabled here today. Nevertheless, for the purposes of today's discussion we agreed to table the document which I now have in my hand and which was part of the notice given to me on this matter by the hon. member for Peace River (Mr. Baldwin).

I will take the matter under reserve, subject only to a further contribution and any other debate that might be provoked by the hon. Parliamentary Secretary to the President of Privy Council.

[*Editor's Note: For document referred to, see Appendix.*]

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BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I could ask a question, in the absence of the government House leader, with respect to the business of the House. Perhaps the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) will be able to answer. I assume, in asking the question, that the list of legislation given last week at this time continues to be the list of the government's priorities. If it has not already been done, can there be a designation by him or someone who has the power to so designate that Monday, June 5, and Friday, June 9, be allotted days in accordance with the informal arrangement that exists?

[*Translation*]

Mr. Pinard: Mr. Speaker, the hon. member is right in saying that the priority list as established last week by the Deputy Prime Minister (Mr. MacEachen) still holds; we will continue the debate on Bill C-56, and next Monday as well as next Friday will be allotted days.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am sorry the government House leader is not here because there are a couple of matters which came up today that are important. However, I will put them on the record, and he can read them. One was the matter that was raised in the question period about the time which might be set aside for a debate on the matters involving NATO, the Prime Minister's visit to the United Nations, our position with respect to South Africa, and all of those matters that were encompassed within the question period. There was some question as to the time that might be available.

In accordance with this informal arrangement, we have an opposition day, it is a short day but it is a day that is designated for us, on June 14, if my recollection is correct. Would the government be agreeable to giving us a day ahead for the purposes of discussing those matters? I would suggest the day before, June 13, for example, and an appropriate motion could be put on the order paper. We would be prepared to contribute that opposition day for the purpose of making up a two-day debate on foreign affairs, because we take the position there has not been sufficient discussion on that topic. We can discuss whether it will be the day after, but we make that offer to the government concerning a debate on foreign affairs.

In our judgment the question period is inadequate for the kind of examination that we want and similarly the standing committee is inadequate for the kind of participation we want. I hope the government will be forthcoming in granting us a day so that we can have a two-day debate. I leave that with the parliamentary secretary.

The other matter concerns the veterans legislation. I am glad to see that the Minister of Veterans Affairs (Mr. MacDonald) is in the House. I know he is anxious to bring forward that bill. It is unfortunate that the Deputy Prime Minister is holding that bill to ransom until the tax bill is finished. I do not think the veterans of the country, who have been anxious for that particular bill for some time, should be held to ransom for the tax bill. I repeat the undertaking with regard to that legislation. We will deal with all stages of that bill in one hour on a parliamentary day, all three readings and committee of the whole.

• (1632)

I suggest to the government that we would take part of the Progressive Conservative party's allotted day on Friday, June 9, between four and five in the afternoon, so that bill can be put through just prior to the time the minister goes to Edmonton to attend the convention of the Royal Canadian Legion. I am, of course, prepared to suggest that we might break off debate now on the tax bill to allow it to go through all stages. That is an offer for the minister. I am glad he is in the House. I hope he takes the position he cannot refuse such a generous offer.

I do not know who is in the position to answer for the government today. I do not know whether the government has taken note of the fact that the holiday for French-speaking Canadians, Saint Jean Baptiste Day, falls on Saturday, June 24, when parliament is not sitting. I understand it is to be celebrated on Friday, June 23. Indeed, federal public servants who work in Hull will, I understand, have that day as a holiday.

There is some confusion in the Standing Orders with regard to the celebration of that day. Interestingly enough, the same confusion occurs with regard to July 1 which also falls on a Saturday. I understand the celebrations are to take place on the Monday. The Standing Orders do make reference to the day upon which those holidays are to be celebrated.

The reason I rise is that the balance of the public servants will have the Dominion Day holiday on the following Monday. It is important that there be some clarification by the government as to the position of the government, not only for members of the House of Commons, but for the staff of the House of Commons. I would appreciate it if the parliamentary secretary would convey that message, because it is appropriate that the government make that clarification soon.

Finally, can the parliamentary secretary tell us when the bill following upon the ways and means motion relating to the small business changes will be introduced?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, it is obvious that with regard to two or three matters raised by the hon. member for Grenville-Carleton (Mr. Baker), the parliamentary secretary will have to consult his minister. It may be that we should have some joint discussions, particularly with regard to sorting out the holiday week ends.

I rise mainly to say two things. First, I welcome the fact that Monday, June 5, has been or will be designated as an opposition day. I believe it is agreed on this side of the House that that will be our day, and there will be a motion in the name of the leader of this party.

I now come to the question of the bill respecting the basic rate of the War Disability Pension. I may say that in the meetings of the Standing Committee on Veterans Affairs this week when we were on estimates, we had enough discussion on this bill that I can say we would be very satisfied to put it through the House quickly. Certainly an hour will be sufficient time.

Since the business of the day has already been upset, and there is more to come, I suggest that we deal with that bill tonight. We are not going to have much time today for Bill C-56 anyway. I would suggest we deal with it now, only the Minister of State for Science and Technology (Mr. Buchanan) has a statement to make and we will be tied up with that. Then there will be private members' hour.

The Minister of Veterans Affairs (Mr. MacDonald) will be here tonight. The hon. member for Norfolk-Haldimand (Mr. Knowles), who speaks for his party on this issue as I do for my party, and I have discussed the matter and we are certainly in agreement on a very short debate. I do not think we need a House order. Surely our word is good on this, that it will not take more than an hour to put that bill through second reading, committee of the whole, and third reading so that it can be passed and sent to the other place where I believe they can deal with it very quickly.

[*Translation*]

Mr. Pinard: Mr. Speaker, concerning the Tory House leader's comments about a special debate on external affairs, he was told this afternoon that the question period provided opposition members with sufficient opportunity to ask questions about it. A few moments ago I read the motion moved by the Deputy Prime Minister (Mr. MacEachen) to allow certain committees to sit during the month of June. I find that the committee on External Affairs and National Defence is included in the motion and thus will be allowed to sit during June, providing opposition members with another opportunity to ask questions on the subject, and finally there are still many days allocated to the opposition. However, I take notice of the hon. member's suggestion about a two-day debate where the opposition would sacrifice one day and the government would

give up one day of its business. I will transmit that suggestion to the President of the Privy Council.

As for Bill C-58, we disagree that we should wait as long as the Progressive Conservative House leader suggests. We want to proceed with this bill on the conditions he specified, that is to pass the bill through all stages within an hour. We do not wish to consider the bill on an opposition day next week, or in two or three weeks, as he suggested. We would rather go ahead with this bill today and, if necessary, tonight at eight o'clock when the minister will be here. The Minister of Veterans Affairs (Mr. MacDonald) is available and as soon as we are finished with another minister's statement on motions, we will proceed with the bill, as long as we have at least an hour, that is as long as there is one working hour left to discuss, for a maximum of one hour, and pass this piece of legislation at all stages.

Finally, as regards the Saint-Jean-Baptiste, we on this side of the House have a deep respect for the French Canadians' feast day and hon. members of the opposition can be assured that we will advise all members of the House at what time exactly the House may adjourn to celebrate with dignity the feast day of our fellow citizens. Finally, concerning bills relating to small businesses, I have been asked when we will proceed to their consideration. I will refer this request to the President of Privy Council, but I want to point out to the hon. member that several of these fiscal measures have already been implemented so that it is far from being as urgent as one might believe at first sight. Mr. Speaker, besides the comments I just made, I will be pleased to convey to the Deputy Prime Minister the suggestions which have been made and I will inform the opposition parties as soon as possible.

* * *

[*English*]

POINT OF ORDER

MR. HNATYSHYN—ANSWER BY PRIME MINISTER DURING QUESTION PERIOD

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a point of order. It has its basis in the question period today. I intend to be very brief. My point of order relates to an answer given by the Prime Minister (Mr. Trudeau) during the course of the question period today in response to a question I put to him. I submit to Your Honour that the Prime Minister misled the House, perhaps inadvertently, by putting words in my mouth with regard to the question I put to him.

● (1642)

During the course of his response the Prime Minister suggested that the position I had put to him was that the actions of Hon. Donald S. Macdonald with regard to his appointment as a director of one or another commercial corporations in Canada did not contravene the guidelines set out by the Prime Minister on two separate occasions. That position is not the position I have submitted to the Prime Minister. I think there

are more substantial questions than whether the action of Mr. Macdonald breaches the guidelines or not, and my question to the Prime Minister asked for a review of those guidelines, not whether, in fact, Mr. Macdonald's activities breached the guidelines in question.

* * *

BUSINESS OF THE HOUSE

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, after discussion on the consideration of Bill C-58 relating to the Department of Veterans Affairs, it seems that we could go through consideration of the whole bill between five and six o'clock tonight during the time usually reserved for private members' business. Having discussed with the leader of the official opposition, I would like to ask for the unanimous consent of the House to cancel private members' business between five and six o'clock today in order to dispose of all stages of Bill C-58.

[*English*]

Mr. Speaker: Order, please. This is a proposition which will undoubtedly be considered between now and five o'clock. In the meantime we have other matters with which to occupy the House.

ROUTINE PROCEEDINGS

[*Translation*]

COMMITTEES OF THE HOUSE

JUSTICE AND LEGAL AFFAIRS

Fourth report of Standing Committee on Justice and Legal Affairs—Mr. MacGuigan.

[*English*]

VETERANS AFFAIRS

First report of the Standing Committee on Veterans Affairs—Mr. Flynn.

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

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RESEARCH AND DEVELOPMENT

TABLING OF DOCUMENTS

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, under the provisions of Standing Order 41(2) I should like to table two documents in each of the official languages dealing with the state of research and development in Canada.

[Mr. Hnatyshyn.]

MINISTER'S STATEMENT ON RESEARCH AND DEVELOPMENT

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, with reference to the two documents which were just tabled, may I say that one of them is a discussion paper dealing with research and development in Canada in which a number of long term issues and policies are presented. It is intended to stimulate an exchange of views among the research sectors prior to the proposed federal-provincial ministers' conference on industrial research and development in the fall of 1978. The other is a document informing the House of a number of specific objectives and immediate measures the government is adopting to increase the level of research and development in this country.

The objectives are:

1. As a new national policy, to reach a target of 1.5 per cent of the gross domestic product for research and development expenditure in Canada by 1983.

2. To use federal government procurement to stimulate industrial research and industrial development in Canada.

3. To encourage greater private sector spending on research and development and to create more job opportunities in, and through, science and technology.

4. To open federal laboratories to the private sector in order to encourage greater technology transfer between government and business.

5. To create industrial research and innovation centres to assist industry, particularly small business and private inventors, in the development of new products and technology.

6. To assist in the development of centres of excellence on a regional basis, both to build upon the diverse strength of Canada and to ensure local expertise and initiative.

7. To increase funding for university research in areas of national concern.

[*Translation*]

If we are to secure the future that Canadians expect, the attainment of these objectives is essential. A healthy R and D effort in Canadian industry is a necessary component of success in an international trading environment which is becoming increasingly competitive. At present, the level of industrial R and D in Canada is significantly lower than it should be. A number of measures have already been taken by the Government to correct the situation. They include: increased tax incentives for industrial research announced in recent budgets; increased funding of a number of direct assistance programs in 1978-79; extension of the contracting-out policy; increased efforts at transferring technology from government laboratories to industry; and introduction of an employment program in industry for highly-qualified manpower.

[*English*]

Further steps are to be taken as follows:

1. The procurement practices of the federal government will be changed to ensure their effective use in support of industrial research and industrial development in Canada.

2. The government is expanding its contracting-out program by adding $1.5 million in each of the next two years to the unsolicited proposals fund of the Department of Supply and Services which is designed to allow industry to meet government research needs.

3. As a further stimulus to employment in research and development, an additional program involving $3 million this year will be instituted for highly qualified manpower under Canada Works. It will create jobs for unemployed scientific and technical personnel in the performance of research projects in universities at the request of Canadian firms. It complements the science and technology employment program in industry which I announced in April, and is directed especially at small businesses which do not have an R and D capacity of their own.

4. Increased co-operation between government and industry and between universities and industry will be fostered through the establishment of institutions and the reinforcement of other mechanisms specifically devoted to the transfer of ideas, innovations, information, skills, manpower and technical capacity; by the addition of $5 million to the Program of Industry-Laboratory Projects (PILP) of the National Research Council and the extension of the program to other government departments, and by the expansion of the National Research Council's technical information service for small businesses through the employment of senior students in science and engineering. An amount of $350,000 will be directed to this program in the current year.

Increased co-operation will also be fostered by the establishment of a clearing-house role for Canadian Patents and Development Limited to facilitate the transfer of information between industry and government laboratories; by further emphasis on the transfer of technology to industry as an objective of all government research activities; by the establishment, in consultation with the provinces, of up to five regional university-based industrial research and innovation centres over the next few years. An amount of $2 million will be made available for the purpose this year.

5. The establishment of centres of excellence across Canada responsive to national needs. One of the main objectives of the centres will be to achieve better integration of government, university, and industrial research activities. They will be based on the natural and human resources of each area so as to assist in the further development of the industrial capacity of each region. As one illustration, the new ice tank of the National Research Council will be located in St. John's, Newfoundland, within the developing complex of facilities for cold water engineering. The government will spend $6.8 million this year toward the establishment of such centres. Their successful establishment and operation will require the closest co-operation between the provinces, industry and the universities.

6. The budget of the three granting councils for funding research will be increased by $10 million each year. This increase will be for research efforts in areas of national concern and will supplement the funds provided to the councils for this purpose in 1977-78.

● (1652)

The details of the foregoing measures can be found in the document entitled "Measures to Strengthen and Encourage Research and Development in Canada".

In addition to the measures already announced, very important initiatives will be taken by other departments in the area of research and development. For example, the Department of Fisheries and the Environment, the Department of National Defence, and the Ministry of Transport all have major interests in these areas. In particular, my colleague, the Minister of Communications (Mrs. Sauvé), has significant proposals which she will be announcing in the near future.

In addition, I believe these measures will complement and support the initiatives to strengthen small business in Canada proposed last week by my colleague, the Minister of State (Small Business) (Mr. Abbott).

In view of the increasing evidence that research and development intensive companies grow more quickly, have higher productivity, better price performance, and are competitive in international markets, these policies and measures I have announced will help to strengthen our economy and provide jobs now and well into the future. I believe also that the policies and measures lay a good foundation for a new spirit of co-operation among government, universities, and industry.

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, in terms of our gross national product we have the worst record of any western nation when it comes to investing in research and development. We invest less than 1 per cent of our gross national product, while our objective, as set out by the Senate Committee on Science Policy, should be 2.5 per cent, and our goal must be to achieve that level by the mid-1980s. This is the fraction of the gross national product now spent in the United States, the United Kingdom, and West Germany, and achieving this goal will require a major commitment of our natural resources and significant new directions in science policy. Even then we shall arrive only at the same commitment now enjoyed by our competitors.

The minister's identification of 1.5 per cent of gross national product—the written release refers to gross domestic product—for our research and development expenditure in Canada by 1983 is like the awakening of wisdom, but the limited objective and his shotgun approach in announcing a number of recycled old policies—some of them unrelated—cause me to be concerned that the wisdom is shortlived.

Most certainly, we hope for the success of every single program the minister has announced, and only time will tell whether the statement, which is more general than specific, is more cosmetic than real.

It is important for us to refer to the ministry of state summary of federal science activities for 1978-79 and refer to figure 6, federal government expenditures by type of science and performer, to see the effect of the federal government commitment to the make or buy policy, and to contracting out to industry functions which otherwise would be performed in government laboratories. Intramural activities in 1976-77 are shown at $460.8 million. In 1977-78 they rise to $511.1 million. In 1978-79 they increase to $567.1 million. At the same time the research and development expenditures for industry in 1976-77 were $222.3 million, in 1977-78 $214.8 million, and in 1978-79 $217.6 million. With the make or buy policy we still have an increase in intramural activity and a decrease in industrial research and development expenditures by this government.

Another amazing feature of this same report is that the government has spent over $1 billion on research and development. Where are the results, and what is the direction?

So, how do we stimulate research and development in the private sector of our economy? The Science Council suggests a 25 per cent tax credit on all current and capital expenditures, with carry-forward provisions, in addition to the current shared-cost programs.

The Senate committee suggested that we restore the tax incentive for industrial research and development based solely on incremental research and development expenditures over a base period.

Another representation from the scientific community supported the 25 per cent investment tax credit, increased at the rate of 5 per cent per year until a satisfactory national level of industrial research and development is attained. This body also recommended a moratorium on the capital gains tax for new technology-based ventures for the initial five years of operation. A reduced corporation tax rate for new technology-based industry based on employment growth was also suggested.

The president of Northern Telecom supported a 25 per cent investment tax credit with a ten-year commitment, and the Canadian Manufacturers' Association supported the same 25 per cent tax credit, but with the asset value not reduced for depreciation purposes.

In its great wisdom the government rejected all these recommendations and chose the additional allowance scheme of 1962, featuring the 50 per cent special allowance of a three-year moving average base involving both capital and current expenditures lumped together.

This special 50 per cent allowance was replaced about ten years ago because it was alleged by the government to be of no benefit to new firms and those not in a taxable position which needed the assistance most. Small firms receive less of the benefit than larger ones, because the larger the rate of tax applied to the pre-tax allowance, the greater is the benefit. The tax credit eliminates this type of discrimination by the tax rate against small firms.

It is not enough to point to the failures of the government without offering suggestions, and I do have some proposals to make. The government must be convinced and clearly indicate to all segments of our economy that it is convinced of the importance of research and development as an essential base for economic advancement, and that it will encourage the transfer of scientific knowledge and technology in a co-operative effort between universities, governments, and industries. It is not convincing when it comes out with a series of ad hoc policies, recycled proposals, and rejected tax schemes. Neither is it convincing when every few days we get another announcement of a new program. What we really need is a coherent, clearly stated national policy underlining a serious commitment to development.

The government must increase its support for basic and applied research and development in Canada, and with our present facilities—starved and dehydrated by government policies—reaching the level of 2.5 per cent of our gross national product that will not be easy, but it should be our goal, and it has been expressed as the goal of this party in this House by our leader.

Some hon. Members: Who?

Mr. Howie: While government has an important continuing role in research and development funding, especially in areas like agriculture, we need a special effort to increase investment in innovation by Canadian industry. The sad fact is that General Motors, IBM, and Ford each spend more on research and development in the United States than do all Canadian companies taken together. A significant increase in the research and development tax deduction must be a first priority.

Since our ability to produce food is a precious national asset and we own one third of the world's fresh water supply, we must give particular priority to strengthening our agricultural research and development program. The federal government spends about one tenth of its research and development funding on agriculture. The Agricultural Institute of Canada has warned us that this situation threatens Canada's position as a major world producer and supplier of food.

As the Science Council of Canada has pointed out, the key to innovation is to build and maintain an effective team of human talent. This involves our universities in an expanded role, and it means developing a special incentive for new employment in industrial research, design, and development.

Our policies too must be more than passive or responsive. They must be geared to promote innovation where Canada is best equipped to compete with the rest of the world and by companies which have a clear and unfettered commitment to Canada's interests. The creative talent is there. What is not there and what must be there is national leadership to match that creative potential with our economic objectives. What we need is a focus of all departments of government on the problem of research and development, and not a cosmetic shotgun approach of recycled ideas.

Mr. Deputy Speaker: Order, please. It being five o'clock, I must at this time interrupt the proceedings to proceed to the

consideration of private members' business. However, by unanimous consent the House may agree not to see the clock so that we can complete proceedings under statements by ministers. If hon. members feel we can complete the business in a short time, we could come back to private members' business following that. I will invite the parliamentary secretary to move a motion reflecting whatever agreement has been reached. Is that agreed?

● (1702)

Some hon. Members: Agreed.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would like to state clearly that consideration of Bill C-58 will have to end at six o'clock and that by that time the bill must have gone through all stages so that at eight o'clock tonight we can proceed to consideration of Bill C-56 as previously agreed.

[*English*]

Mr. Deputy Speaker: The parliamentary secretary requests the Chair to put his proposal before the House. This means that we would not see the clock but complete the proceedings under statements by ministers, following which we would forgo private members' business and proceed directly to Bill C-58, on the understanding that all stages of the bill will be completed by six o'clock.

Mr. Knowles (Winnipeg North Centre): Yes, Mr. Speaker, that represents the agreement amongst us. I think that part of the agreement is that if precisely at six o'clock we have not finished because we have lost more time, we will not see the clock, any more than we have seen it at five o'clock.

Mr. Baker (Grenville-Carleton): That is certainly agreeable Mr. Speaker.

Mr. Deputy Speaker: It is agreed and so ordered.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the statement by the minister a little while ago, and the announcement by the Minister of National Health and Welfare (Miss Bégin) earlier today during the question period that the amount of money to be allocated for medical research has been increased by 11 per cent rather than the 5.5 per cent indicated in the estimates, demonstrate that even this government listens to representations if they are made loud enough and often enough, and when an election is coming up.

I must admit that again I was amazed by the statement made by the minister because he succeeded in doing something I did not think he could do. He succeeded in making a statement which sounded very good but which, when the fine print was looked at, proved again that the government really does not understand the needs with regard to scientific research. The reason it sounded very well was obviously that

the minister's speech writers have read documents such as the May issue of the bulletin published by the Canadian Association of University Teachers, which concentrates on the problems of scientific research, and the resolution passed by the 1977 convention of the NDP which went into detail about scientific research and what needed doing. That was in the general things they said, but when it comes to doing things, we find that the minister and the government propose to do very little more than they have already done.

The minister states that the government's target for the next five years is to raise the percentage of the gross domestic product from the present less than 1 per cent to 1.5 per cent expenditure on scientific research by 1983. The fact is that at present countries such as the United States, the United Kingdom, West Germany, and the Netherlands are already spending 2 per cent or more of their g.n.p. on scientific research. So the minister is proposing that five years from now we will still be spending less of our g.n.p. than those countries are already spending.

I point out to the minister that our 1977 convention stated as follows:

> Increased financial support for basic and applied research and development to a level of at least 2.5 per cent of the g.n.p. within three years.

That is 1 per cent more than the minister is proposing, and in three years rather than five.

Mr. Buchanan: That is impractical.

Mr. Orlikow: That is what I expected from the minister. The government proposes more tax incentives, increased assistance to direct assistance programs, extension of the contracting out policy, and transfer from government laboratories to industry of technology. All of these have been tried before and they have obviously failed to meet the needs of this country for increased emphasis on scientific research.

The government proposes to increase funding for university research, but the amount indicated in the background papers of $20 million is so small that I consider it to be an insult to the university scientists of this country.

The government proposes the creation of industrial research and innovation centres, financial support for employment of scientific research personnel, and a number of other proposals, all which are small steps in the right direction, which we support. But the proposals to encourage greater private sector spending on research and development through increased tax incentives have been complete failures. Those failures go at least as far back as when scientific research came under the jurisdiction of the former member for Westmount, Mr. Drury, and I think even this minister knows how the scientific community assesses that minister's regime with regard to scientific research.

Between 1968-69 and 1975-76, research and development expenditures fell from 5 per cent of federal expenditures to less than half of that, to 2.4 per cent of federal expenditures. By 1976 actual government expenditures on research and development had fallen to less than .5 per cent of the g.n.p. Just

compare that with what other countries are doing. The proportion of the g.n.p. spent by the federal government for basic research has steadily decreased since 1969. In 1976 it was an appalling 0.07 per cent, while in Belgium it was 0.3 per cent, in Germany 0.3 per cent, in France 0.4 per cent, in Japan 0.4 per cent, and in the Netherlands 0.6 per cent of the g.n.p. In other words, Canada spent about one quarter of the average support level of these western European countries and Japan.

The Lamontagne committee, which looked into the whole question of science, reported that Canada and Scandinavia, which have comparable populations, have about the same number of researchers in universities, yet Canada has 9,000 more people than Scanadinavia in government laboratories and 20,000 fewer in industry. What the minister is proposing is more concessions to the industrial community which has failed thus far.

The minister says I have it backwards. I do not. I said that we have 20,000 fewer people in industry than Scandinavia.

Mr. Buchanan: That is our problem.

Mr. Orlikow: What the minister is proposing simply will not do. The background papers tabled by the minister indicate that Canadian research and development effort over-all is "low compared to other industrialized countries". Later on in the same paper it is stated "An important component of the problem in industry is the high degree of foreign ownership". Yet we get proposals for more incentives to these corporations which have failed so miserably until now in fulfilling their responsibilities.

● (1712)

Why has this happened? I think the reasons include the following:

(1) The fact that so much of Canadian industry is in the resources area which requires little R and D. Canada has one of the lowest percentage of workers, in the manufacturing area (23 per cent) as compared to West Germany's 38 per cent, the U.K.'s 36 per cent and the U.S.A.'s 34 per cent.

(2) Canada has the highest degree of foreign ownership and control of its industry among the OECD countries. The major part of the R and D efforts of these companies increasingly takes place in the head office country. A classic example of this situation is Ford of Canada which had sales of $4.8 billion, a profit of $126 million, yet carries out no R and D in Canada and employs not one science Ph.D. in all its Canadian operations.

If we are going to deal with this matter of scientific research seriously, we must deal with the situation involving multi-national foreign owned corporations. Legisl ation is required to ensure that these companies invest a significant percentage of their profits earned in Canada in research and development conducted in Canada.

The ability of this country to function as an independent nation will depend on our capacity to develop a strong secondary manufacturing industry based on products and ideas developed from heavy investment in research and development by industry. If we are to do that we must make scientific research by governments, universities, and industry a must, not just a choice that can be ignored at will as it has been in the past, largely by multi-national controlled industry.

[Mr. Orlikow.]

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to say a few words about the statement the minister just made which is a small step in the right direction, but a rather timid one when one considers the need for research and development in Canada.

Indeed, during a debate on March 7 last several members told the government about the needs of universities in research and development. On that occasion, I said to the minister and to the government that for several years Canada had been lagging behind in the field of research and development when compared with OECD countries and that for several years Canada had even been behind Italy which, in 1975, spent more than 1.1 per cent of its gross national product on R and D whereas Canada was content with spending 0.8 per cent only of its gross national product. Mr. Speaker, obviously we have lagged behind in research and development, and the increase proposed tonight by the minister, however interesting it may be, is not enough to make up for lost time. I think we should do better than that if we are to reach the level of industrialized countries, since we do consider ourselves members of that great family. This is not the first time that we take position in this regard and I would like to remind the minister that last year, in November 1977, during a Social Credit party convention in Drummondville, Quebec, a resolution in that vein was passed, and if I may, Mr. Speaker, I would like to read this resolution once again, and I quote:

That a Social Credit Party of Canada government would stimulate private (university) research by establishing a five-year science policy in line with the three following basic principles: (1) the necessity of an adequate budget; (2) the urgency of a long term, that is three to nine year, science policy for Canada; and (3) the presence of a researchers' representative on the grants committees.

I think that this third point is also extremely important. Only recently, a few weeks ago as a matter of fact, during the distribution of allocated votes, there were some pretty fierce confrontations and I believe that the presence of researchers' representatives on the grants committee is indispensable to ensure that the grants be given out properly and the money go where it should.

Mr. Speaker, the minister also said that some departments would be spending more than others for research and development in their own field of endeavour. That is well and good, but I think that if we want to help small business, that can only and most easily be done through departments. But I also believe that by entrusting the research to our universities, which have the proper equipment and the qualified staff, we will be able to make interesting discoveries, which will put Canada on an equal footing with any other country in the world and we will no longer need to borrow from other countries the innovations we need. We will be able to do so ourselves and we will help the expansion of research throughout the world.

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,159, 1,498, 1,592 and 1,607.

[*Text*]

CBC OMBUDSMAN

Question No. 1,159—**Mr. Marshall:**

1. What is the budget of the CBC "Ombudsman"?

2. What is the number of staff of the CBC "Ombudsman"?

3. (a) How many cases per month are received by the CBC "Ombudsman" (b) how many are (i) accepted (ii) rejected?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. It has not been customary to require the CBC to provide such details of its internal management and administration as the budgets of its programs. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

2. 21.

3. (a) and (b) A varying number of potential cases are received each month, ranging from an average of 700 a week in peak season to an average of 50 a week in late summer. Since "Ombudsman" began in January, 1974, approximately 38,000 pieces of mail of all kinds have been received. A portion of that total consists of audience comments on the program. Of the total pieces of mail received, more than 11,000 were cases and, of these, 208, or 1.8 per cent, were telecast on the weekly 30 minute television program. From the outset of program it was felt that "Ombudsman" could not offer to help people who wrote and then help only those whose cases were chosen for television, discarding the rest. "Ombudsman" has, therefore, been a television program, telecast from October to April, as well as a service carried on throughout the year. All mail is acknowledged and all cases are logged and filed under a numerical-alphabetical system. The federal Law Reform Commission's 1975 report on "Ombudsman's" case files broke down the process of disposition and showed that "Ombudsman" was able to be helpful in 68.24 per cent of all cases. This help was provided by referring the complainant to an agency competent to handle the complaint, by clarifying the complainant's rights, by speeding up the government process, or by sometimes leading to a reversal of an official decision.

ADMINISTRATOR, CANADIAN SURFACE TRANSPORTATION ADMINISTRATION

Question No. 1,498—**Mr. Jones:**

1. Who was recently appointed to the position of Administrator, Canadian Surface Transportation Administration?

2. What are the duties and responsibilities of this position?

3. What are the recent appointee's qualifications for this position?

4. Does the previous work experience of the recent appointee in any way relate to his/her new position?

Order Paper Questions

Hon. Otto E. Lang (Minister of Transport): 1. Mr. R. J. Giroux.

2. Under the general direction of the deputy minister and the senior assistant deputy minister, the administrator, Canadian Surface Transportation Administration, directs the formulation and implementation of the surface transportation policies and programs and the management of all operational, developmental and regulatory activities of the Department of Transport in support of surface transportation. In discharging these duties he consults with other administrators and assistant deputy ministers in the department and is assisted by subordinate directors general responsible for planning and coordination, highway, railway, and water transportation.

3. Mr. Giroux has a Bachelor in Commerce (Economics) and a Masters degree (Labour Economics) from the University of Ottawa. He has research and line management experience gained through progressively more senior positions in the Public Service, including director general Ontario region, DREE, and assistant deputy minister, Department of Fitness and Amateur Sport and Department of National Health and Welfare.

4. Yes.

KOOTENAY RIVER DIVERSION—B.C. HYDRO

Question No. 1,592—**Mr. Brisco:**

Has an application been made to the Minister of Transport under the Navigable Waters Protection Act for a licence or permit to obstruct the Kootenay River at or near Canal Flats, British Columbia to construct the Kootenay River Diversion by B.C. Hydro?

Hon. Otto E. Lang (Minister of Transport): The Minister of Transport is not in receipt of an application by British Columbia Hydro for approval under the Navigable Waters Protection Act to undertake works in the Kootenay River at or near Canal Flats, province of British Columbia.

ADVERTISEMENT—POST OFFICE

Question No. 1,607—**Mr. Elzinga:**

Was a newspaper advertisement published by the Marketing Division of the Post Office Department entitled "What advertising medium allows you to reach 98 per cent of your prospects with a single message? Direct Mail!" and, if so (a) by province, what are the names of the newspapers which published it (b) how often did it appear in each newspaper (c) what was the cost per advertisement (d) what was the total cost of publishing the advertisement?

Hon. J.-Gilles Lamontagne (Postmaster General): "What advertising medium allows you to reach 98 per cent of your prospects with a single message? Direct Mail!"—was not strictly a newspaper advertisement as the question would indicate. This advertisement, and one other of the same direct mail campaign were placed in national publications and subsequently placed in the business sections of daily newspapers where it was felt the national papers lacked market penetration. The media was scheduled as follows: all insertions carried in the month of March, 1978. (a) and (b) Ontario: *Financial Times* (1,000 li), 4 insertions; *Financial Post* (1,200 li), 3 insertions; Stimulus, 1 insertion; Marketing, 3 insertions;

Globe and Mail, 4 insertions. Quebec: Les Affaires (830 li), 3 insertions; Publicitaire, 1 insertion; *Le Devoir,* 4 insertions. New Brunswick: Fredericton *Gleaner,* 4 insertions; Moncton *Times Transcript,* 4 insertions. Nova Scotia: Halifax *Chronicle-Herald-Mail Star,* 4 insertions. Newfoundland: Saint John *Telegraph Journal-Evening Times Globe,* 4 insertions. (c) See part (d) of this reply. (d) Total cost, placement and production of the two advertisements—$54,281.40.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 520 could be made an order for return, that return would be tabled immediately.

[*Text*]

DOT RAIL EQUIPMENT

Question No. 520—**Mr. Mazankowski:**

1. What are the names of all the companies who placed bids on the ten train options as a result of a tender call by DOT for new rail equipment on July 4, 1976?

2. (a) What are all the factors, including cost, that were taken into consideration in the awarding of the tenders (b) what was the weighted-average or similar type of quantification that was given to each factor in each bid?

3. What was the (a) amount (b) date (c) purpose of any grant or loan or similar kind of offer, if any, that has been given to Bombardier-MLW Ltd. of Montreal, since 1970 by any department, agency or Crown corporation?

4. What was the (a) amount (b) date (c) purpose of any grant or kind of offer, if any, that was given to the companies listed in Part 1 since 1970 by any department, agency or Crown corporation?

5. (a) Of the 1500 man-years of work to be spread over a three year period arising from the $90 million contract to Bombardier-MLW Ltd. of Montreal, what are the job locations and number of man-years assigned to each location that will serve this contract (b) are any of the job locations in a DREE "designated area" and, if so, what is the area and what is the annual unemployment rate for each area?

Return tabled.

Mr. Deputy Speaker: The questions enumerated by the parliamentary secretary have been answered. Does the House agree that question No. 520 be made an order for return?

Some hon. Members: Agreed.

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

Mr. Deputy Speaker: Does the House agree?

Some hon. Members: Agreed.

[Mr. Lamontagne.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Northwest Territories (Mr. Firth)—Northern Affairs—Funding of native organizations for land claims negotiations; the hon. member for Hillsborough (Mr. Macquarrie)—External Affairs—Appointment of ambassadors to and by foreign countries; the hon. member for Brant (Mr. Blackburn)—Industry—Canada-U.S. auto pact—Equitable sharing of benefits.

GOVERNMENT ORDERS

[*English*]

PENSION ACT

AMENDMENT TO INCREASE PAYMENTS

Hon. Daniel J. MacDonald (Minister of Veterans Affairs) moved that Bill C-58, to amend the Pension Act and the Compensation for Former Prisoners of War Act, be read the second time and referred to the Standing Committee on Veterans Affairs.

Mr. Deputy Speaker: Order, please. The motion as it appears on the Order Paper states that the bill is to be referred to the standing committee. Is it agreed, by unanimous consent, to conform with an agreement already made, that the motion be amended in order that the bill will be referred to a committee of the whole?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The amended motion is then as follows:

Hon. Daniel J. MacDonald (Minister of Veterans Affairs) moved:

That Bill C-58, to amend the Pension Act and the Compensation for Former Prisoners of War Act, be read the second time and referred to a committee of the whole.

● (1722)

Mr. MacDonald (Cardigan): Mr. Speaker, this bill receiving second reading today has been a major concern of Canadian veterans for some time. However, it has been an issue that had to be considered from every aspect.

We all realize that legislation which affects veterans does not remain static. It requires frequent re-examination and constructive review. This procedure has been a prime concern

for many people in the Canadian Pension Commission, the Department of Veterans Affairs, and in this House. I am pleased this bill will receive quick passage, and I reiterate the fact that this increase is significant at a time when we must guard against overspending, and demonstrate to the people of Canada our concern in the area of financial restraint. Our Canadian veterans are deserving of this addition to the automatic increases provided under the Pension Act each January in accordance with the consumer price index.

Bill C-58 is a recognition of the service rendered by our Canadian veterans for their country, and a recognition by the Government of Canada of the sacrifice made by, not only the soldiers, sailors, airmen and women of Canada's wartime forces but also by the wives, widows, dependants and orphans of those who gave so much for this nation.

Earlier this year increased benefits were provided for first world war veterans who were prisoners of war, and a smaller group, mostly members of the wartime RCAF who evaded capture after finding themselves in enemy territory. We also improved the situation for some of our servicemen who escaped from prisoner of war camps. Compensation for these first world war prisoners, evaders and escapees now is provided under the same basic terms as for the second world war POWs of Germany and Italy. The fact that parliament acted so quickly on this bill indicates our continued awareness of the debt of gratitude owed to this group of very special Canadians.

I would like to mention at this point the support and advice my department has received in the past on this subject and on others from the veterans' associations of Canada. The Royal Canadian Legion, for instance, through its representations to me by way of briefs and resolutions, has influenced the care and well-being of Canadian veterans down through the years. The National Council of Veterans Associations through its concern for its members, our veterans, has been a valuable source of information and guidance for me in pursuing the goal of better and more appropriate legislation in the best interest of veterans. Their organizations speak with a powerful voice that always makes itself heard.

This legislation, Mr. Speaker, marks another indication of the responsibility we have as Canadians to realize the wants and needs of a segment of our population, the survivors, the maimed, the bereaved of world wars and the people of our nation who will be marked by the devastation of war to the end of their lives. Widows and orphans are as much victims of war as our soldiers, sailors, and airmen. Over the past years we have attempted to assist these men and women who gave so much in a time of need, but we must not sit back and congratulate ourselves for what we have accomplished. Rather we must constantly review and update what we have accepted as our responsibility, our debt.

Successive Canadian parliaments have shown, and this one is no exception, that party lines evaporate when the veteran is involved. The success I have on behalf of veterans' legislation depends, not on opposition to their demands, not on political differences, but on the available resources of the Canadian people which are allocated on a priority basis. Happily the Canadian people have placed the veterans' needs at a reasonably high level.

There has been tremendous growth in veterans' benefits over the past few years. I am proud of this fact, and grateful at the same time for the recognition by this government of its responsibilities along this line. The nature and direction of programs and legislation designed and administered by this government demonstrate that our efforts are rightly directed toward those we seek to serve, the Canadian people, and, in this particular case, the Canadian veterans.

When they speak, our veterans do so eloquently and responsibly, certainly not from a politically partisan viewpoint, but more in the role of advisers and guides to those who frame and administer legislation. They have always kept the welfare of Canada in the forefront of their aims, while working for the proper care of all who served their country in time of war. Their knowledgeable expression of the hopes and aspirations of veterans has been met, by way of return, by willingness on the part of this government to listen and to assist whenever possible. As a Canadian I feel this is the way it should be. I know also that my colleagues have this same sense of responsibility, all share this firm desire to provide a tangible expression of national gratitude tempered only by our country's ability to pay. The effect of representations to my department, and the efforts of the dedicated men and women of my portfolio have resulted in a comprehensive program of legislation for veterans that not only equals but surpasses in a number of cases any country in the world.

This bill will enhance the lifestyle, augment the income, and generally improve the situation of a great number of deserving Canadians. We have many responsibilities. Some of these deal with the economy, others with the preservation of our Confederation. The one before us today is our responsibility for the well-being of a very special segment of our society. I am pleased that parliament so readily accepts that responsibility toward Canada's veterans.

Mr. William Knowles (Norfolk-Haldimand): This is a moment in the House of Commons, Mr. Speaker, that we have awaited for two, almost three years. We have been pressing the minister and the cabinet to give us this moment in the House of Commons, to give speedy passage to the bill before us, Bill C-58.

I want to compliment the Minister of Veterans Affairs (Mr. MacDonald) and his staff for producing the legislation we are about to pass here in the House. This gives me an opportunity to say a special word about those loyal public servants in the Department of Veterans Affairs who labour hard and long to help those who have given so much of themselves, who kicked great holes in their lives when they volunteered for the service of their country. Some came back, as the minister said, broken men, and certainly broken lives, and this is only a small way that we have of recognizing their great contribution to this country.

As I began to say a moment ago, the staff in the department have always been most co-operative with all members of this

House when they have brought to them specific problems related to their department. I think I can say on behalf of those members that we certainly appreciate that. I also echo the sentiments of the minister when he praised the men who gave so much for their country, and I pay tribute to the people on this side of the House who have pressed the minister and his government to get this legislation in the form in which we have it. I pay tribute to my predecessor as the critic here on our side of the House, the former member for Humber-St. George's-St. Barbe, who gave a great deal of his time and effort to do this, and to my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), who joined often with the member for Humber-St. George's-St. Barbe to press the minister to do this.

Personally, I know that the minister has wanted to see this legislation passed for a long time. He is a veteran who gave a lot of himself in the cause of Canada, and it is not always his fault that we do not have the legislation when we want it. We hope, however, we have helped him in persuading his cabinet to see the light of day and put us where we are now.

There are one or two concerns I would like to express about this bill. One is the fact that there is no provision in it for an annual review of the right to a disability pension. When the legislation was first introduced it was thought that indexing according to the consumer price index would keep the basic rate of pension in line with the five categories of unskilled labour in the public service, but as experience has shown, that has not happened. There is a very distinct possibility that in the years ahead we will find ourselves in the same situation we are in today. I would have thought it not beyond human ingenuity to include a clause to ensure that the basic rate of pension could be reviewed perhaps on an annual basis, and certainly on a biennial basis, to see that it keeps up with the categories I have mentioned.

● (1732)

Mr. Speaker, this gives me an opportunity to express concern and hope that the government in their review, which the minister assures us is always before them, will find some means of giving the survivor's pension to widows of pensioners who received a pension of less than 48 per cent. I know there are a few who receive benefits if the death resulted directly from war injury, but there are a great number who, when the veteran dies, if his disability pension was less than 48 per cent, are simply cut off.

We have asked for this over and over again. In committee yesterday and this morning the minister assured us that the matter was under review. He cited the cost to the Canadian taxpayer as one of the reasons why it is not being done. Mr. Speaker, when you look at some of the frivolous grants that are sanctioned by this government, it is hard not to believe that some of the money could be passed on to more worthy causes such as those I have mentioned here. I know the minister has this matter well in mind and we give him our pledge of support if in the next few months or in the next year he brings in a bill to correct the situation, which will get the same speedy passage as the bill before us this afternoon.

[Mr. Knowles (Norfolk-Haldimand).]

There are many other issues we could talk about today, Mr. Speaker, but on this side of the House we have given an undertaking that the bill will be passed within the hour. I wish to see that happen so I will not take up the other issues at this time.

The convention of the Dominion Command of the Canadian Legion will take place soon in Edmonton. I know that the minister will go to the convention and tell them what we have done for the veterans by passing this bill. I hope he will give some credit to the opposition for this because we have worked very hard to get it through. We will support him if he says that!

That is all I have to say, Mr. Speaker, and we hope for very speedy passage of this bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there are times when in a particular way this parliament speaks in the name of the Canadian people. I suggest this is one of those occasions. It is good that we do not forget the sacrifices made by our veterans and the suffering that many of them still endure. I am glad that despite the passage of time we do not forget our veterans, and that today we are responding to the request to restore the basic rate of war disability pension to the level calculated by the formula agreed to in 1973.

Like my colleague and namesake who has just spoken, we in this party have been very anxious to get this bill and we are pleased to get it, so we have no intention of taking up time at this stage. We are prepared to go through second reading very quickly, put it through committee of the whole and give it third reading before we rise for the dinner hour.

The minister has paid tribute to those who helped him get this legislation—to members of parliament of all parties. We are aware that he has needed a good deal of help because of some of those he has to deal with in cabinet. Even though we attack him and criticize him at times because things seem to move so slowly, I think he deserves our commendation for having got out of his cabinet colleagues additional money to bring pensions up to the amount indicated in this bill.

I join with the hon. member for Norfolk-Haldimand (Mr. Knowles) in commending also the Royal Canadian Legion and all the organizations that are part of the National Council of Veterans Associations of Canada for their persistent campaign, particularly since last fall. I know they are delighted that the campaign has been successful.

Like the hon. member who just spoke, one or two things about the bill leave me less than satisfied but not to the point of wanting to hold it up. I still say that in 1973, when it was agreed to put the basic rate of the war disability pension at a level equal to the average take home pay of five categories in the public service, that provision should have been written into the bill so that each year, as that average take home pay increased, the basic rate of pension would have increased accordingly. The government did not see fit to do that in 1973.

Instead, it put the proper figures in for 1973 but left in the bill the provision that the increases for the following years would be governed only by the rise in the consumer price index. As we all know, a gap developed which at times was as high as $500 per year—in fact, more than that.

What the minister is doing by this bill is establishing again the actual dollar figure that represents the average take home pay of those five categories at the present time. We are back where we were in 1973; indeed, we are back where we were in 1920 or 1921 in terms of principle. Because the escalation clause in the act has not been changed by this bill, it means that next year and the year after the escalation will again just be the rise in the consumer price index. That will not create a problem for a year or two but three or four years ahead we will have to go through this all over again.

I hope we can do away with the necessity for doing this every four or five years by writing into the act the provision that the basic rate of the war disability pension shall be the average take home pay of those five categories, whatever that average may be. As I say, I hope we will get there some time soon, but for 1978 and 1979 the problem has been solved. We welcome this and we congratulate the minister.

As I said earlier, we had quite a bit of discussion about this in the Standing Committee on Veterans Affairs even though we did not have the bill before us. I made one particular plea to the minister which I repeat now, and I know he will do his best about it. The way this legislation is set up, if a veteran is receiving a small disability pension so that he also gets something under the War Veterans Allowance Act, the bill will not benefit him. He will get an increase in his disability pension but the means test ceiling on the war veterans' allowance will cause that to be cut back and he will end up with the same total.

There are a few items which the War Veterans Allowance Board has found it can ignore for purposes of that means test ceiling, such as certain increases in old age security and the guaranteed income supplement. I urge the minister to take this up with the War Veterans Allowance Board and find a way whereby, in the case of veterans receiving the disability pension and war veterans allowance, they get the benefit of the increase instead of having it given to them with one hand and taken away with the other.

That will also apply to widows on war veterans allowance as opposed to widows on pension under the Pension Act. It strikes me that we do not need to do this by legislation; there is sufficient authority in the War Veterans Allowance Act. I urge the minister to do his best to resolve this issue and to do it before the increased payments come into effect on July 1.

The other thing I want to say has already been said by the hon. member for Norfolk-Haldimand. I repeat it, I underline it and I press it on the minister with every bit of parliamentary experience that I have. This business of a cut-off, such that a widow whose husband had only a 47 per cent pension gets no pension whereas the widow of the husband who had a 48 per cent gets full pension, is for the birds. There is no justification for continuing that provision, that 48 per cent cut-off rule. The minister knows how strongly all of us in this House feel about it. We know the attention that has been given to it in his department. I realize that he has done well to get this much money out of the cabinet this session; we cannot look for the other measure next week. But I urge him to give everything he can to resolve this matter in favour of all veterans' widows.

● (1742)

My friend said that at the Legion convention in Edmonton the minister will boast about this and he will be thanked for doing it; but I can tell the minister that as sure as I am standing here at the Edmonton convention he will also be asked "What have you done for us lately?". They will start to say to him "Fine, you have done it with respect to the basic rate; it is time to solve this question with respect to the widows." I call upon the minister to put the same fight and determination into that battle that he put into this one. It is unfinished business that will not go away. We will stay with it until we win the fight. In the meantime we congratulate the minister on getting this bill approved by the cabinet. He will soon discover that, just as with the bill a little while ago concerning compensation for prisoners of war, this one will be passed by parliament very quickly.

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I am also happy to participate in this short debate on consideration of Bill C-58, all the more so because it was remarkable indeed that the House has agreed to pass all stages of the bill so quickly. But it is a pity that the minister and his department officials took so long to draft such a simple and non complicated bill which will go through so rapidly. We want to suggest in saying so that all veterans as well as all members of this House were looking forward to such legislation. So, I think that the co-operation we have offered to the minister tonight should encourage the government and other ministers to follow the example set by the Minister of Veterans Affairs (Mr. MacDonald) to introduce the legislation we ask for a lot faster than is usually the case.

Mr. Speaker, it is obvious that disabled veterans have been waiting for the increases contained in this bill because these people are suffering as well as their fellow Canadians from the impact of inflation. As most of them are in no position to earn any income, they must keep pace with price increases and inflation, and I think that the increase contemplated in this bill will be welcomed and that we should not stop there because unfortunately I am afraid that inflation is not about to stop.

So, Mr. Speaker, I will not dwell any longer on this subject but there is another point which I would still like to expand on and my colleague from Winnipeg North Centre has also dealt with it and it is the one with respect to veterans' widows. Recently I explained to the minister a problem which had been submitted to me by a widow in my riding who during one year—the year which followed the death of her husband—received a pension which was paid to her according to the law.

But once that year was over she was denied the continued payment of this pension because she is not yet 55, in fact she is 44 and does not suffer from any physical disability and is in good health.

So far, Mr. Speaker, I believe everything meets with the requirements of the act. Yet as in all laws, I think that sometimes exceptions must be made and in the case of Mrs. Paradis which I submitted to the minister, I think that an exception could very well have been granted because even if that lady is not 55 years old and is in good health, she cannot work outside for the very good reason that she is the mother of ten children who all live with her, including eight who still go to school. So it is obvious, Mr. Speaker, that for this reason this lady cannot work outside to earn a living as others could. For these reasons, I think that the act should provide for exceptions and that it should provide for the continued payment of a pension to a widow who finds herself in such a position.

Once again I ask the minister to look very carefully into such cases as that of Mrs. Paradis, which I submitted to him, to see whether it might not be possible to help people like her. I imagine there are not thousands of such cases in Canada, they must be isolated cases; but the fact remains that, to my mind, they are almost appalling since that lady can do nothing other than resort to welfare allowances which represent about 50 per cent of what she got until then as a veteran's widow. Mr. Speaker, I believe those are important points and I urge the minister to look into them again to see if it might not be possible to make exceptions to the law from time to time to help people who are in such dire need.

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I do not want to prolong this debate indefinitely, but coming from a province that has contributed much during the two last world conflicts, that contributed much in human capital, and specially coming from an area which, in terms of its population, did more than its share in the two conflicts that cast a gloom over our history, I feel that it is proper for me to stand here and thank the government, and especially the Minister of Veterans Affairs (Mr. MacDonald), for this legislation which is welcomed, as he knows, not only by hon. members in this House but by all veterans and by those he had an opportunity to meet in my riding and told him how happy they were with that new legislation for them.

As the hon. member for Norfolk-Haldimand (Mr. Knowles) suggested earlier, it is of course only part of what Canada, what Canadians owe to those who went overseas to protect our rights and freedoms.

We are also sure that it is not the end of measures to help veterans and that we would like to take this opportunity to congratulate the minister personally for the work he has done for veterans since he has taken over that portfolio. His own personal services were praised and I believe it is also appropriate to pay tribute to his courage and his determination as a Canadian for the part he took in the last world conflict.

Mr. Speaker, as was suggested by those who spoke before me, the hon. member for Abitibi (Mr. Laprise), the hon. member for Norfolk-Haldimand (Mr. Knowles) as well as the hon. member for Winnipeg North Centre (Mr. Knowles) who is a champion in this area, and as I already suggested some two weeks ago and I repeat, like my colleagues I want to ask for better treatment of veterans' widows—I was recently told that the word "widow" is no longer used but rather veteran's survivor—so as to do away with that pension maximum of 48 per cent now required under the law so that when a veteran dies, his widow, whatever the pension her husband was receiving, can have a pension so as to avoid being placed in a situation such as that suggested by the hon. member for Abitibi.

I would also like to mention what he referred to, but unfortunately he has left. It is always the same thing; he mentioned that it was coming too late, that it should have been done two or three years ago. I believe it is quite easy to say that but since this government does not have the magical financial resources which the Social Credit party has, we must go with the budget, with the finances of this country and the present system.

Mr. Speaker, once again I want to thank the Minister of Veterans Affairs on behalf of the veterans of my riding as well as all veterans across Canada for that legislation which is welcomed with great happiness.

• (1752)

[*English*]

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

Clauses 1 to 4 agreed to.

On Clause 5—*Coming into force.*

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I ask just one question about clause 5 which provides for this amending legislation to come into effect on July 1, 1978. May we assume that the offices which write and send out the cheques are geared up for this legislation and that the increases provided in this bill will be reflected in the cheques which veterans receive in July?

Mr. MacDonald (Cardigan): Mr. Chairman, the answer to the hon. member's question is that this is what we anticipate in our department at this time.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Some hon. Members: Six o'clock.

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock tonight.

At 5:58 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

POINT OF ORDER

MR. HORNER—CORRECTION OF OFFICIAL REPORT

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): On a point of order, Mr. Speaker, I should like to make a correction in *Hansard* for May 31, 1978. I might say I wanted to attend to this matter earlier in the afternoon but I was unable to do so because of the lengthy question of privilege before the House, discussion of which continued until I was called to a committee meeting.

On page 5915 at line eight I am reported to have said and I did in fact say the following:

> Mr. Speaker, we recently signed an agreement with Volkswagen which allows Volkswagen to claim remission on duties—

What I intended to say was:

> —we recently signed an agreement for cabinet approval which allows Volkswagen to claim remission on duties—

The rest of the paragraph remains the same. I guess I could add that I have no doubt the agreement will receive cabinet approval; I thought it would have been given last week but it was not. It is a very good agreement and I have no doubt approval will be given.

* * *

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, May 30, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to committee of the whole.

The Acting Speaker (Mr. Turner): The hon. member for Algoma (Mr. Foster).

Mr. Paproski: On a point of order, Mr. Speaker, I believe the hon. member for Fraser Valley West (Mr. Wenman) had the floor.

The Acting Speaker (Mr. Turner): Order. On Tuesday night the Leader of the Opposition (Mr. Clark) spoke and a vote was taken. He made the last speech and I am therefore going to the Liberal side.

Mr. Paproski: I am surprised you would do that.

Mr. Maurice Foster (Algoma): Thank you, Mr. Speaker. I think your judgment on that matter was very sound. I am glad to have an opportunity to say a few words on Bill C-56.

Some hon. Members: Filibuster!

Mr. Foster: This bill makes provision for implementation of many aspects of the budget which the Minister of Finance (Mr. Chrétien) presented a few weeks ago. The bill continues the stimulus which the Minister of Finance has been pursuing for the past several months, including the reduction of sales tax for the citizens of Ontario from 7 per cent to 4 per cent, or, in other terms, to the tune of $1 billion worth of incentive to the Canadian economy. This incentive is an important one, Mr. Speaker, and adds to those provided in the economic statement made by the minister last fall when a tax cut of approximately $100 per taxpayer was provided in January and February of this year. This was in addition to the indexation of income tax which reduced taxes by another $900 million. It has been the strategy of the government to overcome our unemployment difficulties by providing stimulus to the economy in the form of cuts in the income tax and, now, in the sales tax.

There are several features involved in the stimulus to which I have referred. There are the incentives in the form of tax cuts and incentives to industry by reduction of corporation taxes. The employment tax credit will create some 50,000 jobs in the next two years and provide some $200 million worth of incentive to industry. As well, there are incentives to the private sector in respect to oil and gas exploration, research and development and transportation.

Equally important in this strategy of creating jobs, Mr. Speaker, is the direct employment program which will be putting almost a billion dollars into the economy in the form of direct job creation as well as job training programs under the department of employment.

● (2012)

Many constituencies throughout the country which have high unemployment have benefited from the Canada Works Program. The Algoma riding certainly has had a great stimulus during this past winter. Some $1.8 million worth of Canada Works projects were approved. In the last few weeks $345,000 worth of Young Canada Works projects were approved. That will provide about 250 jobs. Fifty-three projects have now been approved and are being implemented by young people across the constituency. These programs are related to recreation,

community clean-up, hospital auxiliaries, dock improvement and other kinds of community improvement.

Equally important this fall will be the Canada Works Program under which the government will be spending $175 million across Canada for the coming winter and some $50 million for the economic component aspect of the employment strategy. Some $26 million of this will be spent, I understand, in reforestation projects. I think that is an excellent approach because communities are sometimes unable to come up with good projects, and reforestation is an ongoing need in many areas of our country.

Companion to the direct employment program has been the expediting of major capital projects like the northern gas pipeline project which has been approved by this House. We are now waiting for approval by authorities in Washington so that the project can get under way. It will pour some $4 billion into the economy of Canada and create some 100,000 man-years of work during the next few years.

We hear a great deal of gloom and doom in this place. I suppose it is the nature of the House of Commons that some bad-mouth the Canadian economy and the difficulties we have in this country. However, there are many positive aspects to our economy, and perhaps from time to time we should look at them. For instance, the Minister of Finance has indicated that we probably will round out the year with a 4 per cent to 5 per cent growth in the Canadian economy. Our exports over our imports are moving ahead. During the first quarter alone there was a $1.4 billion surplus of exports over imports. That compares with a total export surplus last year of $2.9 billion. The figures for this year look very promising in that regard.

In February of this year some 280,000 more people were employed in Canada than in February of 1977. I thought an article in last Saturday's Toronto *Star* by Anthony Westell summed up many of the positive aspects of our economy. In his article he mentioned that the House of Commons often plays down all the positive aspects of the Canadian economy, and he spelled out several of the very positive aspects of the economy, and I quote:

> For example, we could take pride in the fact that our gross national product—the value of all goods and services produced—has increased in every year of the past quarter-century, except in 1954. That's a record few of our competitors can match.
>
> We could also look at the fact that in the period 1967-72 the number of Canadians employed increased by 912,000, while from 1972-77, the increase was 1,391,000.
>
> Instead of whining about high taxes and hard times, we might boast about the rapid rise in personal incomes per capita, for example, from $3,129 in 1970 to $6,741 in 1976.
>
> The ratio of personal savings to disposable income has more than doubled, from 5.3 per cent in 1970 to 10.7 per cent last year . . . We've done so well over the past quarter-century that our expectations are high and any setback seems like a crisis.
>
> But the problems are soluble—indeed, we are already making progress. Constantly telling each other that the situation is much worse than it really is just makes it harder to solve the problems.

Those are the words of a reporter, and some reporters do not always have complimentary things to say about the Canadian economy.

[Mr. Foster.]

Reviewing the aspects of our economy, one of the most controversial factors has been the fall in the Canadian dollar. Of course, it has rallied now to 89 cents or almost 90 cents. I suppose the value of the Canadian dollar compared with that of the United States dollar is always a matter of great concern and a matter of national pride to Canadians, but if we look at some of the resource areas like northern Ontario, having a 90-cent dollar is not always disadvantageous. Granted, when we buy orange juice, it is more expensive. That has been so in the last year because of the fact that it is imported from the United States. That is a disadvantage.

However, if we look at many of our resource industries, we see great advantages. Let us consider the beef industry. The reason for part of the recovery in that industry is that the Canadian dollar is worth about 90 cents compared with the United States dollar. That is a very positive aspect when we consider that the beef industry has been in decline for the last three of four years. Indeed, beef producers have gone through one of the most difficult times in our history. This is especially true for cow-calf operators.

When we consider the mining industry, and especially uranium mining where that product is being sold on world markets, we gain a 10 per cent advantage with our lower dollar. In the forest products industry pulp has not been at a favourable price, but the demand for lumber and for paper products is very strong, and a 10 per cent advantage is very beneficial to the producers of northern Ontario. Likewise in the steel industry, for many producers like Algoma Steel 1977 was a turn-around year. Our steel industry is now in a competitive position abroad because our steel products sell for less. We can also be competitive with products coming in from outside the country, so we have an advantage there as well.

The 90 cent dollar has been a great advantage for the industries I have mentioned, but particularly for producers who sell in the United States market and overseas. The advantage is even greater for products like uranium, which is sold in the Japanese market or the German market where the devaluation of the Canadian dollar vis-à-vis the mark or the yen is even greater than it is in relation to the American dollar.

Perhaps no industry is looking at a better prospect this year than the tourist industry because of the devalued Canadian dollar. That, coupled with the removal of the sales tax for hotel rooms, is making success in that industry very promising this year. After some very bleak times it is very encouraging to find that many tourist operators in many areas of our country are looking forward this year to one of the best years they have had in the past several years.

I think Bill C-56 would provide some important benefits throughout our economy. It certainly would for the farm operator who is incorporated and who wants to pass his farm on to his son. The provisions of this bill deferring the capital gains tax make it possible for the property to be passed on without a capital gains tax initially. Thus, the very unfair and undesirable situation we have had in the past where some large family farms which were incorporated had to be sold in order to pay the capital gains tax can now be avoided.

● (2022)

Likewise, the provisions relating to research and development are very important, coupled with the announcement this afternoon by the Minister of Public Works responsible for science and technology (Mr. Buchanan). Now Canadian companies which want to make expenditures and carry out important R and D will be able to spend their dollar, which will cost them 20 cents net because of the 150 per cent write off provision in this bill. This program will continue for a ten year period. I understand it is one of the most generous of any in the world. Surely now, at a time when our whole economy and our industry are restructuring to meet the competitive situation in the world, we should be offering that kind of incentive, whether it is to the automobile industry or to any other industry which is competing abroad as well as in the domestic market, for which R and D is essential.

The investment tax credit which was extended last year for R and D and which was made 7.5 per cent higher in areas like Ontario and 10 per cent in the maritimes, coupled with the provisions in this bill and the recent announcements made today by the Minister of State for Science and Technology, are important moves forward.

Another very important provision in this bill which I support is changes to the registered retirement savings program which provide a more flexible means of retirement savings for people so that those who retire do not have to withdraw the funds in such a short time; and if they continue to have other sources of income, they can be spun out over a longer period of time while the taxes of senior citizens are essentially reduced.

Equally important are the provisions for oil and gas production in the west. We have had a remarkable turnaround in exploration and development of natural gas in the past four or five years. A few years ago we were receiving reports that there could be shortfalls in natural gas by 1978-79. In fact, the policies that were introduced at that time to produce natural gas to the BTU equivalent with crude oil have brought on important suplies of natural gas in Alberta so that we have not had to resort to the more expensive gas in the Arctic islands at this point.

The provisions in this bill move in three directions: first, to provide a depletion allowance of $1 for each $2 spent on enhanced recovery. Some 65 per cent of the oil in the ground is not recovered with the present level of technology. This incentive to the oil industry will mean that more R and D can take place for enhanced recovery. Likewise in the case of nonconventional oil, the tarsands and heavy oils, the depletion allowance will be increased from 25 per cent to 50 per cent. Also the heavy oil plants will be taxed as a manufacturing facility.

Recently in the Standing Committee on National Resources and Public Works, the Minister of Energy, Mines and Resources (Mr. Gillespie) outlined the prospects for new tarsands plants and heavy oil upgrading facilities for the tremendous reserves in Alberta and Saskatchewan, and he indicated that with the possible upgrading of the two existing plants of Syncrude and GCOS, combined with the new tarsands and heavy oil plants, we could expect in the next eight to ten years some 750,000 barrels of oil a day extracted from those areas in Alberta and Saskatchewan. When we look at the resource of some 200 billion barrels of oil or some 37 billion or 38 billion which are available with the present technology, the incentives provided to utilize this resource are appropriate at this time because such companies as Shell and Imperial Oil as well as the Saskatchewan and Alberta governments are considering making investments to develop these resources.

If we look at the Syncrude project, which is a production scale sized plant in which both the federal and provincial governments of Alberta and Ontario invested some $600 million, we see a very good return to the governments because the three governments involved hold an equity of some 37 per cent in that plant, and yet some 77 per cent of the revenues from the production scale plant will be accruing to these governments. The revenues over the next 25 years are estimated to be some $25 billion. The federal government will collect some $3.5 billion in taxes towards the end of the production life of that plant. The Alberta government royalties will amount to some $13 billion, and the equity of the three governments' return on their investment will amount to some $2.5 billion, giving a total amount of revenue to the three governments involved of $19 billion, which amounts to about 77 per cent.

But obviously the policy of the government is not to do all of this itself but rather to have private enterprise invest in this kind of project, both the tarsands and the heavy oil production. In that regard, a considerable amount of research funds of the federal government are being poured in together with those of the province of Saskatchewan in developing the technology for heavy oil production.

Perhaps the most important part of Bill C-56 is, of course, the 3 per cent reduction in the sales tax which, I believe, is already having a very positive effect on provinces such as Ontario where, I am told, retail sales of automobiles have increased dramatically. On a $6,000 car, you get a reduction in the sales tax of $180. I think the Minister of Finance (Mr. Chrétien) is to be congratulated on having had the courage to make this new departure in budget making and for having consulted with the provinces with a view to coming up with a direct stimulus by providing sales tax reductions which will have a stimulating effect. The direct encouragement which this provision represents to purchase a major appliance or an automobile because of a reduction of $100 or $150 is a great stimulus.

Of course, under our constitution sales taxes are the prerogative of the provincial governments and therefore such provisions require a great deal of consultation and co-operation with the provinces. The Minister of Finance went to great lengths to try to carry out that kind of consultation and at the same time to retain the confidentiality of the budget. It was a very tricky procedure, and I understand that during the Easter break when many members were enjoying a holiday the Minister of Finance was spending time in consultation with his provincial colleagues, those ministers of finance, on this very important and innovative procedure. The fact that he did not get co-operation from the province of Quebec and its separatist

P.Q. government is most unfortunate. When you have a government that is dedicated to breaking up the country by taking one province out of Canada, perhaps it is not surprising that it did not co-operate fully in this regard.

● (2032)

Nevertheless, I have great confidence in the minister's abilities to consult, negotiate and work out a very equitable and fair arrangement with the province, at least fair to the people of Quebec. The surprise to me is that opposition parties would support the separatist government in this approach, because it is obvious that the federal government were to allow that province these selective cuts for products that are produced primarily in that province, this would be a very disruptive factor across the country.

It has been made very clear that when consultation took place with the other provincial governments none of them were agreeable to selective tax cuts such as proposed by the province of Quebec. I am really surprised that opposition parties would support that government in this regard. Obviously this would have been unfair to the other provinces when they did not have that opportunity and had not agreed to such a proposal. It would have been a very disruptive force to have a sales tax for the province of Quebec that was not an across the board cut but singled in on textiles, footwear and furniture, many of which items are produced in that province. However, even that might have been possible had there been agreement with the other provinces; but the first three provincial governments the Minister of Finance discussed this proposal with all turned thumbs down, so it is obvious it would not have been acceptable to a majority of the provinces.

I believe the minister's proposal to return an equivalent amount of money to the taxpayers of the province of Quebec, whether this is done by way of direct payment or otherwise, is obviously the most fair way of handling the situation. It could and has been argued that if the province of Quebec was not willing to reduce its sales tax across the board in a non-discriminatory way, it should not be eligible for the tax reduction. I personally think the proposal the minister is making to return an equivalent amount to the taxpayers in the province of Quebec is most fair.

During the past several months leading up to this period we have witnessed a concerted attack by the Leader of the Opposition (Mr. Clark) and the hon. member for York-Simcoe (Mr. Stevens) on the Minister of Finance, an attack often abusive, unreasonable and completely unfair. This culminated a couple of weeks ago in the charge that Liberal members, and even cabinet ministers, were speculating in the Canadian dollar. The Minister of Finance answered that very succinctly when he said simply to the hon. member for York-Simcoe to put up or shut up; to name names and spell out those people, or withdraw.

A week ago yesterday we had the opportunity of seeing that hon. member eat humble crow in the House, completely withdrawing his allegation. He had very little credibility before that episode, but he had even less when he finished. I do not think many hon. members over there stayed in the House that day, but whatever credibility that hon. member had left was stripped away by the Minister of Industry, Trade and Commerce (Mr. Horner), who spoke immediately after and laid bare all the facts about the Bank of Western Canada and the unsavoury mess in that regard. The Minister of Industry, Trade and Commerce laid out all the facts for everyone to see. I do not think it will be long, following this incident, before we see the shadow cabinet over there shuffled around.

An hon. Member: It will be shuffled from this side to that side.

Mr. Foster: Perhaps we will see the hon. member for York-Simcoe moved to another position.

The Leader of the Opposition likes to refer in very derogatory terms to the Minister of Finance as "that guy from Shawinigan Falls; that street fighter". I am sure everyone on this side of the House and most Canadians would rather have that street fighter from Shawinigan Falls than one of the Bay Street millionaires. I am sure everyone will not only want him to an even greater degree as Minister of Finance, but will trust him a darned sight more.

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, when listening to the comments of the last hon. member I had to check my Order Paper to make sure we were talking about Bill C-56. In fact, I even wondered if the hon. member was speaking about the same country I know something about and intend to speak about in my remarks.

The arguments in respect of Bill C-56 are becoming well known, not only in this chamber where they are repeated often enough, but as well among a growing number of Canadians who are demanding that the bill be withdrawn, the measure renegotiated and the bill redrafted.

This bill is a very special status bill. In fact, it is also a special, special status bill, a special status bill, a non-special status bill, and a very non-special status bill. If you live in the province of British Columbia it has very, very special status because not only do you receive the tax cut for six months, you receive it permanently courtesy of the B.C. government.

This bill has special status in Quebec because there the taxpayers are to get a cheque for $100 in the mail.

An hon. Member: If they are rich enough.

Mr. Wenman: The bill has a non-special status in the province of Ontario and other provinces where the residents will receive only a temporary six-month tax cut; and it is a very, non-special status bill in the province of Alberta where the taxpayers in fact will receive nothing from this bill.

The capacity and the weight of a province's bargaining power has become the new criterion for federal-provincial relations. This is probably one of the most divisive pieces of legislation that I or any member of this House has seen during the last four years. It has been unanimously condemned by every governmental jurisdiction and agency in Canada, and I

would ask the government: Who in fact, in addition to the Liberal government, shows any support for this bill? I have not heard any support from any parties in opposition; I have not heard any support from any province in Canada; I have not heard any support from labour groups; I have not heard any support from the business sector; and I have not heard support for this bill from anywhere except from a few cabinet ministers and backbenchers on the other side. Perhaps the next speaker will tell us about the great support for this tax measure that is coming in from across Canada, because I am certainly not aware of any.

To say that everything is wrong with this bill would be an overstatement. We must recognize that in some ways it is successful. The government has been successful in respect of this bill, and that success can be measured by the fact that through this bill the government has successfully encroached on provincial rights. It has been successful in undermining a long standing tradition, the partnership concept of confederation. It has also been successful in demonstrating its incompetence and confusion in economic matters and now, through the bill, not only economic matters, but also its grasp of the unity issue. This government has been successful in these ways, but it has also been very successful in building a civil service of 640,000 employees.

● (2042)

In previous speeches I have talked about the government becoming the biggest employer in Canada, hiring 640,000 civil servants; but now one department of the government has become even larger than the whole civil service of Canada, and that, of course, is the UIC. In fact, the unemployed are the biggest group of employees in the country. When you add to the 640,000 civil servants the provincial government civil servants and the municipal government civil servants, and on top of that you add those receiving assistance from various government levels, then rather than self support you wonder who is doing all the work. You wonder where in Canada is that minority that is working hard and producing the tremendous income support that it takes to support this bureaucracy and agencies at all levels of government in Canada.

So far the debate has centred, and rightly so, on the problems with the bill, but what of the broader principle which is the principle of a tax cut for the Canadian economy? In my opinion, the bill fails even in that category because, firstly, the bill does not provide more than a token tax cut. Secondly, it is not accompanied by equivalent cutbacks in government expenditures. In Canada today we are taxing work, taxing growth, taxing investment, taxing savings, taxing productivity. On the other hand, we are subsidizing non-work consumption, welfare and debt. Is it any wonder we are getting less and less of the first category and more and more of the latter?

The real problem with our Canadian economy today is that incentive is being taxed away. Taxes at all levels now consume more than 43 per cent of our gross national income, and, coupled with steeply graduated tax rates, our private enterprise economy's ability to create jobs and generate higher real incomes is being strangled. In face of this situation, what does the government do? It refuses to make permanent tax cuts and continues to increase government spending on new and exotic give-away programs. At the same time inflation increases everyone's taxes daily as people are pushed up into higher tax brackets, thereby discouraging incentives for both workers and investors.

Remember, when we talk about a major tax cut, we are not talking just about a tax cut for investors; we are talking about a tax cut for labour—a labour incentive as well as a business incentive. In order to increase the after tax income of all Canadians and restore incentive in the Canadian economy, the government should look to bold programs like the ones that are being discussed in the United States, programs that would reduce all individual income tax rates by about 33 per cent; not 2 per cent or 1 per cent or just an inflationary coverage, but an individual income tax cut of 33 per cent. A reduction of corporate tax rates by 3 percentage points, complete write-off of all capital losses—these are the types of bolder stimulants that are needed in our economy at this time.

This type of bold attack on the economic woes of our country would stimulate an immediate growth of economic output, employment and investment. This would expand the nation's tax base, thereby increasing tax revenues for all levels of government. A corresponding reduction in government expenditures for welfare and unemployment compensation will prevent any increase in the budget deficit.

This is not a new proposal and was in fact demonstrated in the United States by President Kennedy in 1963. As a result of that massive tax cut in 1963, the United States experienced the highest real investment growth in modern history. Inflation was the lowest in modern history, real industrial output growth was the greatest in any period, and real disposable income grew the fastest. This is not a program they merely talked about; this is a program that was in fact implemented, a 25 per cent income tax cut across the board.

Substantive rather than token and temporary tax cuts are not a new remedy and have, in fact, been proven highly successful in many nations in the past. In Great Britain, for example, the income tax was first imposed in 1799. Thereafter, under the pressure of the Napoleonic wars, the rates rose rapidly as did the national debt. Despite the fact that the income tax was producing one fifth of Britain's tax revenue in 1815, about 15 million pounds, and its debt had risen to the astronomical sum of 900 million pounds, parliament abolished the income tax in 1815. Can you imagine that, a country actually abolishing income tax!

Then, as now, the cries of the fiscal experts were loud. It was said that the debt would crush the economy and that the tax rates must remain high in order to pay it off. What happened, however, was that the abolition of the income tax set off a 60 year economic expansion in Great Britain which, by the end of the century, had significantly reduced the debt in both absolute and relative terms. Over the same period the interest rate on government bonds dropped steadily, attesting

to the wealth of savings created by the low taxes and greater prosperity raising the real standard of everyone's income.

The British empire ultimately waned, not by the devastation of World War I, but by a reversal of its traditional low tax and free trade policies of the 19th century. Since 1914 high taxes, socialism and protectionism have been the hallmarks of British economic policy, and the tax rates today are essentially what they were in 1914-15; that is, 83 per cent on ordinary income and 98 per cent on investment at about $40,000.

A similar experience can be traced in the economic history of France. In 1920 France imposed a steeply progressive income tax in the name of tax reform. It was so steeply progressive that it became known as the "sucker's tax", to be paid only by those who could not escape it. That sounds familiar, and I do believe I have heard that kind of talk in Canada today. As the government became more adept at enforcing the tax, the French economy contracted steady inflation, culminating in the 1924 financial crisis. Total government revenues, measured in pre-war francs, were only a bit higher between 1920 and 1925 than they had been in 1913 when there was no income tax. The crisis ended in 1926 when the left wing Herriot government fell and was replaced by the centre right Poincare government, which announced a new tax law just one week after taking power.

The highest rate of general income tax was cut from 60 per cent to 30 per cent. That is the type of income tax that is being talked about in the United States today, and it is the type of income tax cut which we should be talking about in Canada. The rates of inheritance and estate taxes were cut, and at the same time made less steeply graduated. The annual transmission tax on securities was lowered by about 40 per cent. The franc stabilized, the economy revived, and in the first year of the reform, tax revenues jumped dramatically from 5.4 billion pre-war francs to 7 billion. In the six months from July to the end of 1926, the franc soared on the foreign exchange market from two cents to four cents on the dollar. That substantial tax reduction stimulated the economy for a good number of years.

● (2052)

Germany, too, has experienced a somewhat historical background in its economy. If we look to the time when taxes were cut we find similar action. Following World War II tax rates in Germany were extremely high. The 50 per cent marginal tax rate began at only $600 of income and the highest tax rate, 95 per cent, began at $15,000. By 1948 these high tax rates, combined with massive inflation and price controls, had led to a severe economic crisis in Germany.

Into this crisis stepped Ludwig Erhard, one of the great economic leaders of all times. Not only did he abandon all wage and price controls with a single stroke, but he began a process of tax reduction that continued for a quarter of a century. He did so by steadily raising the income level at which high marginal tax rates began.

In 1948 he increased the threshold for the 50 per cent bracket from $600 to $2,000 and the threshold for the 90 per cent bracket from $15,000 to $63,000. A year later the 50 per cent bracket was pushed up another $5,000. In 1953 it was pushed up to $9,000 and the top rate of income tax was reduced to 82 per cent. By 1955, the highest rate had been reduced to 63 per cent on incomes above $250,000 and the 50 per cent bracket did not begin until earnings of $42,000.

This systematic reduction in tax rates yielded a massive economic boom which increased the revenues so much that Germany was able to establish a system of social insurance for both the unemployed and the aged which is among the most generous in the world. It was all done without inflation and in direct contrast to the Keynesian advice West Germany received from the state department of the United States.

The situation in Japan after World War II was very similar to that in Germany: high tax rates and a destroyed economy. Beginning in 1950 the Japanese began to adopt a program of tax rates reduction. Marginal tax rates on both individuals and businesses have been cut almost every year since 1950. As each of these tax cuts generated new economic activity and higher revenues to the government, they fuelled new tax cuts. The process has continued until Japan's economy has become one of the most fierce competitions in the world.

In the United States, long before the Kennedy tax cuts of the 1960s there was ample evidence from American history that tax rate reductions would lead to higher tax revenues. The most important example is from the 1920s. The republican party took control of the White House and the congress in 1920 by promising a return to normalcy. A primary aspect of this return to normalcy was a reduction in high wartime tax rates, which went as high as 63 per cent.

Thereafter the congress reduced tax rates every year from 1921 to 1925, lowering the highest tax rate from 63 to 25 per cent and the lowest tax rate from 4 to 1½ per cent. This led to an enormous economic boom in the United States, no inflation and a reduction of the national debt.

This brief survey, I believe, shows quite clearly that sound tax rate reductions have led to enormous economic growth and an accompanying increase in revenue to government without inflation. Getting people into private enterprise jobs and producing new goods and services is not inflationary and we should start a major reduction now.

The academics of the economic proposal I am supporting is explained by what is becoming known as the Laffer curve. The curve shows the relationship between tax rates and tax revenues. In the normal range, the higher tax rates bring higher revenues. But there is a maximum revenue point beyond which higher rates result in lower revenues, because the impairing of incentives severely contracts the tax base. When tax rates are in this counterproductive, prohibitive range, a general tax cut is well worth trying.

What this means is that you can tax the public at 10 per cent, receive a 10 per cent taxation revenue and people continue to work in the same way. You can tax them at 20 per cent and they will still give you full output. You can tax at 30 per cent or 40 per cent, but somewhere about 40 per cent there starts to be a resistance to taxation. We have all heard it said

in this House that people start saying it just is not worth while to work overtime, or indeed it is not worth going to work. In fact, we have reached the point in Canada where people are saying not only is it not worth while to work, but they can make money by going on unemployment insurance. Last summer I hired a student, Mr. Speaker, and it cost him $30 a month to take the job. He was making slightly above minimum wage but it was $30 a month less than he would collect if he did not work.

Around the 40 per cent mark people lose the incentive to work, so instead of receiving more taxes we find that more and more people go on unemployment insurance or welfare or do not work overtime. They do not have the incentive to produce more, to work harder and longer.

We have reached that point in Canada now. To increase taxes, let alone maintain the current rate, is counter-productive. The more we raise taxes, in fact, the less taxes will come to us. This is an economic reality that has been recognized throughout history and is now being recognized in the United States. Senator Kemp of the United States—a potential candidate for the presidency—has recognized this. Forces are now rallying to his side, recognizing that a major tax cut would help the economy of the United States as it would any of the western industrialized countries.

The key is to let producers keep more of what they produce, and the biggest effect will come from cutting rates where they are the highest. If the tax cuts reduce rather than improve rewards for the economy's most gifted, talented and skilled producers, they will be worse than nothing at all.

The middle class is being squeezed by high taxes and inflation to the point where it fears for its own survival. Simple desires, which up until recently seemed easily within reach of any middle class family, now seem out of reach. We all tend to expect in Canadian society that some day we will be able to provide a house for ourselves and our families. This is a basic, minimum expectation of Canadians which many have accomplished. All of a sudden, however, in this economy of overtaxation, people are finding that they cannot afford a house. Some people will say that is not so and that more people are buying houses; but actually more people who bought houses are losing them, and with their investment goes their incentive and everything else.

Recent statistics show that 850,000 people in Canada who should be able to afford a house actually cannot. The key to our economy is the fact that unemployment is hurting. It hurts to be on unemployment and on welfare. Foreclosures in Canada are accelerating at an alarming rate. Statistics that I received just today show that foreclosures on NHA houses only are 150 per cent higher in 1977 than in 1976. If that trend continues, 1978 foreclosures will be up by 200 per cent over 1977. From 1975 to 1978 the percentage of foreclosures will rise 1400 per cent. In other words, in the last three years there has been something drastically wrong with our economy because people have seen the basic ideal of owning their own home quashed.

It has been quashed because the government decided they would subsidize homeownership through AHOP, and AHOP has become a very hopping program. People bought houses on the predication that the value of the house would continue to rise, and with it their disposable income, so they could afford higher payments later. This is a situation that has not happened. An AHOP house in Vancouver that sold just two years ago for $47,000 can now be bought for $43,000. In other words, the value of the house did not increase, it dropped.

• (2102)

At the same time, while that person's wages went up through wage controls, in fact his disposable income went down. It is from his disposable income that he makes his payments. Therefore, when the amount he had to pay on his mortgage increased, there was nothing left of his salary to pay his increased mortgage. His mortgage jumped from perhaps $370 a month $500 a month. When it jumped to $500 a month, he could not pay that amount. Even if he could pay the $500 he found that because he was not paying the interest—his payments did not even meet all of the interest—the house he bought for $47,000 three years ago is now a liability of $50,000. He now owes $50,000 on a house which if he sold it would be worth only $43,000.

What has happened to this man? He is paying $500 a month on a $50,000 investment which is only worth $43,000. What does he do? He does as the program suggests, "a hop". He does an "a hop" into another municipality; he "a hops" out of that house. Instead of paying $500 a month he walks out and pays $43,000 for a new house. His payments, instead of jumping from $370 to $500 a month, have now dropped to $330 because his initial investment was $43,000. Who picks up the difference? The mortgage insurance corporations of Canada. And who is that? That is you and I who helped to buy the house in the beginning. Homeowners who have their homes are paying for them two and three times over.

This problem of foreclosure is serious. In 1975 there were 139 foreclosures. In 1976 the number jumped from 139 to 246. In 1977 the number increased to 630. In the first two months of this year there were already 244 foreclosures. That is through NHA alone. If one multiplies that number by four to get what this year's jump will be, and if the rate continues as it is, from 630 foreclosures last year it will probably be in the neighbourhood of 1,200 to 1,500 foreclosures this year.

That is unacceptable, but it is the reality that is brought home in Bill C-56. The reality is that Canadians who had these very modest desires are finding that they are getting to the point of being beyond their reach. People thought they could afford a university education for their children. At one time a person could pull $1,000 from his income and support his child at university. Then it became $2,000 and then $3,000. Now that $3,000 is not in the pocketbook to support that child at university. As a result people are now having to drop their sights of providing a higher education for their children. That was a basic element in Canadian society that we came to expect; that young people should be able to have a higher

education and that we should be able to provide it for our children.

Now I come to the subject of a dignified retirement. Many people thought when they retired ten or 15 years ago that they had worked for their society which they had helped to build, that it had become strong and they could count on a dignified retirement. That hope of a dignified retirement has now gone or is disappearing. We are finding a cynical and a discouraged attitude among those who worked and saved and now find that their savings are gone. These things are now out of reach for people.

Rising unemployment and inflation in Canada today are unacceptably high, while real investment and after-tax incomes of Canadians are lagging. Perhaps even more disturbing is the weakness of capital spending by business for modernization of plant and equipment, which creates the jobs Canadians need for the future, leads to higher real wages, and leads to the possibility that these very basic goals of a house, an education, a dignified retirement are brought back into reality.

Over the past several years the rate of capacity growth in manufacturing has slowed considerably. Canada is lagging behind nearly all OECD countries in the rate of investment and is not keeping pace with our need to create jobs, combat pollution and fight inflation as well. This bill is not a solution in the short or long-term. It is not a solution to the economic problems of Canada. It is a temporary token, a confused and inequitable bandaid. The government has failed the country economically and this bill, with its useless, half attempt to try to make an economic correction not only does not make an economic correction but is a disaster as far as the national unity of this country is concerned.

This bill should be withdrawn, renegotiated and replaced with a bill that makes not a token, temporary tax cut, but a substantive tax cut which will provide a new incentive for Canadians to work, thereby through their work reviving their aspirations toward the very basic needs that all of us in this House hold for Canada and Canadians.

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, it is an honour to have the opportunity to participate in this debate on Bill C-56. I think we all recognize it as being an important aspect of the budget proposals that were brought down by the Minister of Finance (Mr. Chrétien) on April 10 last.

As one of four chartered accountants in this House of Commons—the only one from Ontario—three, I believe, on our side and one on the official opposition side—from time to time I feel it somewhat of a responsibility and indeed a privilege to participate regularly in the debates of this House where we are dealing with fiscal and economic matters.

Many of us have found much satisfaction in the work in committees, myself included, where there is a great opportunity for backbenchers to make important and meaningful contributions to various issues that come before committees with which we are associated. However, it has to be borne in mind that here in this central forum of our national governing process is where the real action is, not because of any greater cut of thrust that might occur here than in committees—in fact, I think it is probably the reverse—but because this is basically the heart of our over-all parliamentary institution. For that reason it is important for us, during a debate of this nature, to put facts on the table and to dispel notions that are being conveyed across this land by people who profit from this kind of thing and whose objective in life is to make Canadians look at themselves and say "Gosh, I think I am far worse off than I am". I have never been a member of the opposition, but I suppose they look upon that as part of their official function and their main job in life.

• (2112)

Mr. Paproski: You sure will be, or you will be defeated.

Mr. Martin: I do not anticipate being a member of any opposition party in this House in the foreseeable future, and I fully plan on being back here after the next election.

Again I say, not having been a member of the opposition, I find it hard to rationalize just what their function is or how they see their function. I listen to the Leader of the Official Opposition (Mr. Clark), and to the leader of the unofficial opposition and the finance critic of the official opposition, the hon. member for York-Simcoe (Mr. Stevens). At times I shake my head in astonishment, not so much at the details of what I hear—although for the most part they are rather incredulous, and, as recent events tended to indicate, often at best wishful thinking with no foundation in fact—but at the general approach they take. They take a very negative gloom and doom approach toward all the very many positive accomplishments of the Canadian economy over the past ten years and currently.

What I find rather incredible is really two factors. First, these distinguished members, the leaders of the two major opposition parties and the finance critic for the opposition from York-Simcoe, are, first and foremost, members of parliament. That seems to say their initial task is to represent at the federal level, each of them, many thousands of hard working Canadians who reside in their individual areas, whether it is Rocky Mountain, Oshawa-Whitby or York-Simcoe.

Those Canadians, not unlike Canadians residing in my constituency of Scarborough West or the constituencies of other members in this House, are for the most part reasonably well employed people, reasonably content and reasonably confident in the ability of themselves and their fellow Canadians across this country to continue to improve their collective economic situation and ultimately overcome those identified problems which we all acknowledge continue to plague us and for which this government is constantly seeking meaningful solutions.

This extreme attitude of negativism in the face of positive accomplishments in the past and in the present appal and really disturb me. This is true whether it comes from members opposite or the media, although in fairness I frankly blame the media to a somewhat less extent. After all, their job is to sell

papers and make a profit. From what I understand, in Toronto some of them are doing not too bad a job at that right now.

Naturally the gloom and doom produces headlines. The papers understand that. No news is good news. The government of this country has to accept the fact that the media is not able to peddle their wares to the same extent with headlines when things are going well or if the government are making positive accomplishments, as they are doing. However, they can put in blatant headlines problems pointed out to them by the official opposition in the course of their meanderings as well as those they manage to dig up themselves. This they bring to the opposition to have brought forward during question period. The opposition spend their mornings going over the latest headlines to see what they can dig up to use during one hour of the parliamentary process.

We on this side take a more positive approach. We are proud of our position. In my view, it is much more representative of the real mood of Canadians. It is a positive and forward planning attitude toward our country, its potential and, indeed, its problems.

The bill before us at this time makes a landmark in Canadian budgetary and fiscal planning.

Mr. Whiteway: You are right about that.

Mr. Martin: The official opposition acknowledges this, Mr. Speaker. For the first time, the federal Minister of Finance has gone out, at great expense and risk to his own position, to consult with the individual provinces as to the details of some of the important points that he was considering in his budget. This was unheard of before but long sought after by economic experts, specialists across the country and, of course, by the individual provinces.

It was a first try, undertaken by a courageous and sincere Minister of Finance in the face of all kinds of parliamentary background to the contrary. It was a bold step undertaken by a bold man, and, Mr. Speaker, it has basically worked. Unfortunately one province out of ten, or I suppose one province out of nine because the province of Alberta was not directly involved, chose to screw up the works.

Miss Bégin: That is not parliamentary.

Mr. Martin: Is it really any wonder, Mr. Speaker? After all, we are looking at a situation that could arise somewhere else in the country in the future. We are a very diverse and regional type of country. At the present time one province in this country is led by a premier who makes no bones about the fact—and I respect him for his frankness and candour—that his objective while in power is to lead the 28 per cent of Canadians who live within the borders of Quebec out of confederation, out of their country and out of our country, which for 111 years we have jointly enjoyed as Canadians one and all. It is disappointing, but hardly surprising.

My hope is that the current discussions now going on at the deputy minister level will help to resolve this impasse which is all too reminiscent of a similar situation over revenue sharing which occurred in 1953 under another government in Quebec. It happended to be the same province. It was a situation that the official opposition might well note today. It did them and their leader no good in their vain attempts at the time to capitalize on the situation in a political way during the then forthcoming general election which, interestingly enough, came within months of the height of the impasse.

Canadians in all provinces then recognized, and will once again recognize, the craftiness, the devilry, the crass political opportunity of such a move. They will again return to power the national leader who represents the best interests of all sections of this country and continues to maintain a solid position in support of one Canada from coast to coast, made up of diverse regions and provinces, with local culture, linguistic and economic interests, but united in one solid determination to remain together in the larger aim of protecting their national accomplishments and identity, geographic and economic, above all else. This is the kind of objective the leader of this party and the members on this side of the House will pursue, a positive and meaningful objective of which all Canadians can be proud.

We continue to hear in the course of comments coming from members on the other side of the House indications of gloom and doom in the country. We do not hear of anything positive. They assume it is not in their interest. I would question that because, when the chips are down, I wonder how many Canadians would solidly support a bunch of people traversing this country from coast to coast telling them how bad their situation is. It will not happen. It has not happened over the last 15 years and it will not happen the next time either.

I now wish to talk about one or two other areas. The first is the anti-inflation program. Millions of workers recognized the need for such measures and, indeed, supported them. Admittedly, the leadership of organized labour tended to oppose the program, but the millions of workers involved did recognize the need and supported it throughout.

• (2122)

One result of the program—

An hon. Member: What about inflation?

Mr. Martin: I shall speak about the inflation rate in a few moments.

An hon. Member: What about the unemployed?

Mr. Martin: I do not intend to talk about unemployment. On this side we talk about positive aspects. We intend to increase the employment rate from the level of 92 per cent which presently exists in the country. I might note that the hooting and hollering on the part of the opposition is an indication of nervousness on their side.

As I was saying, one result of the program has been that increases in wage settlements have declined from an average of 17 per cent in 1975 to about 7 per cent currently. The anti-inflation program has done much to help relieve Canada's

competitive situation. Productivity figures are similarly worth noting. We have seen 40 per cent growth over the past ten years, a considerably better record than that achieved in the United States, a country often held up as a country we might follow. Here is an indication that we have performed singificantly better than our neighbours to the south. Yes, there are soft spots in the economy, but the important thing is that Canadians under this government have not lost their will to work and are sharing the benefits.

It is this positive approach to the problem confronting us which will receive, ultimately, the support of voters across the land. There are other like items in this list of achievements and I shall turn to them later.

From 1969 to 1976, the average income of Canadians increased 25 per cent in real terms. Personal disposable income per capita increased by 118 per cent in that period, during the Trudeau years. Real per capita disposable income—that is, what is left after allowing for inflation and other relative factors—rose by nearly 52 per cent, more than double the increase in the United States. Even when the same test is applied on a "per employee" basis, disposable income rose by 23 per cent as against 12.3 per cent in the United States. Mr. Speaker, we do not hear these figures which Canadians ought to hear about. Hopefully the media will be sufficiently responsible to make sure they do.

The conclusion is clear. By working together—the federal government and the provinces, the public and the private sectors—we have coped with inflation and with the world economic crisis, not painlessly but with greater success than most other countries. Canadians have not only kept pace but are better off than they were ten, five or even one year ago. During the decade to which I have referred, the number of Canadians living below the poverty line has been cut dramatically to less than half the figure in 1968 when the Prime Minister (Mr. Trudeau) took over the leadership of the party. Mr. Speaker, these are not unsubstantiated claims. This is not wishful thinking on the part of representatives on this side. They are facts, and I believe it is important they should be put into the record.

There are so many examples I could use in accentuating the positive that it is necessary to be selective. Reference was made by the previous speaker to the Organization for Economic Co-operation and Development. I wonder if he realizes that between 1973 and 1976, the peak period of crisis, Canada had the third highest rate of growth in the western world—not a bad accomplishment in a difficult period. The OECD has forecast that this year Canada's economic performance will again outstrip that of such countries as Germany. We shall outstrip France and Britain but lag somewhat behind the United States and Japan. The OECD goes on to say that Canada's real economic growth will be second only to that of Japan and our inflation rate the third lowest after Japan and Germany.

Unfortunately, this is not the way we hear the story from the other side of the House. And very often this is not the way the media present the picture, though there are responsible articles written quite frequently in the papers paying attention to the positive side of our achievements. Needless to say, they are not picked up by members across the way—I doubt whether they ever get beyond the front pages. All their concentration each morning is centred upon scanning those pages to determine what their program is to be for the crucial hour between two and three o'clock.

According to the most recent figures available to OECD, Canada with a per capita income of $8,400 comes third among the major industrialized countries. The U.S. is in fourth place, some $500 behind. Again, this is not wishful thinking, not speculation, but fact reported by an independent organization. This is in sharp contrast to the wild and woeful meandering of the groups opposite.

Mr. Speaker, I would like to conclude my remarks by summarizing a few of the areas in which perhaps we have failed as a government. Perhaps we have been so preoccupied with governing the country, looking ahead and coming up with positive solutions, that we may have failed adequately to report the kinds of accomplishments which have indeed been achieved. If, indeed, that is our failure, it is not a bad place at which to have failed. We have done the job, but perhaps our communication back to the people has not been as good as it might have been. It is obvious, of course, that we cannot count upon people opposite to help us in this regard. We have seen enough of their doom and gloom attitude to have the distinct feeling that members on this side are going to be much more conscious of our accomplishments in the weeks to come and will make a greater effort to get the message across this great country.

Here are some points I would like to make. We have the largest number of people working than we ever have had before. This, in itself, is not a bad statistic. It is a very important statistic. We have a larger percentage of population employed than at any previous time.

An hon. Member: What about the unemployed?

Mr. Martin: There you are, Mr. Speaker. I talk about the employed—a figure in the region of 90 per cent—and yet we hear the question: What about the unemployed? Of course we are concerned about the unemployed. Why do we have unemployment insurance programs? Why have they been constantly revised by this government in order to make them more meaningful? It is because we care. But we also care about the opportunities for the 92 per cent and more who are employed. I think they are very important as well.

We have the largest ever growth of income. We have the largest ever real income. We have the largest ever average income. More new jobs are created annually than ever before. More students are inclined to seek employment. There are more people in the average family unit who are employed. Certainly we can wish to do better. Our aim is to continue to do better.

• (2132)

I am delighted that the Minister of Finance is in the House tonight. I wish he had been here earlier when I spoke about what a bold and positive step he had taken this first time ever to consult the provinces in a very worthwhile effort to make the budget system much more meaningful and representative across this country. He was responsive to the thinking and to the advice of many people across the country. I think that kind of responsiveness is indicative of this government as we move along day by day, week by week and month by month. That story will be told because we on this side are going to make a point of telling it.

In conclusion, I would like again to say that the effort the official opposition and other opposition parties are undertaking at the present time is a very poor reflection on the hard working attitudes of most Canadians. I say honestly that as they re-examine their position over the coming months when, presumably, they will also be getting ready for an election—although one would never know it—they should consider coming to the people as a responsible group.

Members of opposition parties should not be saying that the country is in bad shape and that people should be putting them in power. They should not be telling people that the country is in horrible shape and that people should understand that, if they do not already. That kind of talk has never worked in the past, and it certainly will not work this time around.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, tonight we have the opportunity to talk about taxation in Canada and about the general economic policies of the government. The bill before us is a result of the budget of the Minister of Finance (Mr. Chrétien) which was supposed to attack the economic crisis facing Canadians today of record unemployment, inflation, a falling dollar and so forth.

The major innovation in the budget was the temporary reduction of provincial sales taxes with the federal government making up the difference for the provinces. It was indeed a bold and new idea. Unfortunately, this measure has served to bring the whole problem of national unity into greater focus and to disrupt attempts to calm bad feelings between the provinces. Quebec seems very much opposed to this provision. It feels the provision is an intrusion on provincial jurisdiction. This has been discussed at length.

Tonight I want to deal with what I see happening to our income tax system both at the personal income tax level and at the corporate income tax level. I think it is important that we discuss the rather negative trends which I see developing and about which constituents from all walks of life constantly complain to me.

There is the old adage that there are two things in this world which are certain, death and taxes. We all realize that we will have to continue to pay taxes because we receive something in return by way of government services, whether they be old age pensions, medical care, unemployment insurance, airports, railways and so forth. We cannot get rid of them, but I think we can do something about seeing that the taxes we all pay are fair.

When we look at our tax system, budgets which have been introduced and tax laws which have been passed under this Trudeau government, two very important conclusions strike us in the face. First, the tax system is becoming more and more regressive. The burden of taxation is being shifted down the income ladder. Low and middle income earners are paying more in taxes, and high income earners are paying less. Second, the burden is being shifted from corporate taxation to taxation of individuals. We have all accepted—or I thought so—the idea of a progressive income tax system and the concept that people should pay taxes based on their ability to pay. People at lower income levels should not be burdened with heavy tax loads, but as people move up the income ladder they can afford to pay more taxes.

We do not levy the same amount of tax on every person regardless of his income. We graduate taxation on a progressive scale. That is the theory. That is what we assume is happening. But when we examine the situation, we find that the contrary is the case.

I would like to illustrate what I mean. Anyone who fills out an income tax form knows that there are various exemptions. There is the basic exemption, the child exemption, the marriage exemption and other exemptions. These exemptions reduce income subject to tax. However, unfortunately, according to the way the system works the value of exemptions increases with a taxpayer's tax rate. In other words, the maximum advantage goes to those at the top end of the income scale rather than to those at the middle and lower parts of the scale whom one would think a progressive income tax system should benefit.

For example, let us consider the value of an additional $1,000 tax exemption. Let us assume that a taxpayer is married and has two children under 16 years of age to support. If that taxpayer's gross income is $10,000, that $1,000 exemption would have a tax saving value of $266. Let us climb the income ladder and consider a person who earns $25,000. For him that same exemption is worth $300. Let us consider the taxpayer who earns $50,000 a year. The value of his exemption jumps to $510. In other words, the more a person earns, the more his tax exemptions are worth in dollars.

The same thing happens with exemptions for the aged, the blind and the disabled. All the deductions which can be taken are worth more to people with high incomes. For example, a person who earns $30,000 a year has a tax saving of $62 because of the Canada Pension Plan deduction, but a person who earns only $9,000 a year saves only $37 as a result of the CPP deduction.

If we are going to have a fair and progressive tax system, we should replace the whole idea of tax exemptions with the concept of tax credits. In other words, every taxpayer should be given the same tax credit in dollar terms and then we should either apply a surtax to people at higher income levels or provide a cut-off point at which a tax credit is not given to someone at a certain higher income level. The whole concept

of exemptions tends to negate the idea of a progressive tax system.

There is another feature in our income tax system which, I submit, is very regressive and very negative, and that is the concept of indexing taxes. This began in 1974 as protection against inflation. Our taxes were adjusted each year to take into account the rise in the consumer price index so that we would not be pushed into a higher tax bracket and have to pay more taxes.

● (2142)

This idea was first proposed by the Conservative party and later adopted by the Liberals. The idea of indexing seems logical, a way to protect the taxpayer from inflation. But again when you examine how it works, you find the result is that greater benefits go to upper income earners. Then one has to ask oneself: Where is the fairness in that kind of procedure if we believe in a progressive tax system?

For example, if you take the total tax savings from 1973 to 1977 of different income groups—and this includes income tax—this is the result of indexing: if your total income was $10,000, because of indexing you get a cumulative tax saving over those years of $671. If your income is $25,000 a year, your tax saving jumps to $1,663. If your income is $50,000, your tax saving increases to $2,573. In other words, the more you make, the more you save in taxes because of indexing. The cumulative annual cost of indexing by 1977 was some $5 billion. That is $5 billion less revenue for the federal treasury to carry on the programs that we as Canadians want and need.

I submit that indexing is justified to protect taxpayers against inflation, but to make it fair we should apply indexing to a system of tax credits, not to the current system which I have just described.

There are other tax shelters which again indicate that our tax system is very unfair. Let us take, for example, the investment income deduction. The first $1,000 of investment income or interest income from a bank deposit is, of course, tax free under our system. If your income was $10,000 a year, the value to that typical taxpayer, married with two children, is $266 in tax saving; but if your income is $25,000, that value jumps to $379. If your income is $50,000, you save $510 because of that provision.

Consider, for example, the registered retirement savings plan. In 1974, the cost of this program to the federal treasury was $513 million, and it has been in effect ever since. If your income is between $10,000 and $15,000 a year, your average saving is only $9.81, and that group of taxpayers represents 18.7 per cent of all taxpayers in Canada. But if your income is $15,000 to $20,000 a year, under the RRSP provision you are able to save $125 a year, but that income group represents only 6.8 per cent of the taxpayers. If your income is over $20,000, you have an average saving of $551.88, yet that income group represents only 4.6 per cent of all taxpayers. Therefore, we see that just under 5 per cent in the over $20,000 a year bracket had just over 57 per cent of the tax savings in 1974 from the RRSP. Again, the income tax system favours the wealthy and allows them to avoid more and more in taxes.

The same thing could be said of the registered pension plans. Again we see the same kind of trend in the registered home-ownership savings plan. Consider child care deduction, of which so many taxpayers take advantage. If you have a two child family in the $10,000 income range, you would save about $210 in taxes, while a family in the $50,000 and over range would save $430 under the child care deduction scheme. We hear the Minister of Finance say, whenever he talks about this in budgets, that the child care deduction was supposed to help lower and middle income families who need help most. In reality, when we examine how the tax system works, we find that it helps the upper income level more. If you go through our tax system, you begin to see the unfairness developing.

What is fair about the situation that occurred in 1975 when, according to official statistics, we had 305 people earning over $50,000 a year, and quite legitimately under our income tax system they did not have to pay one cent in income tax because of all these deductions? Something is very, very wrong and I think the average wage earner knows it when he looks at the way the tax system works.

Surely we need a progressive income tax system that is fair. Yet when we look at the evidence, we see that the personal tax system as it is presently structured is not fair. Indeed, I should like to put on the record a quotation from a study done by the Economic Council of Canada in 1972 which found the following:

> While government expenditure programs may contribute to the redistribution of income, the tax system as a whole does nothing to contribute to this goal. Indeed, over the lower portion of the income scale the system tends to contradict the ability to pay principle by taxing the poor at a higher rate than those who are better off. The effect of the few taxes that are progressive is completely offset by the remainder of the taxes in the system.

That study is just as valid today in 1978. Indeed, the National Council of Welfare published a report in November of 1976 which estimated that the cost of just 17 of these 60 tax subsidies and tax breaks in our system was some $6.4 billion. That is an incredible sum. We find that taxpayers earning over $50,000 a year received an average $4,000 in annual tax break benefits, but taxpayers earning less than $10,000 received less than $500 from the same tax break provisions. Yet the Minister of Finance is trying to argue that we have a progressive, fair and just tax system.

So if you look at the personal income tax side of the equation, you see that the burden of taxes is falling on the lower and middle income group and that the upper income group is taking advantage of all these exemptions, thereby undermining the whole concept of ability to pay and of taxation being progressive.

The second phenomenon that is happening with our tax system is on the corporate income tax side. Here we find that the tax burden is also being shifted, but it is being shifted away from the corporate sector of our society to the backs of individual taxpayers. I have done some studying and I find that tax incentives to big business—not to small business

because under this government the small businessman has to beg for funds and is usually turned down—is in excess of some $6 billion a year, when you average it out over the past few years of this government's budgets. I am including here the direct tax deductions and also the various tax deferrals.

● (2152)

The theory of all these corporate income tax breaks is that they will help stimulate jobs. Indeed, in the last budget or mini budget of the Minister of Finance we found that companies like Inco were given tax breaks in the millions of dollars. What was the result? There were layoffs by the thousands. The same kind of thing happened in respect of companies like Northern Telecom which has laid off over a thousand workers, and Alcan in Newfoundland.

I could go on and on indicating how these tax cuts, which were supposed to benefit the economy through stimulation and job creation, are not working. Indeed, this is money down the drain. It is less money for the federal treasury, and if corporations are paying less in taxes you know who has to make it up. It is made up by you and me as individual taxpayers, Mr. Speaker.

We have this phenomenon of corporate taxes declining while corporation profits increase. These tax breaks are not creating the jobs we were promised. We also find that the effective tax rate of corporations was 29.6 per cent in 1970 and that it declined to 26.6 per cent in 1975. Corporations are contributing less proportionately to the federal treasury than ever before. If we look back a few years we find that in 1950 personal income taxes contributed about 20 per cent of total federal revenues, and in the same year corporate income taxes contributed 28 per cent. By 1974, the last year for which statistics are available, personal income taxes contributed 38 per cent of federal revenue whereas corporate taxes contributed only 16 per cent. Indeed, we see quite clearly that corporate contributions as a percentage have been declining.

The tax breaks to large corporations are costing Canadian taxpayers more each year than federal spending on health care, old age pensions or other programs the government argues it must cut back on because it does not have the money.

I submit that we need drastic reform of the whole tax system. We will not get it from Liberal or Conservative members. Both those parties oppose the Carter royal commission recommendations on taxation. They argued for the idea of a progressive income tax system, that a buck is a buck and that you cannot get around this idea of progressive taxes by implementing all these exemptions and tax deductions which benefit the upper income Canadians. That is what the Carter Royal Commission recommended, and the opposition from big business and a number of Conservative and Liberal members was immense indeed. Thus the main recommendations of that commission have not been implemented. We as taxpayers, certainly as individual taxpayers in the middle and low income levels, have been paying for that ever since.

If we cleared our personal and corporate tax systems of these unfair subsidies, especially for the wealthy and for the large corporations, then taxes for ordinary Canadians, workers, small businessmen and farmers could be cut substantially. At the same time, our federal government would have new revenues to supplement existing social and economic programs.

Surely we have the opportunity to use our tax system to bring about fairness, to try to help end the anomalies and injustices that burden so many of our citizens who are trying to make ends meet, facing horrendous mortgage payments or rents, seeing the cost of the necessities of life increasing every day, and who want some economic justice but do not get it from this government, especially in the field of taxation. Instead they find that the system comes down hard on those who can least afford to bear the burden.

Surely if we consider ourselves a civilized country we should end this discrimination in our income tax system. We should be moving toward the concepts advocated by the Carter royal commission on taxation. We should be closing the loopholes and making the very wealthy sector of our economy, in terms of the large corporations who have received from this government since the Prime Minister took office some $10 billion in deferred taxes, pay its share. This $10 billion deferral has been allowed without interest. If you or I, Mr.Speaker, happen to be late in our income tax payment, we have to pay interest; but not these corporations with $10 billion in deferred taxes.

We should begin to collect some of that money and put conditions on the other tax breaks we give. I am not suggesting we should never have tax breaks, but we must put some iron-clad conditions on them in respect of job creation and economic expansion, instead of just signing a blank cheque for these corporations to bank the money.

We have to get our economy back on the road. We cannot tolerate much longer the horrendous cost of over one million unemployed. This is a cost in terms of less tax revenue coming into the federal treasury and in terms of unemployment insurance payouts. Canadians want to work. They do not want welfare. When I look at the economic policies of this government I become very, very discouraged and disheartened. There are opportunities to bring about reform, and one of the areas where we can start is in respect of the income tax system, so as to lessen the burden on those Canadians who work so hard only to see their earnings dissipated because of an unfair tax system.

We need a government that will use these new found revenues by implementing a fair tax system to institute economic programs that will get Canadians back to work and this country on the road to prosperity again.

Mr. Mazankowski: Mr. Speaker, in light of the hour I wonder if I might call it ten o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. Paproski: I rise on a point of order, Mr. Speaker. I should like to know whether there is a minister or a member

on that side who could tell us what bill we will be debating tomorrow. If there is someone who would be so kind as to let us know, it would be appreciated.

Mr. Harquail: Yes, Mr. Speaker. It is the government's intention to continue with the debate on the finance bill, Bill C-56.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

NORTHERN AFFAIRS—FUNDING OF NATIVE ORGANIZATIONS FOR LAND CLAIMS NEGOTIATIONS

Mr. Wally Firth (Northwest Territories): Mr. Speaker, yesterday I directed a question to the Minister of Indian Affairs and Northern Development (Mr. Faulkner) concerning funding for the Dene nation and Metis Association in the Northwest Territories. I understand the association has not yet received funding for what I believe is referred to as the first quarter of this fiscal year. The association is in the sad circumstance now that it will have to layoff staff soon if funding is not forthcoming. This would not do much good for those people the association represents. The association will have to let go trained staff who have learned to work in the area of research, and so on, into land claims for the native people of the Northwest Territories, a rather specialized field. There are not many people who work in that area, and should the Metis Association be forced to lay their trained staff off and funding is resumed further down the road, the association will then have to find other staff. It is very likely that those people now working for the association will take other jobs because they have to pay the rent, feed their children and put bread and butter on the table like anyone else.

● (2202)

The minister made mention of a moratorium. I understand that he has communicated with the Dene nation and the Metis Association on this matter. Unfortunately, that will not be of much benefit to the people of the Northwest Territories at this time. However, the situation may come up further down the road and perhaps at that time I may be in a position to support the minister should that happen. I certainly hope that it will not.

I raised this question about funding because the organizations are very concerned about it. I would like the minister or his parliamentary secretary to elaborate a bit more on the reply which I received yesterday in this House, at which time the minister mentioned again the idea of moratorium. Perhaps the minister or his parliamentary secretary could let me know what the intentions are regarding the funding of these organizations. It is my sincere hope and belief that the two organizations will soon be co-operating and working together toward a fair and just settlement claim for the native people along the Mackenzie Valley, but they certainly will not be able to do this without funds.

I want to make it clear, Mr. Speaker, that it is indeed a very serious matter, and I wish to hear what the parliamentary secretary has to say on this.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I am pleased to respond to the concern raised by the hon. member for the Northwest Territories (Mr. Firth) and to elaborate on the comments made by the minister in this House yesterday, Wednesday, May 31, in question period respecting the funding of native organizations in the territories.

I would like first to recap briefly that two of the native organizations in the Northwest Territories, the Committee for Original Peoples Entitlement and the Inuit Tapirisat of Canada, have received loans totalling $903,395 and $3,239,-607 respectively to the end of the fiscal year 1977-78. In the current fiscal year, funding will be going forward to both COPE and ITC in the amount of approximately $1 million to each organization. Although funding has not yet been advanced this fiscal year for the two native organizations in the Mackenzie Valley, the Dene nation or Indian Brotherhood of the Northwest Territories, and the Métis Association of the Northwest Territories, the fact of the matter is that no decision has been made to impose a moratorium to date.

All members should be aware, as is the hon. member who put the question, that the government has funded both these organizations, in the past for claims research, proposals formulation and negotiations, to a total of $2,509,489; $1,405,000 of this has gone to the Indian Brotherhood of the Northwest Territories since 1975-76, with the remaining $1,104,489 to the Métis Association of the Northwest Territories since 1976-77.

I would like to elaborate on why the government has accepted separate claims from the two organizations, yet has taken the position that there must be only one settlement for all native people in the Mackenzie Valley. Prior to pronouncement of the Dene declaration in 1975, all native people in the Mackenzie Valley were united behind a common cause. When the Métis Association in 1976 announced its non-acceptance of the Dene declaration as a basis for a claim proposal, the government considered it important that the aspirations of the Métis Association of the Northwest Territories membership be known before negotiations began. Consequently, the Métis Association of the Northwest Territories was funded separately to research and develop its own claim.

● (2207)

The government's position has been constant since submission of the Métis Association of the Northwest Territories claim in September 1977, now that both claims are in, that a

mechanism must be established to have the views of all native people in the Mackenzie Valley represented at the negotiating table, as the Indians and Métis live together in the same communities, share the same resources, and are regarded by everyone as one people.

I might just make two additional brief comments, Mr. Speaker. Given the present situation, there is a need for both groups to reach agreement on a process for joint negotiations. This could mean, for example, an umbrella structure, or alternatively, both groups could come to the same table as separate entities. The Mackenzie Valley chiefs have stated that they intend to deal with this matter at a leadership meeting later this month. In the meantime, a decision on first quarter funding will be made within the next few days.

Given the need for a single settlement, further claims research and negotiations funding is entirely dependent on both organizations coming together. Hopefully, an understanding between the organizations can be reached after the Dene leadership meeting in June so that the negotiations can proceed and the necessary supportive funding be continued.

EXTERNAL AFFAIRS—APPOINTMENT OF AMBASSADORS TO AND BY FOREIGN COUNTRIES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, on February 22 I asked the minister about the prospects of the establishment of embassies in Amman and Damascus. While congratulating him on his announcement of the opening of a Canadian embassy in Kuwait, I questioned him as to when the Kuwaiti government would be sending an ambassador solely accredited to this country.

As my learned and most respected friend the parliamentary secretary knows, I have urged repeatedly the improvement of contacts between Canada and the peoples of the Arab world. Commercial, social, cultural and diplomatic ties could be strengthened with a group of nations with which there are no reasons for anything but cordial relations with Canada. The economies of many of the countries of the Arab Middle East are developing in such a way as to offer major opportunities for Canadian investment and technical co-operation. It is my experience from frequent visits to these countries that Canada often lags behind other more alert and aggressive trading countries. Considering the slack state of our own economy I think it would be shocking neglect to miss opportunities in the outside world.

While much can be done and must be done by the private sector, the government can assist in strengthening government-to-government contacts, in obtaining information, and by using agencies such as the Canadian Export Development Corporation in reference to those Arab countries not wealthy through an abundance of petro-dollars. Not all Arab countries are facing grave problems of what to do with their money! Some need assistance in infrastructure and especially technical aid.

I fear we have not taken advantage of an opportunity offered by the Kuwaiti fund for development whose director I met here in Ottawa a few years ago. It was his suggestion that, through a marriage of the fund's finances and CIDA's technical know-how, much could be done. I believe it was a most useful suggestion and I would have been happier had the Canadian response been more fulsome and interested.

If I recall aright, when I came to the House of Commons in 1957 we had embassies in the Middle East only in Lebanon, Israel and Egypt. I many times called for exchange of diplomatic missions with other areas of the Arab world, notably Iraq, Saudi Arabia and the Gulf Emirates. Over the years this has been done and one can see clearly that improved trade and investment contacts have followed. Canadian businessmen are involved in major projects in Saudi Arabia. One of these is the construction of what will be one of the most splendid and costliest universities in the world. I am happy that we have missions in those beautiful Magreb countries, Tunisia, Algeria and Morocco.

But there are two countries whose importance in the Middle East, and more specifically in Middle East tensions, cannot be overestimated. These are Syria and Jordan. They are confrontation states vitally concerned with the future of the Palestinians whose status, as is now almost universally agreed, is the core of the Middle East problem.

As a founding member of the United Nations which created Israel, as a member of the Security Council and as the provider of peacekeeping forces in the area, Canada must and should be vitally interested in the establishment of a just and durable peace in the area. I do not think we can do our job or play our part without close contact with Jordan and Syria. We need a presence, a listening post, a place for regular dialogue with those pivotal countries. For the immediate and urgent requirement of the current troubles and tension we should be there. Beyond that exist many reasons for strengthening our ties with those two countries who are working out their destiny under different forms of government but to whom peace today and prosperity today and tommorow are vital.

● (2212)

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wish to commend my hon. colleague and friend, the distinguished member for Hillsborough (Mr. Macquarrie), for his great interest in the Arab countries, more particularly Jordan and Kuwait. Since we are going to establish a new embassy in Kuwait it goes without saying that we would be delighted if Kuwait would create a mission in Ottawa. Nevertheless, nothing at present indicates that Kuwait intends to open a mission in Ottawa in the immediate future.

[*Translation*]

Needless to say, Mr. Speaker, no state has unlimited funds for the purposes of diplomatic representation. Still I am sure that the presence of the resident mission of Canada in Kuwait would improve our bilateral relations in our best respective interests and it is not unreasonable to hope that as a result of closer relations, the government of Kuwait will one day open an embassy in Canada.

As for Amman and Damascus, I agree that it would be most desirable to have an embassy in one or even both those very important capitals. We do not have the necessary resources to do so now or in the near future. It was possible to do it in Kuwait following the closing of our mission in Johannesburg. As we do not anticipate the closing of other missions, we must be satisfied with multiple accreditations from Beyrouth which is fortunately well located to deal with those two important cities of Amman and Damascus. I regret to disappoint my hon. colleague.

[*English*]

INDUSTRY—CANADA-U.S. AUTO PACT—EQUITABLE SHARING OF BENEFITS

Mr. Derek Blackburn (Brant): Mr. Speaker, two weeks ago I directed a question to the Minister of Industry, Trade and Commerce (Mr. Horner) concerning the government's plan to subsidize the construction of two new auto parts plants by General Motors and Ford Motor Company of Canada to the tune of $116 million. I asked how the government could contemplate subsidizing these two multinational conglomerates when, according to the spirit of the 1965 Auto Pact between Canada and the United States, these firms are already committed to investing in Canada.

The minister was evasive. He quoted from the Auto Pact and he also replied that we had a surplus of $2 billion in automobile manufacturing in Canada last year. What the minister forgot to mention is that Canada had an auto parts deficit of more than $3 billion last year, which completely erases our surplus in assembled vehicles shipped to the United States and leave us with a deficit of over $1 billion.

The fact is, Mr. Speaker, that Canada is not getting its fair share of the automotive trade. The Auto Pact has become a joke. Canada has had a deficit in ten out of the 13 years since the Auto Pact was signed, a deficit that has totalled more than $7.5 billion. The deficit in our auto parts trade is even worse. Since 1965 we have had a deficit on parts trade with the U.S. of just under $19 billion. At the present time there is a shortfall of about 25,000 jobs between what we should have as a fair share of the total employment in the auto industry and what we actually have.

The auto industry is now planning for its biggest re-tooling since the 1920's. Ford and GM have announced they will be spending at least $20 billion each between now and 1985 to re-tool for new emission and fuel economy standards. Within the spirit of the Auto Pact, this commits each of them to a level of investment in Canada in the range of $275 million each and every year for the foreseeable future.

● (2217)

Canada cannot hope to get a large share of the investment in the auto industry that is going to be made over the next few years, and the jobs that go with that investment, unless the federal government exerts pressure on the auto manufacturers to spend more of their investment budget in Canada. The major auto manufacturers have been remarkably reluctant to spend a fair share of new investment in plant and equipment in Canada. Just looking at the past few years, our share of the new car market has been between 9 per cent and 10 per cent. Our share of new investment funds has been down around 5 per cent.

Pressure must be put on the auto industry right now to make sure the auto manufacturers live up to their investment commitments in Canada. I would like to know what the Minister of Industry, Trade and Commerce is doing to ensure this, besides offering $116 million of the taxpayers' money to Ford and GM to invest in Canada when they are bound by the Auto Pact to invest anyway.

The government must immediately begin negotiations with the auto industry regarding the Auto Pact. We must have guarantees that the number of jobs, the amount of new investment, and the research and development expenditures will be commensurate with Canada's share of the auto market.

The government has so far failed to offer a credible response to our growing auto trade deficit. Most of the planning for the conversions to smaller, more energy efficient cars is being made now. I would like to impress upon the government that we are running out of time. Decisions will be taken in the next two years that will affect the auto industry for the rest of the century.

In Ontario, one in seven jobs is directly or indirectly related to the auto industry. These jobs must be protected. The former minister of industry, trade and commerce has admitted that our current auto trade deficit is "too big to swallow". I would agree with that. The only question that remains is, when will the government insist that the auto makers do something about it, and why has it not begun to insist already?

What we are looking for as far as the Auto Pact is concerned is a fair deal. We do not say we should have more than the American workers. The Canadian workers are agreed upon this. As far as the Auto Pact is concerned, auto workers in Canadian subsidiaries of American auto corporations, particularly in the parts manufacturing industry, are well aware of the fact we have been sold down the river since 1965. We have a tremendous deficit vis-à-vis the United States. It is time that jobs were created in the automotive industry in this country and that there is parity between the cost of cars made in this country and cars made in the United States. I see no reason why any model of car should cost $100, $200 or $300 more in Canada than in the United States if that car was made in Canada. I do not understand why consumers in Detroit can purchase an automobile manufactured in St. Thomas, Ontario, for $100, $200 or $300 less than someone in Canada.

The minister is not here this evening. I do not expect him to be here at this late hour. Not even his parliamentary secretary is here. It is a damned shame there is no one from his department here tonight for the last three minutes of this period to rebut what I have been debating. There is no one from the cabinet here to answer the question I have put forward regarding bringing the Auto Pact up to date, so that we have more investment and jobs in this country, jobs that will create more money, and so that Canadians can buy more

cars. That is what it is all about. As I say, it is a damned shame there is no one here to reply. There is only one member of the entire Liberal party on the other side of the House tonight.

● (2222)

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I wish my distinguished colleague would not judge the interest of our party in the automobile pact question by the absence of most of my hon. friends. The minister and his parliamentary secretary have made a commitment which they could not break and they could not be here to speak tonight. Nevertheless, I shall attempt to answer the observations of the hon. member with regard to the automobile agreement.

[*Translation*]

First of all, Mr. Speaker, I should like to refer to the main points mentioned in his presentation, namely a fair share of the auto production, the loss of 25,000 jobs in the automobile industry, and finally the payment of subsidies to the industries in that sector.

First, the fair share. Paragraph (c) of the Auto Pact reads as follows: Development of conditions allowing the market forces to interact efficiently for the most economic development of investments, production and trade. No mention is made of the automatic right to a "fair share" of jobs, production or investments. In fact, no mention is made in the agreement of jobs. The fact that one country or the other gets more or less than of its fair share should be determined, according to intent of the agreement as I understand it, by such factors as the relative cost of production in the two countries and the relative return of new investments.

[*English*]

The attainment of a "fair share" of production and investment is obviously the objective. We achieved and surpassed this objective in the early 1970's when production costs and returns on investment were in our favour. The route to reachieving this objective is not to require companies to invest in less than economic propositions in Canada. It is to recreate conditions in which it is in the interests of the industry itself to invest in Canada.

We are working with both the vehicle industry and the parts industry to demonstrate to them that, in large measure, these conditions have been recreated and that it is in their interests to invest in Canada.

The number of jobs that we are reputed to have been shortchanged under the automotive agreement keeps escalating. I assume that the 25,000 number has been taken from a report prepared by the treasurer of Ontario. We have trouble with the arithmetic contained within that report. Almost 6,000 of the 25,000 jobs we are reputed to be short are in vehicle assembly. Statistics Canada reports that we have a trade surplus with the United States of over $2 billion in completed vehicles and that we exported almost $600 million of North American vehicles to third countries. It is beyond me how the treasurer could conclude that we are short of jobs in vehicle assembly when in fact we have a substantial surplus. Were we to achieve automotive agreement trade balance, which would be my definition of fair share, we would have additional automotive employment of about 5,000.

I see, Mr. Speaker, that you are about to rise to tell me my time has expired. Perhaps I might simply add that I know the minister is about to make an important announcement in the field of automotive parts.

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at eleven o'clock a.m.

At 10:25 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

A TRANSLATION OF STATEMENT PURPORTEDLY MADE BY JUDGE MAYRAND

On May 4th, engineer Alexander Treu was sentenced to two years in prison after a lengthy trial held in camera under the provisions of the Official Secrets Act.

Some members of parliament, under the protection of parliamentary privilege, have taken the liberty of questioning and criticizing the way in which the trial was conducted before Justice Luc Trudel of the Sessions Court.

Although it is admissible to make comments about a judicial decision and to disagree with the Official Secrets Act or with the fact that authorities do not use the notion of national security with enough reservation, the Judge himself cannot be blamed for his obligation is to apply such a law.

It is up to the citizens to place pressure on the legislators in order to change the law or on the cabinet in order to change its attitude.

This Official Secrets Act places the Judge in a real dilemma. Once he has ordered that the trial will be in camera, after the presentation of arguments and representations, since the evidence would constitute a hazard to the security of the state, it is not possible for him, in the name of national security, to publicly justify his decisions and to provide his reasons to the news media.

Once the "in camera status" has been ordered, the logic and the law force him to respect it to the limit. In fact, the Appeal Court has followed the same rationale by demanding that the accused refrain from making comments about this matter, for any consideration, while waiting for the final decision of the Appeal Court, as it had been also ordered by a judge of the Superior Court while he was revising the terms of bail during the trial.

In the name of the respect of judicial independence, we cannot tolerate the remarks of Mr. Gerald Baldwin, M.P., who was wondering whether the law had not been well understood or had been wrongfully applied by the judges.

We respectfully advise him to content himself with doing his own work, that is with the drafting of a better Official Secrets Act, if he feels the present one is unjust and abusive.

The Member of Parliament, Mr. Baldwin, should not pose as an Appeal Court to study the conduct of the Judge of this trial, especially since he is totally ignorant of the facts presented as evidence and of the consent of the lawyers, both for the defence and for the prosecution, since the trial as well as the preliminary hearing were held in camera.

In any circumstances, public interest and the preservation of individual liberties demand that we strictly adhere to the principle of separation of the three powers, that is the executive, the legislative and the judiciary; each citizen must respect their rights and privileges and especially those who hold a position with great responsibilities as is the case for a Member of Parliament.

It seems to us that it would be preferable to leave to the Courts the delicate task of drawing the line between the rights of the individual and the rights of a nation in the application of the law.

TEXT OF STATEMENT PURPORTEDLY MADE BY JUDGE MAYRAND

Le 4 mai dernier, l'ingénieur Alexander Treu était condamné à deux ans de pénitencier, au terme d'un long procès tenu à huis clos, sous le régime de la loi des secrets officiels.

Certains députés, sous le couvert de leur immunité parlementaire, se sont permis de questionner et critiquer la façon dont le procès s'est instruit devant le juge Léo Trudel de la Cour des sessions de la paix.

S'il est permis de commenter une décision judiciaire et de ne pas être d'accord avec la loi des secrets officiels ou avec le fait que les autorités recourent trop souvent à la notion de sécurité nationale, il ne saurait être question de blâmer le juge qui a l'obligation d'appliquer une telle loi.

Il appartient alors aux citoyens de faire pression sur le législateur pour qu'il modifie la loi ou sur le cabinet pour qu'il modifie son attitude.

Cette loi des secrets officiels place le juge dans une véritable impasse. Une fois qu'il a décrété le huis clos, à la suite d'arguments et de représentations, à l'effet que la révélation de la preuve constituerait un danger pour la sécurité de l'État, il ne lui est plus possible, au nom de cette même sécurité nationale, de justifier publiquement sa décision et d'en donner les raisons aux media d'information.

Une fois le huis clos décrété, la logique et la loi l'obligent à le maintenir jusqu'à la dernière limite. D'ailleurs, la Cour d'appel a suivi cette logique, en exigeant que le prévenu s'abstienne de discuter de cette affaire, sous aucune considération, en attendant le jugement final de la Cour d'appel, comme l'avait d'ailleurs décrété un juge de la Cour supérieure, en revision de ses conditions de cautionnement durant son procès.

Au nom du respect de l'indépendance judiciaire, nous ne pouvons tolérer les remarques du député Gerald Baldwin, qui s'inquiétait de voir la loi mal comprise et mal appliquée par les juges.

Nous lui conseillons respectueusement de se contenter de faire son travail, soit l'amélioration de la loi des secrets officiels, si cette loi lui apparaît injuste et abusive.

Le député Baldwin n'a pas à s'ériger en Cour d'appel pour étudier la conduite du juge présidant le procès, d'autant plus qu'il est dans la plus complète ignorance des faits mis en preuve et du consentement des avocats, tant de la défense que de la poursuite. A ce que le procès se rédoule à huis clos, comme le fut l'enquête préliminaire.

En toute circonstance, l'intérêt public et la sauvegarde des libertés individuelles exigent que soit rigoureusement observé le principe de la séparation des trois pouvoirs, soit l'exécutif, le législatif et le judiciaire; chaque citoyen devant en respecter leurs droits et privilèges et à plus forte raison, ceux qui occupent un poste de responsabilité comme un député.

Il nous apparaît souhaitable que demeure réservée à la magistrature la délicate tâche de tirer la ligne de démarcation entre les droits d'un individu et les droits d'une nation dans l'application de la loi.

HOUSE OF COMMONS

Friday, June 2, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

SALARY REVISIONS—REQUEST FOR TABLING OF DOCUMENTS—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, in the last two days I have heard a large number of complaints about the revised salary schedules which were tabled on Wednesday. There is a great deal of puzzlement, to say the least, over the fact that a member's principal secretary's salary has been frozen, while the top executive category, already paid over $40,000 per year, receives a full 6 per cent permanent increase.

While accepting that a readjustment in all salary levels is necessary to correct any overclassification which may have occurred, I think morale has been harmed by the selective and mysterious manner in which this occurred. I, therefore, ask leave to move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this House requests the tabling of all documents, papers and memoranda on which House of Commons staff salary revisions, tabled in this House on May 31, were based, particularly those which compare House of Commons classifications with public service classifications and those which explain the differentials between positions within the House of Commons.

Mr. Speaker: Order, please. I have some hesitation about whether the motion put forward relates to any administrative responsibility of the government. It is the responsibility of parliament and, indeed, one in which I have a representative capacity. While not a government responsibility, it would be clearly a parliamentary responsibility, so I will ask if there is unanimous consent to put the motion.

Presentation of the motion for discussion, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ADMINISTRATION OF JUSTICE

COMMITTEE STUDY OF LAW ON SOLICITING, VAGRANCY AND PROSTITUTION—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of serious and pressing necessity. For the law to be respected and obeyed, it must be clear, concise and free from ambiguity. Every Canadian, according to our system of jurisprudence, is entitled to know what the law is.

In light of the former changes in the law contained in the Criminal Code of Canada as to soliciting, vagrancy and prostitution, and in the words of one judge, persons will be tried for offences which are not contrary to the law but merely for publicity purposes, creating a false, unnatural, and unwarranted punishment, and in light of the fact that in some places certain police enforcement officers are used as decoys as a method of cracking down on activities that may or may not be illegal, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the questions of soliciting, vagrancy and prostitution be referred to the Standing Committee on Justice and Legal Affairs for study and recommendation, with the right of the committee to hear witnesses giving their views and opinions with reference to all matters pertaining to the same.

Mr. Speaker: Under the provisions of Standing Order 43, unanimous consent of the House is required for the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

RATIFICATION OF CANADA-U.S. INTERIM AGREEMENT—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. In view of the many problems and animosities stemming from the failure of the U.S. Senate to ratify the Canada-U.S. interim agreement on fisheries, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That this House orders the Canadian section of the Canada-U.S. interparliamentary group to convene at the earliest possible moment a special meeting in Washington in order to explain to our congressional colleagues the need for ratification of the interim agreement, so that the fishermen of our two countries may gain their livelihood under this pro tem arrangement pending the conclusion of a more binding agreement between the two countries.

S.O. 43

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

REQUEST FOR LOCALLY BASED FISH MARKETING BOARD IN NWT—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. In view of the fact that commercial fishermen in the Northwest Territories are most dissatisfied with the services provided to them by the Freshwater Fish Marketing Board, with headquarters in Winnipeg, I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

● (1112)

That the Freshwater Fish Marketing Board be replaced in the Northwest Territories by a locally based marketing board which can more effectively meet the needs of the commercial fishing industry in the Northwest Territories.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HER MAJESTY THE QUEEN

GREETINGS TO HER MAJESTY ON TWENTY-FIFTH ANNIVERSARY OF HER CORONATION—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that today is the twenty-fifth anniversary of the coronation of Her Majesty the Queen, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House extend to Her Majesty, on behalf of the people of Canada, warmest greetings and sincere best wishes.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

[Mr. Munro (Esquimalt-Saanich).]

[*Editor's Note: The House rose and sang God Save the Queen and O Canada.*]

* * *

HEALTH

INSPECTION PROCEDURES TO ENSURE MEAT AND LIVESTOCK FREE OF DES CHEMICAL—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In 1974, the Canadian government banned the use of diethylstilbestrol or DES, a carcinogenic growth hormone which was fed to cattle to promote weight gain. I have just learned that "Radio Noon", a CBC Toronto program, has tested ten samples of beef liver, five Canadian and five American, from four different stores. Despite the ban, nine of these samples were found to contain DES with a level as high as 3,720 parts per billion. Levels as low as two parts per billion have been shown to be toxic in tests of laboratory animals. I move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House call for an immediate investigation of the inspection procedures for meat and livestock products imported into Canada and produced in Canada to determine the reasons for the failure of the DES ban and to make recommendations for any changes necessary to avoid a repetition of this problem.

Mr. Speaker: Presentation of such a motion for debate at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

QUEBEC SALES TAX—GOVERNMENT PROPOSALS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance, who telephoned me this morning to describe the position he had taken in the unsuccessful negotiations with the province of Quebec yesterday regarding the sales tax question. The minister confirmed in that telephone conversation that the federal government continues to refuse the kind of direct payment to the provinces, particularly to the province of Quebec, that is sought by the National Assembly of Quebec and is accorded to every other province. The House knows that there is no regular tax transfer agreement with Quebec. Why did the Minister of Finance of Canada not accept a one-time only tax transfer agreement covering the $100 abatement?

[*Translation*]

● (1117)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am responding exactly to the wish of the Leader of the Opposition as expressed in a speech he delivered Sunday last when he said: We demand that the equivalent of the amount represented by the tax cut, that is $226 million, be paid in full to the province of Quebec. And we have decided to transfer back to Quebec residents the equivalent of $226 million as requested by the Leader of the Opposition.

Of course, yesterday we tried to make two proposals to the Quebec government, the first one along the lines of Mr. Ryan's formula whereby the tax income reduction would be made in 1978 instead of 1977 but Mr. Parizeau rejected it. We tried to make a further proposal which would have caused me to accept some of his proposals if he were prepared to accept some of mine and he refused. I stated on many occasions yesterday that obviously Mr. Parizeau and the Quebec government have only one thing in mind, to prove that there is no way to deal with the federal government. What we are trying to do is to develop a national policy on economic incentives, and economic success for the Canadian government is certainly not something which meets the political purposes of the separatist government in the province of Quebec.

[*English*]

Mr. Clark: The minister was a little more clearcut in his attribution of this proposal to Mr. Ryan in his statement than he was in his communiqué. In his press communiqué, he said it was not the same as, but similar to, the proposal made by Mr. Ryan. I am sure Mr. Ryan will be quite prepared to clarify that difference himself.

I am pleased to know that the minister is now reading and quoting my excellent speeches: that might redound to the better governing of the country. He knows the difference between what we proposed and what he has done. We have proposed to let the government of Quebec, as with the governments of other provinces, have that money. He is proposing some form of payment via individual citizens. He is proposing to change the system with the province of Quebec.

My question is this: In the second proposal that the Minister of Finance made yesterday, according to his communiqué he proposed to make a one-time only transfer to the province of Quebec on condition that the Government of Canada is allowed to dictate the way a province uses a provincial jurisdiction. The minister knows that that condition is unacceptable to the government of Quebec. He knows it is unacceptable to Mr. Ryan. Indeed, it is unacceptable to anyone else who respects the constitution of Canada. The minister is prepared to make a one-time only tax transfer in a way that violates the constitution. My question is quite simple: Why will he not agree to make it in a way that respects the constitution of Canada?

Mr. Chrétien: Mr. Speaker, I am respecting the constitution all the way. Mr. Parizeau, or any government, can do what they want in their field. In fact, Mr. Parizeau has done it so much that he has selectively cut the sales tax for 12 months. It is done. I have not intervened. As there is no agreement with Mr. Parizeau, and he does not want an agreement, I do not want to penalize the citizens of Quebec. I am reducing the income tax of Quebeckers in exactly the same way as I have done for those in Ontario and New Brunswick. On the night of the budget I reduced the federal income tax by $100. They increased their provincial sales tax by $100 and followed a procedure of cutting the sales tax.

What I did on the night of the budget was reduce the income tax of the other provinces which have sales tax. I have no agreement with Quebec. I tried to get an agreement. I made five different proposals. There is no way I can get any agreement with them. I am doing now exactly what I did on the night of the budget with the other provinces in reducing the income tax.

Some hon. Members: Hear, hear!

Mr. Clark: The Minister of Finance must, surely, by now recognize that it is not exactly the same when the citizens of one province receive a cheque from the federal government and the citizens of other provinces do not receive a cheque. That is not the same.

Some hon. Members: Hear, hear!

Mr. Clark: One of the proposals that the federal government has put forward—it is one that we on this side of the House would like to see considered with some calm—has the serious disadvantage of delaying the economic stimulus in Quebec for at least a year. Indeed, it may have the consequence of forcing the Quebec government to raise taxes, which it is not in a position to do with ease before that time. Naturally, the chief victims of an arrangement like that will be the people of the province of Quebec.

I would like to ask the Minister of Finance this question: Assuming there is some progress affecting the tax year 1978—affecting that proposal—would the federal government be prepared to give the most serious consideration to including in any agreement that might be arrived at, some provision that might bring stimulus to the province, the economy and the people of Quebec this year, when it is needed, rather than causing the people of that province to suffer because of a determination to disagree on the part of two governments?

● (1122)

Mr. Chrétien: That is exactly why I decided to take the list of the taxpayers of 1977, to make sure that the money was available to assist the Quebec economy this summer. The one disadvantage of the Ryan formula would be that the money would be in the hands of the taxpayers of Quebec only in the spring of 1979. In order to stimulate the economy right now, I have decided to go with the taxpayers' list of 1977. If the hon. gentleman would prefer me to take the 1978 list, I could do

that; but the money would be in the pockets of federal taxpayers only in the spring of 1979. That was the formula proposed by Mr. Ryan, and I am willing to go along even if, economically, it makes less sense than what I have proposed.

Mr. Clark: We all know what has been proposed by Mr. Ryan. His position is far clearer than that taken by the Government of Canada. Yesterday the minister apparently indicated some willingness to accept the 1978 base, something which would have delayed a certain economic stimulus to the economy of that province this year, when it is needed, as the hon. gentleman has just admitted. I hear that the former minister disagrees with the present minister. I know that the Liberal caucus is full of disagreement on this question. But let members opposite resolve their differences internally, and let the Minister of Finance address himself to the question I have asked.

Mr. Speaker, there is a great deal of talking and shouting going on over there. I know how nervous they are about this subject, but I ask the Minister of Finance to address himself to the question I put to him. If he does come back to that proposal to move to the 1978 base, will he undertake to enter into some arrangement with the province of Quebec? I do not know what it might be.

Some hon. Members: Oh, oh!

Mr. Clark: We are quite prepared to propose a number of them. One would simply be to respect the jurisdiction of the province of Quebec and to end this attempt to interfere with provincial jurisdiction.

Some hon. Members: Hear, hear!

Mr. Clark: But the government refuses to do that.

An hon. Member: They want a confrontation.

Mr. Clark: I ask the minister, seriously, in the interests of the taxpayers of Quebec and in the interest of equity, to give us an undertaking in principle that if there is to be an agreement relating to 1978, he will ensure that the people of Quebec will not become victims, economically, of this dispute between two governments which appear to be increasingly stubborn?

Mr. Chrétien: I say, again, to make sure that the Quebec people will not suffer at all, that if the hon. member will vote on the bill today, the cheques will be in the mail next month.

Some hon. Members: Hear, hear!

Mr. Chrétien: I called the hon. member this morning because I thought he had some problem of understanding. It appears my call was not very useful. I repeat that I am not interfering in the jurisdiction of the province of Quebec. They have cut their sales taxes in the way they wished. They can cut all the taxes in their field they wish. They would go bankrupt very quickly—they are close to it—but there is nothing I can do about it. It is within their jurisdiction. I am reducing personal income tax for the federal taxpayers of the province of Quebec.

SELECTIVE SALES TAX CUTS—GOVERNMENT POSITION

Mr. Edward Broadbent (Oshawa-Whitby): The minister has indicated that the Ryan proposal, as one way of extricating us from this mess, is not the best one in terms of stimulating the economy of the province. Upon reflection, I agree with him. In this respect the minister at least agrees with the government of Quebec. That government, too, rejected the Ryan formula as not providing the kind of stimulus needed this year.

• (1127)

If that is so, would the minister confirm that the second part of his so-called new proposal for selective sales tax cuts is, in its substance, precisely the same as his original proposal, in the sense that the federal government is still insisting that the Quebec government cut for some period of time all the sales taxes in that province as a condition of getting any federal payment at all?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker, it is a condition that we have a collection agreement. Since Maurice Duplessis there has been no collection agreement between the federal government and the Quebec provincial government. If the hon. member now recognizes that the Ryan formula is not perfect, why did he move a motion in the House of Commons on Thursday, May 25, urging me to accept the Ryan formula?

Mr. Broadbent: Mr. Speaker, I appreciated the minister's remarks earlier today regarding his proposals. I would have thought that he would at least do the courtesy of reciprocating an attitude which I have. As I said, on reflection—not just today, but previous to today—I have seen the implications of the Ryan formula. I am appealing to the federal government to show the same flexibility as some of the rest of us in this country are prepared to show in this matter.

As I understand the second part of the minister's proposal, that is, the selective sales tax proposal remaining in the province of Quebec, with some subsidization coming in direct payment from the federal government, it is still an insistence by the federal government that the province of Quebec impose a unive nuales tax on all commodities. If that is the case, would the minister not agree that he has come all the way back to his original proposal, which still amounts to his insisting that the federal government impose certain priorities on the provincial government which are within the constitutional right of that province?

Mr. Chrétien: Mr. Speaker, in my second proposition of yesterday I came a long way. I said that even if I did not agree with the selective sales tax system proposed by the Quebec government, I would pay part of it. Quebec could have it forever, if it wanted, but I would pay two-thirds for nine months, as I have agreed to do for Saskatchewan and British Columbia. There was some money left over on the table. I said

that if Quebec wanted a tax agreement, with that money it could cut sales taxes across the board for the rest of the items until October.

Mr. Broadbent: Mr. Speaker, with all respect, I say that the minister is showing an inflexibility which simply is not required in the circumstances. Would the minister confirm that what the Quebec government wants is no more money than any other province?

Second, would the minister agree, because this has not been challenged in the debate, with the fact that I put on the record more than a week ago, that the job impact of the tax cut proposal coming from the province of Quebec would likely create more jobs in the province of Ontario than in the province of Quebec, and as such it is not a balkanization measure?

If the minister agrees with both those points, why can he not admit frankly that he was mistaken in his original judgment, and accept the proposal of the Quebec government?

Mr. Chrétien: Mr. Speaker, there are two reasons. Mr. Parizeau made his cut 48 hours after my budget. Before I rejected that, I took the liberty of calling some other ministers of finance in this land to ask them if the Quebec proposal was acceptable to them. They said no. I called three. We had previously had a unanimous agreement, so I did not have to call everybody. After I had called three, I knew there was no possibility of agreement, so I could not accept the proposal at that time.

Mr. Stevens: Who were the three?

Mr. Chrétien: In addition, Mr. Parizeau went for a full year. British Columbia cut its sales tax by two points for a full year although I recognized only nine months. Following that, they are on their own. I do not see why Quebec should not be on its own after nine months, like British Columbia.

• (1132)

SALES TAX—FURTHER DISCUSSIONS WITH PROVINCES

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my supplementary question is also to the Minister of Finance. Yesterday, in fact, he reopened the discussions with the province of Quebec about changes in the sales tax issue. I should like to ask if he has undertaken to have similar discussions with the governments of the other provinces, notably the government of Manitoba, which had originally proposed to use 1 per cent of the sales tax reduction for direct job-creation programs, and also with the province of Alberta which had been ignored in any discussion of income tax rebates.

Has the minister, therefore, reopened discussions with the other provinces, now that he has proposed making changes on the whole sales tax issue with one province?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): It is very simple, Mr. Speaker. I discussed it with all finance ministers prior to the budget. I asked Alberta: Can I help you reduce your sales tax? The minister said: I do not have any. So that settled the matter. I told him: There will be other measures in the budget to help the economy of Alberta. That was settled. In Ontario, Saskatchewan, Manitoba and in all provinces, what I did was reduce the income tax on budget night so that they could increase theirs. What I propose today for Quebec is to reduce the income tax for Quebec residents. The Quebec minister of finance can do what he wants in his jurisdiction. He can cut the taxes he wants, that is his business. As for me, I am cutting the income tax of Quebec taxpayers.

[*English*]

Miss MacDonald: Given the fact that the Minister of Finance went into such detail this morning to explain that he had made different arrangements, or had proposed different arrangements, I would have thought he would have considered it courteous, at least, to have conveyed that information to his counterparts in the other provinces.

I should like to ask a supplementary question. Because of the uncertainty and confusion which now surrounds this entire sales tax issue, because of the fact that there would be real interest in the other provinces if any changes were contemplated to be put into effect, and because by its actions of yesterday the Government of Canada has indicated that it really has no clear idea as to where this issue will eventually take us, will the minister, in the interests of common sense and, more important, in the interests of national unity, agree to withdraw the bill from debate in the House at the present time until negotiations with the province of Quebec and, indeed, with the other provinces have been completed?

Mr. Chrétien: Mr. Speaker, we are reducing the federal income tax for the federal taxpayers in Quebec. I am acting within my jurisdiction, and Mr. Parizeau can do whatever he wants in his own jurisdiction. But I want to tell the hon. member something, that it will not be the separatist government of Quebec which will run the economic affairs of this nation.

* * *

EXTERNAL AFFAIRS

CUBAN INVOLVEMENT IN AFRICAN HOSTILITIES—CESSATION OF AID TO CUBA

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Yesterday the minister denied that anyone had claimed that Cubans were involved in the Zaire situation. Today, the Carter administration, which is providing evidence that Cuban soldiers in Angola played a role in the Katangan invasion of Shaba province in Zaire, is preparing special broadcasts to tell the Cuban people how Cuban troops are being used as a surrogate force to advance Soviet strategic aims in Africa, and is further backing up its claim by consider-

ing the cancellation of U.S. charter flights to Cuba and the cancellation of athletic exchange programs.

Since there is a split between the American and Canadian view of Cuban involvement in Zaire, will the Canadian government now revise its view and take similar steps to those taken by the Carter administration to pressure Cuba to get out of Africa.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, first of all, I have not seen the report to which the hon. member refers; however, I am sure it is an accurate assessment. I do not think it reflects any split. I said yesterday that there was no hard evidence; certainly, the impression I wanted to convey was that there was no hard evidence—

Some hon. Members: Oh, oh!

Mr. Jamieson: I cannot answer and listen at the same time. Maybe the hon. member would give me the opportunity to answer him; then I will be glad to deal with a supplementary question.

I do not think there is any question that there are Cubans in Angola. Therefore, it is a reasonable assumption that there is some relationship between that and the activities in Zaire. I was simply stating the fact that it was not a proven situation and that a number of countries—among them, Great Britain, The Netherlands, Denmark and Belgium, to name just a few—at least five or six, made the point that it had not been specifically proven in the case of Zaire. That is not to say—I repeat—that anyone is condoning Cuban, Soviet or other interventions in Africa.

In terms of what the United States is now doing, I have had consultations with Secretary of State Vance. I repeat to the House what I said yesterday, that if there is any way, either through the Security Council or through other initiatives taken by the United States or other allies, whether they be in NATO or elsewhere, to end foreign interventions in Africa, we will be fully supportive of them and we will use whatever techniques appear to be most appropriate in our circumstances to reinforce that view.

Mr. Roche: Mr. Speaker, on the first point, Zbigniew Brzezinski, special adviser to the president, said:

Any sensible person who sees what is going on in Angola will reach a very obvious conclusion.

This relates to the Cuban involvement in Zaire. I want to ask the minister a supplementary question. Since Canada has provided $13.3 million in aid to Cuba in the last three years, will the minister now formally terminate that aid, as distinct from just letting it run down, to enable Canada to go before the UN Security Council with some credibility in urging that body to give immediate study to the grave implications of Cuba having a total of 43,000 troops in 14 African nations?

Mr. Jamieson: Mr. Speaker, in the first instance, the hon. member uses a highly selective technique. He quotes Mr. Brzezinski without acknowledging that, of course, there is quite a substantial difference of opinion even within the U.S. administration. There have been a number of spokesmen, including the U.S. ambassador to the United Nations, who have expressed a quite different view. However, that is beside the point in this regard.

In so far as speeding-up or terminating what is happening with relation to CIDA in Cuba is concerned, I will be glad to take a look at that. I am told that the amounts now are absolutely minimal and that, in fact, there would be grave difficulties and problems in so far as Canadians are concerned if we were to terminate abruptly. But I will take a look at it. Frankly, I do not think it is all that substantive in terms of the much more important declaration that I have made and the Prime Minister has made that we are not contemplating, now, giving any additional assistance of this kind to Cuba.

Mr. Paproski: We want our DC-8s back.

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FISHERIES

SALARIED POSITION FOR CHAIRMAN OF SALTFISH CORPORATION

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I direct my question to the Minister of Fisheries. In view of the report tabled in the House, in response to question No. 135, which stated that an assistant deputy minister of fisheries, now retired on full pension and appointed as chairman of the Canadian Saltfish Corporation, has been given $62,750 worth of consulting contracts by the government within the past two years as a means of providing some money to him, I ask the minister whether he would seriously consider designating the chairmanship of the corporation as a salaried position so that the fishermen can see directly whether they are getting value for their money.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): The fishermen might be happy to know that the salary paid to the chairman of the corporation is out of general funds, not out of the Canadian Saltfish Corporation's money which belongs to fishermen.

I recognize the difficulty of the position being unsalaried. Mr. Bradbury, having long-standing expertise in the area of saltfish, agreed to stay on as chairman at my request. He also undertook to work in the area of marketing, also at my request. In the future, I hope that if chairmen of corporations of this type are going to spend a great deal of time in that position, and not only preside at meetings, we might find a way to pay them out of the normal system.

Mr. Crouse: Mr. Speaker, did Mr. Bradbury's predecessor also receive an indirect salary in this manner and, if not, why is Mr. Bradbury, his wife, his two sons and his daughter, who are all officers of W. & R. Bradbury Holdings Incorporated, considered a special case?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I am sure the hon. member would not want the implications of his question to be interpreted as he hints. The payments are made to the company of which Mr. Bradbury is, I believe, chairman or one of the senior partners. He functions as chairman and as an adviser to me in the area of saltfish marketing. I do not know what the other members of his family have to do with the hon. member's question.

* * *

● (1142)

[*Translation*]

FINANCE

QUEBEC SALES TAX—REQUEST GOVERNMENT FIND ACCOMMODATION WITHOUT REJECTING SELECTIVE REDUCTION PRINCIPLE

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance.

I think there is a dilemma in addition to the question of the sales tax. I believe the minister knows that the National Assembly fought for a principle, that of selective sales tax cuts. So, can the minister say clearly that he is willing to come to an arrangement with the province of Quebec with regard to the reimbursement of funds, without rejecting the principle of selective sales tax cuts so that Quebec can use those funds according to the formula agreed upon by the minister and the Quebec government, without rejecting the principle of the selective cuts?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I thank the hon. member for his question. I should like to repeat once again that the Quebec government can do what they want in their field of jurisdiction. They can cut the sales tax for 12 months; if they want to cut it for 20 months or three years, that is their business. As it is impossible to reach an agreement with them that can fit in with the national plan, I have decided, in order not to penalize Quebeckers, to reduce the income tax of Quebec citizens. If Mr. Parizeau needs more money from his taxpayers because he has spent too much by cancelling the sales tax, then he can increase his income tax. I cannot prevent him from doing so. But I do not see why I should collect the taxes Mr. Parizeau needs.

Mr. La Salle: Mr. Speaker, the Minister of Finance understands my question quite well and his stubbornness concerns me. Can he say yes or no whether the Quebec government can rely on the federal generosity to meet its needs and cope with the Quebec facts? I would ask the minister not to beat around the bush. Is he willing to let Quebec use its millions without any cost to the federal treasury for the purposes already suggested and unanimously agreed to by the National Assembly?

Mr. Chrétien: Mr. Speaker, if the National Assembly think that the proposed selective tax cut—

Mr. La Salle: Yes or no, period!

Mr. Chrétien: —is good for Quebec all they need do is vote for it. I am doing for Quebec what I have been doing for Ontario and New Brunswick. I am reducing the income tax for the Quebec taxpayers, the federal tax. If Mr. Parizeau needs funds, he should levy his own taxes. I am not standing in his way. It is his jurisdiction. The money allotted to Quebec will be reimbursed to Quebeckers as soon as the opposition will vote with us on the bill now under consideration.

* * *

[*English*]

EMPLOYMENT

TRAINING OF YOUNG CANADIANS FOR SKILLED JOBS

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. As reported recently by Mr. J. T. Kennedy, the incoming president of the Canadian Manufacturers' Association, Canada is faced with a serious shortage of skilled labour, especially in the metalworking trades, whereas fewer European tradesmen are coming to Canada.

Is the minister working with the provinces to provide more opportunities and incentives for young Canadians to train and apprentice as skilled craftsmen and provide more employment in a strong, growing manufacturing sector?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, given the fact that the field of education is within provincial jurisdiction, we work in very close co-operation with all of them under the Adult Occupational Training Act and our apprenticeship programs, with our emphasis being on the job-creation aspect. I am happy to say that the provinces are co-operating, particularly under the Adult Occupational Training Act.

We are entering into a new series of three-year agreements with the provinces. We are shifting our emphasis from simply the training aspect, where training seems to be needed, to training individuals for jobs which in fact will be available. The result of a recent study conducted in southern Ontario indicates that 75 per cent of the highly skilled jobs in the manufacturing industry were filled as a result of immigration rather than training of Canadians. I think that is an emphasis we have to change.

Oral Questions

HOUSING

NON-PROFIT, CO-OPERATIVE HOUSING PROGRAM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of State for Urban Affairs. Co-operative housing organizations have made representations to him indicating their belief that his propoals regarding non-profit and co-operative housing for the next year are unworkable. The existing program will come to an end by July 1. They propose continuation of the present programs while discussions are continued.

Has the minister considered these representations by co-operative housing organizations? If so, what was his response? Will he arrange to meet with these organizations and discuss these questions, as they have requested?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, we have been in contact with these organizations. Officials of Central Mortgage and Housing Corporation are to meet with these people. They have done so already, and will do so next week. The assumption is wrong. Basically, the aims of the program are to make the non-profit program even more attractive to users, to penetrate more deeply down the income range and to provide for an income mix in projects. I believe the assumptions of these people are wrong. We will attempt to study with them some adjustment to meet some of their concerns. By and large, the aims of the program should meet their objectives.

Mr. Orlikow: Mr. Speaker, the minister did not indicate whether he would be prepared to meet with these organizations. The minister said in his earlier statements, and again today, that he would like to get away from the past system of large-scale public housing projects and integrate low income families into other developments such as co-operative and non-profit housing. Can the minister explain how he expects the non-profit sector to accommodate low income families when he proposes to take away rent supplement payments which have made this kind of mixing possible in the past?

Mr. Ouellet: Mr. Speaker, it is quite to the contrary. We do not want to do away with rent supplements; indeed, we want to expand them. One of the proposals made to the provinces was to expand this section of the program. I do not know where they got this impression from, but it is a wrong reading of the tentative program. In fact, we do not want to do away with rent supplements; we want to increase them.

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CAPITAL PUNISHMENT

REINSTATEMENT OF DEATH PENALTY FOR TERRORISTS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is directed to the Minister of Justice. Recently, in Toronto, the Minister of National Defence stated that the death penalty should be restored for terrorists. He also cited the assassination of former Italian premier Aldo Moro as a classic example of why terrorists should be executed. Of course, we have seen terrorists in action in Zaire, France, Turkey, etc.

Is the government planning to restore the death penalty for terrorists, as a warning to terrorists not to start in Canada and also as a warning to keep them away from Canada?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I am not sure whether the Minister of National Defence is quoted correctly in the question.

Mr. Baker (Grenville-Carleton): He is.

Mr. Basford: In the last round of Criminal Code amendments, and in the current ones, there are a number of measures designed to deal with terrorist threats. Fortunately, in this country we have not had instances of that occurring to any large degree.

Mr. Gillies: Oh, come on. Have you never heard of the FLQ?

Mr. Basford: Certainly, we have not had the experience of other countries. It is not the intention to amend the law in the manner indicated by the question.

CABINET DISCUSSION ON REINSTATEMENT OF DEATH PENALTY FOR TERRORISTS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my supplementary question is directed to the Minister of National Defence. He said that he had not discussed this with his cabinet colleagues. I ask him, has he discussed it in cabinet? Does he intend to pursue this matter in cabinet and call for the restoration of capital punishment for terrorists?

Hon. Barney Danson (Minister of National Defence): No, Mr. Speaker. I think the report indicated that I was making this recommendation, if that is the way the question was put. It was not a recommendation; it was speculating on the things one could do to reduce terrorism.

● (1152)

When one looks at the situation in recent months, where most terrorist activities have been directed to the release of terrorists who are incarcerated, one must consider the alternatives to reduce terrorism which is aimed at the structures of our society and our democratic way of life.

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NATIONAL DEFENCE

LOCATION OF INTERCEPTOR SQUADRON IN NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would like to direct a question to the Minister of National Defence. The Chief of the Defence Staff indicated during the estimates of the department that there could be a change in location because of the operating capability of the new fighter interceptors under consideration for purchase, the range being shorter than the present interceptor, the Voodoo.

Is it the government's intention, in order to maximize the operating capacity of these aircraft, to locate one squadron in the province of Newfoundland where there are at least three sites readily available which have been developed by the Americans for fighter interceptor squadrons?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, as the Chief of Staff said, "all options are open".

Mr. McGrath: Mr. Speaker, I would like to remind the minister that the province of Newfoundland does not have a major defence establishment within it, notwithstanding the undertaking by Canada in terms of union. I ask him this question: In view of the importance of surveillance because of the 200-mile economic zone and the limited capacity of our aircraft operating out of Nova Scotia and Prince Edward Island, is it the intention of the government to locate at least one squadron of surveillance aircraft in eastern Newfoundland in order to increase their range and operating capability?

Mr. Danson: Mr. Speaker, that is not the intention. The long-range patrol aircraft which are used primarily for that purpose at Summerside and Greenwood at the present time will be moved totally to Greenwood, although other units will be moved into Summerside to compensate. Other units have been moved into Gander, which is becoming a very important base for us.

I understand the concern in Newfoundland and I have a deep concern that we have a presence in Newfoundland. My staff and I are looking at this seriously because of the great contribution Newfoundland has made not only to confederation but to the armed forces of Canada, which is very considerable indeed.

Mr. McGrath: You have left me speechless.

Mr. Danson: Then it is a rare occasion.

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FISHERIES

CANADA-U.S. NEGOTIATIONS ON FISHING BOUNDARIES

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I have a question for the Minister of Fisheries and the Environment. Will he confirm the recent report to the effect that the agreement between Canada and the United States has been suspended and Canadian fishermen will no longer be able to fish in American waters, nor will American fishermen be able to fish in our waters?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I indicated earlier this week that we would have some information one way or the other by the end of this week, and this will certainly happen. The hon. Secretary of State for External Affairs will be making a statement in a few moments.

Mr. Speaker: Now that the hon. Secretary of State for External Affairs will be making a statement, presumably questions will follow that statement.

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THE MINISTRY

ALLEGED DEARTH OF TORONTO AREA MINISTERS WITH INFLUENTIAL PORTFOLIOS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the right hon. Prime Minister. On the weekend, while the Prime Minister was out of the country, his cabinet colleague, the Minister of State (Small Business) gave a televised interview on CTV in which he made the following statement:

> I think that there is a certain number of people who feel that the jobs of consequence and heft are not, in the economic area particularly, in the hands of any of the Toronto ministers—

I would ask the Prime Minister whether the Minister of State (Small Business) has communicated to him this feeling that the portfolios held by him and his Toronto area colleagues are not, in the minister's words, "of consequence and heft", and what does the Prime Minister intend to do to rectify the situation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand that this question was asked in the House in my absence, perhaps in the absence of the hon. member as well, and it was answered satisfactorily by the Deputy Prime Minister, to my knowledge.

Mr. Clark: That was not the question, nor the answer.

Mr. Beatty: Mr. Speaker, I ask the Prime Minister about another statement made in the same interview by the Minister of State (Small Business) wherein he said that there is a natural disposition to identify the government with its leader. He also said that he is not unprepared to believe that there may be dissatisfaction with the English-speaking ministers from Toronto. I ask the Prime Minister whether, when the minister made that statement, he was expressing the feelings of the government; or was he speaking strictly for himself?

Mr. Abbott: For myself.

Mr. Trudeau: Mr. Speaker, obviously he was speaking as an individual.

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HEALTH

PRESENCE OF DES CHEMICAL IN BEEF LIVER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of National Health and Welfare, because of the absence of the Minister of Agriculture. In 1974, the Canadian government banned DES—the short form for

diethylstilbestrol—which is a growth stimulant put into cattle feed.

I have been informed that CBC Toronto took ten samples of beef liver, reportedly from stores, five Canadian and five American, and found evidence of DES in nine of the ten samples. Would the minister inquire how DES got into this meat, since the government has abolished the use of DES in Canadian cattle feed?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I would like to thank the hon. member for advance notice of his question. I have been assured that our officials will look into this serious matter immediately.

Mr. Nystrom: Mr. Speaker, apparently the lab which tested the samples found the level of DES in some samples as high as 3,720 parts per billion, and laboratory tests on animals show that levels as low as two parts per billion are toxic.

In view of these startling revelations, and the fact the DES is banned in Canada, would the minister make representations to the appropriate officials to ensure that our meat inspection system is investigated and updated so that it will protect the Canadian consumer against this type of possible health hazard?

Miss Bégin: Mr. Speaker, I am sure all hon. members agree that we should not create false anxiety in the public mind, but we will have a complete investigation since, as the hon. member said—and rightly so—DES is banned in Canada and has been since 1974.

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PIPELINES

GUIDELINES AND REGULATIONS FOR ALASKA HIGHWAY PIPELINE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the President of the Privy Council. It is in connection with the role and jurisdiction he has assumed with respect to the northern pipeline.

In light of the tabling of documents which refer to regulations which the pipeline companies will have to follow, is it the minister's intention, in view of the fact that there are so many inconsistencies, omissions and even contradictions in those initial documents, to reactivate the pipeline committee?

Secondly, is it the intention of the minister to make a statement in the House about the negotiations he and his officials are carrying on with the province of British Columbia, since the omissions I have mentioned refer to the fact that there is not yet any kind of socioeconomic impact or environmental impact study under way in that province, where most or a great part of the pipeline will be located?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is not my intention at the moment to reactivate the committee on the northern pipeline. The guidelines to which the hon. member has referred have been circulated in a preliminary way and there are bound to be suggestions from many sources, with resultant changes to the guidelines. That is the whole purpose of putting them into the public domain. As I recollect, there will be an opportunity for hearings and evidence to be heard in northern British Columbia with respect to the impact of the pipeline. It would be premature to reactivate the committee at this stage.

On the second question, with respect to negotiations with British Columbia, these are continuing. I believe there was a meeting this week in Ottawa among officials of the government of British Columbia and officials of the Government of Canada. At least, that was the intention earlier in the week. I have not yet had a report on the results of that meeting.

Mr. Oberle: Mr. Speaker, I ask the minister whether he would reconsider reactivating the committee on the pipeline before the final decision as to the regulations and criteria are laid out. In other words, is there going to be parliamentary scrutiny in respect to the firming-up of these guidelines and regulations and parliamentary input into the final document?

• (1202)

Mr. MacEachen: Mr. Speaker, the order which provided for the committee on the northern pipeline and its terms of reference was the result of inter-party consultation. All the views received from the hon. member for Yukon, who was acting as lead-man for the official opposition on the committee, had been cleared, so that I believe the terms of reference were broad enough to cover the items in the bill that were of interest to members of parliament.

I will look at the terms of reference and see at what stage, if at all, these types of guidelines might come before the committee. If that is part of the terms of reference to which we all agreed, then of course I would have absolutely no objection to having that kind of scrutiny take place.

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

FISHERIES—STATUS OF CANADA-UNITED STATES FISHERIES RELATIONS

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, in the past few weeks the government has encountered several difficulties with respect to the implementation of the 1978 Canada-U.S.A. interim fisheries agreement on both the Pacific and Atlantic coasts.

On the Pacific coast the problem relates to the terms under which Canadian fishermen would be allowed access to waters in Washington state to troll for salmon.

On the Atlantic coast the problem relates to unrestricted U.S. scallop and pollock fisheries in the Gulf of Maine-Georges Bank area, and what we view as excessive allowable U.S. catch levels for cod and haddock.

These difficulties were discussed at a meeting between Canada and U.S. officials in Washington on April 28, and at meetings between the Canadian and U.S.A. special negotiators for maritime boundaries in Ottawa on May 11 and 12, and again in Washington on May 26. At the May 26 meeting and during subsequent conversations, it has become clear that these problems cannot be resolved in a way that would protect Canadian interests.

My colleagues and I have come to the reluctant conclusion that the 1978 interim reciprocal fishery agreement cannot be implemented by the U.S. in a manner compatible with preserving and protecting our fisheries interests. Accordingly, I wish to announce that the Under-Secretary of State for External Affairs has called in the United States ambassador and given him a diplomatic note stating that the Government of Canada is not prepared at this time to continue provisional implementation of the agreement. The note states that, consequently, U.S. fishing vessels will not be permitted to continue fishing operations in Canadian fisheries waters after 12 noon June 4. This means, of course, that the U.S. will take corresponding action against Canadian fishing vessels in U.S. waters.

The government has taken this action with great reluctance, but under the circumstances we believe it is the most appropriate means of maintaining a balance between the fishing interests of the two countries. I am confident that we can work out, on a co-operative basis, enforcement arrangements in the boundary regions that will avoid confrontation.

The problems we have experienced with the interim agreement demonstrate clearly the need for an early settlement of maritime boundaries and for a long term agreement on reciprocal fishing. My colleagues and I continue to believe that a comprehensive maritime boundaries-resources agreement, arrived at by negotiations, is the preferred means of providing for the effective and mutually beneficial management of maritime resources in Canada-U.S.A. boundary areas.

The government recognized that, in negotiating an over-all agreement of this kind, difficult problems remain for both sides in reconciling the various regional and industry interests. At the same time, it has become clear that a balanced and equitable agreement cannot be constructed on the basis of continued insistence by all concerned on their maximum demands. The difficulties which have led to the government's present decision are the best evidence of the need to replace a generalized interim agreement without institutional arrangements by a permanent, comprehensive agreement that places all the issues in an interrelated framework and includes effective mechanisms for interpreting the agreement and for the settlement of differences.

Ambassador Cadieux has been instructed to resume his negotiations and has been in touch with the U.S. negotiator, Ambassador Cutler, and they both agree that the suspension of the interim agreement need not and should not impede their negotiations which, as you know from the joint reports issued in October and March, have laid the basis for progress toward a comprehensive agreement. Thus, in an exchange of letters which is being released, the two negotiators have agreed to resume their negotiations on the long-term agreement. They have scheduled for June 19 and 20 the first of a series of meetings that are intended to lead to early recommendations on a comprehensive agreement.

Some hon. Members: Hear, hear!

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I listened with interest to the statement by the Secretary of State for Exernal Affairs (Mr. Jamieson) on the present status of the Canada-United States fisheries relations. While agreeing with the action that has been taken, it is a matter of some regret that it has become impossible to implement the 1978 Canada-U.S.A. interim fisheries agreement on the Pacific and Atlantic coasts.

It is my understanding that the 1978 interim agreement, intended to redress the 1977 situation on the west coast by providing for Canadian salmon fishing three to 12 miles, for an additional 54 miles along the United States coast. The United States wanted Canada to agree, categorically, not to fish salmon returning to U.S. waters, namely, Swiftsure Bank, as a conservation measure. We agree to this proposal as long as there was a conservation problem, and the area was closed for at least the last two or three years. But there is no conservation problem today in this area, so Canada did not agree to close down salmon fishing operations and the United States withdrew concessions for the additional 54 miles.

In the meantime, while agreement was provisionally applied, United States fishermen went to court under the acts in the United States to force enforcement. I believe this injunction will apply to Washington, Oregon, and California, but I do not believe it will apply to Alaska halibut—the minister can correct me if I am wrong—nor will it apply on the Atlantic coast. With this precedent on the west coast, however, the door to further difficulties is wide open. For example, on the Atlantic coast the 1978 interim fisheries agreement calls for the 1976 allocations as made by ICNAF for Georges Bank. The total allowable catch for 1976 amounted to 20,000 metric tons of cod and 6,000 metric tons of haddock, of which Canada received 15,600 tons of cod and 4,730 tons of haddock, with the balance allocated to the United States.

In 1977, however, the United States set domestic total allowable catches for cod and haddock at 20,000 metric tons for codfish and 6,000 metric tons for haddock, in other words, a 40 per cent increase in their fishing effort. That is an effort which took the whole total quota allocation as set by the scientists and by the officials of ICNAF for this area.

To add to the problem, in November the United States unilaterally further raised its allocations of cod and haddock to

21,600 metric tons of cod and 10,500 metric tons of haddock simply by changing what is called their "by-catch" regulations, thus contravening section 8 of the 1977 agreement.

We must ask why the Minister of Fisheries and the Environment (Mr. LeBlanc) was silent when he knew this was happening. Why was the Secretary of State for External Affairs silent? Why did this matter not come up for discussion with U.S. officials over a year ago?

In the same area, in 1977, there was no management plan established by the United States for pollock or scallops. The U.S. overfished its pollock allocation by something like 3,000 metric tons on Georges Bank alone, and its allocation at that time was something like 6,000 metric tons. Why did the minister not raise his voice when he became aware of these facts?

● (1212)

We imposed quotas and restrictions on our scallop fishermen, for example, Mr. Speaker. We dragged them from Nova Scotia to a meeting here in Ottawa, and then in turn we had to drag the minister to Halifax in order to get a dispute settled that simply asked for the right of Nova Scotian fishermen to catch 850,000 pounds of scallops when the inshore ground fishery declined. This right was denied them by the minister, and he argued and fought over the matter for a period of some two months. While we did this to our own fishermen, the United States increased its scallop effort by 120 per cent in one year, and they increased their catch in one year by 180 per cent. Did this government complain? Well, if they did, where are the complaints on the record?

Overfishing of pollock and of scallops cannot help but result in lower total allowable catches for both species in future years. The United States will now most likely argue for a greater share in the future of all species based on their recent high percentages.

The situation to date in 1978 is obviously the same, with no plans, as far as I know, for total allowable catches of pollock or scallops by the United States, and with the United States claiming the "total" allocated for this area.

The 1977 fishing facts were known a long time ago. Steps should then have been taken to consult with the United States so that no further action would be taken without consultation. Unfortunately, public action has already prejudiced the situation. For example, how can the government expect Canadian fishermen to remain within their pollock quotas, in a fishery which comes under joint management between Canada and the United States, in the face of open quotas and in the face of open fishing effort by the United States fleet?

The action taken by the United States in ignoring the International Commission for North Atlantic Fisheries quotas is highly irrational in the face of joint scientific recommendations for this area. We obviously need a joint fisheries management plan for scallops. Canadian fishermen are now paying a very heavy price for the procrastinating policies of this government. Only yesterday, when asked whether this matter was discussed by the Prime Minister (Mr. Trudeau) when he was in the United States, his response was—and I am paraphrasing—that there were too many other important things. There was no time for this fisheries problem. It seems there is only time for fisheries problems of this nature when there is an election on the agenda. But, in between, Mr. Speaker, there is no time for the fishermen and their problems.

In conclusion, I say to you that it is not helpful when the headlines scream "Canada Declares 'War' on U.S. fishermen". It is not helpful in any way whatsoever, because the U.S. buys some 70 per cent of our catch and is our most important customer. I hope that the Minister of Fisheries and the Environment and the Secretary of State for External Affairs have learned a lesson from what has happened and that they will be more diligent in their activities in trying to secure a resolution to what could be a very serious economic problem, not only in Nova Scotia but throughout the entire length and breadth of Atlantic Canada.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the regrettable news that we have today, and I will elaborate on it in a moment, could not be a better symbol of the way in which the Government of Canada deals on the one hand with Canadian economic or job interest and, on the other hand, deals internally with our provincial governments.

Earlier today we saw the tough talking federal government in its response to a federal-provincial relationship issue. The Prime Minister (Mr. Trudeau) is always ready to sort of loosen his tie, take off his jacket, and talk tough when it comes to dealing with other provinces in Canada, a sublimely inappropriate attitude in terms of federal-provincial relationships. But when it comes to dealing with economic interests of Canadians abroad, we get an entirely different attitude and response from the Prime Minister. It is a sort of quiet diplomacy that sees Canadian jobs and Canadian interests going down the drain. The problem in our fisheries is a perfect example. We have similar problems in the auto industry, with a loss of jobs, and similar problems in the electronics industry with the export of jobs to the United States. There is nothing done until a crisis is reached.

We have an announcement that there is a kind of war that will exist, or a no-man's land area, in the fisheries on both our coasts. A good part of the responsibility has to be directly attributed to the federal government's negotiating approach.

For over a year now there have been violations of the agreement on both coasts, and we have seen no public response coming from the federal government to redress the grievances of Canadian fishermen. The Minister of Fisheries and the Environment and, no doubt, the Secretary of State for External Affairs (Mr. Jamieson) will say, "Well, Canada lived up to its side of an interim agreement." The problem is that interim agreements with the United States, another federal system which operates somewhat differently from ours, in which the executive branch of the government is not able to enforce automatically an agreement in a way that can be done on this

side of the border, are precisely the kind of agreements into which the Government of Canada should not enter.

We should not enter into an interim agreement if that means we enforce our side of it in advance of the United States side, in a way which is detrimental to the interests of Canadian workers, whether they are fishermen or any other group of Canadian workers. Surely that is what we have here. I hope that this is a warning to the government for future courses of action, that any agreement entered into between Canada and the United States in the fisheries should not be enforced one day earlier on the Canadian side of the border than it is enforced on the American side of the border.

The second point I would make concerns the negotiating position of the Canadian government on this matter. For the last few months it has not been something of which Canadians should be totally proud. They have taken one position in substance on the east coast, and they have taken another position on logic on the west coast, and a third, as I understand it, in terms of the Alaska region. We cannot have a whole series of conflicting arguments and get anywhere in serious bargaining with another nation.

In conclusion, I want to say that I hope that the government, with the United States, can reach an early agreement in this area and that the agreement will be one which will be enforceable simultaneously on the part of both countries which will then simultaneously bring benefits to those employed in the fisheries on both sides of the border.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, naturally a statement of this importance, which unfortunately did not reach me until just as the bells were ringing, requires a good number of questions. I have three or four here which I would like to put and which cover a variety of areas.

Is the minister prepared now to concede that this party has been right for a long time, that they ought to have more fisheries enforcement machinery in place in order to deal with the situation?

Because it seems to me we will now be faced with a matter of popgun diplomacy. Can the minister explain how he will enforce respect for Canadian waters, especially in the light of the flag-state enforcement principle which has been in existence, or whether he proposes to revert to the coastal state enforcement procedures? If so, how will he enforce this agreement and keep United States fishermen and other fishermen out of our waters?

● (1222)

Mr. Jamieson: On the specifics, regrettably under this system it is not possible to hand questions of this nature to the Minister of Fisheries (Mr. LeBlanc) who would know the size of the fleet and the specific intentions with regard to enforcement, but I think a statement will be made on that. May I just parenthetically tell the House I will be glad to table the document relating to this, if there is agreement for me to do so.

Mr. Deputy Speaker: Is there consent to allow the minister to table the document mentioned?

Some hon. Members: Agreed.

Mr. Jamieson: On the substance of the hon. member's question, first I would hope that despite what the newspapers have said this morning, and I regret as much as the hon. member that these kinds of information leaks occur, we would not either employ the word "codwar" or "fishwar" or build this up as being a confrontation. I can assure the hon. member and the House that I had considerable discussions with the secretary of state in Washington on this matter. Both sides are most anxious. Having recognized there is genuine difficulty to avoid this type of thing, we will use common sense with regard to enforcement.

I am quite satisfied that in the case of the United States there will not be any escalation of the effort. We are beginning with a presumption which I think is reasonable, given two friendly countries, that there will not be a wide range of incidents requiring, I believe the hon. member said, gunboat diplomacy.

Mr. Munro (Esquimalt-Saanich): Popgun diplomacy.

Mr. Jamieson: Popgun diplomacy, or anything of that nature.

Mr. Munro (Esquimalt-Saanich): On page three of that statement, the minister has suggested what he has in mind is a comprehensive agreement covering all unresolved maritime issues under the general heading of fisheries and boundaries. On page two he talks about the need for the early settlement of maritime boundaries on the one hand and, on the other, an agreement on fisheries rights, presumably in terms of maritime zones, and possibly a third on maximum catch levels. I wonder if the minister can dispel the confusion that naturally arises out of this apparent contradiction. Does he favour a single agreement covering all matters, or will it be a series of agreements covering the individual matters that are at issue?

Mr. Jamieson: Ideally, a comprehensive agreement, which would at one and the same time resolve all of the myriad issues that this new development has raised. That would be perfect, if it could be done. Certainly there is agreement not only between governments, but by fishermen and other interested parties, that the boundary question will be easier to resolve if there is clear evidence that satisfactory arrangements with regard to fishery sharing are also in prospect. I do not see that it is going to be possible to divorce these entirely.

Having said that, it is conceivable, of course, that in the round of negotiations that is to resume in the next few days many of the elements will be able to be brought together. However, there may be a few having to do with certain boundaries that are already, as hon. members know, of long standing in the nature of dispute, where it may be possible to put those to one side, or refer them in some other way for settlement, and not impede the fundamental problem which is

to get a satisfactory agreement, particularly with regard to fisheries.

Mr. Munro (Esquimalt-Saanich): Will the minister agree that an early meeting of the Canada-U.S. interparliamentary group might be of assistance in this matter? In replying to a question I put yesterday, it was apparent that while there was a conference during this present week in Washington at the executive level between cabinet ministers, there is still a need, because of the congressional process in the United States, for contact between parliamentarians in order to impress upon our U.S. colleagues, particularly in the Senate, the particular point of view and the need for understanding of Canada's problems and ratification of the agreement when it is concluded.

Mr. Jamieson: Mr. Speaker, I have no problem with this principle at all. I should explain to the hon. member, lest he fear that I was being negative today, that I was not opposed to his motion under Standing Order 43 when it was moved today. I merely wanted to point out to him, and it is relative to his question now, that my recollection is that the Canada-U.S. parliamentary committee operates outside the formal framework of the parliamentary process here. Therefore I am not sure that anything is necessary other than for the secretariat to move toward convening such a meeting.

However, if there is some step that needs to be taken here, I will be supportive of it. Obviously the only question is that we want to ensure that it was not a surrogate kind of negotiating session but for informational purposes and the like. In that context, it is immensely helpful. I hope the hon. member will note my comment with regard to the necessity for regional interests and the like to be seized of the magnitude of this problem and not in all cases to be asserting maximum claims which clearly do not provide any basis for maximum negotiation.

Mr. Munro (Esquimalt-Saanich): My last question is to ask the minister whether on the basis of the information available to him he has any reason to believe that the failure of the United States Senate to ratify the interim agreement is related to the pipeline arrangements, the uncertainty that the United States has about an early beginning on the Canada-U.S. pipeline deal?

Mr. Jamieson: No, Mr. Speaker. In this connection it is appropriate, in light of the comments by the hon. member for South Shore (Mr. Crouse), to indicate that there were very comprehensive discussions in Washington. It was a slough-off. The leaders of government were obviously there to talk about NATO and did not have a great deal of time, for perfectly obvious reasons. Mr. Vance and I spent a great deal of time on this matter, as did myself and a number of officials. It is clear there is no relationship between this and any other difficulties or matters in relation to Canada-U.S. relations.

If I had to sum it up in a single sentence, the problem is essentially one that the hon. member has identified, that is, the regional interests in the United States and the structure they have which makes it all the more important that members be seized of and aware of Canada's interests. By the way, also in answer, I think it is not at all certain that the Senate have approved the treaty. It had gone through the House. It is not inconceivable that they may still do it.

The problem here, which the Leader of the New Democratic Party (Mr. Broadbent) did not seem to understand, is that this is not a problem that has arisen because the agreement was what it is. The problem essentially this year, as I think the hon. member for South Shore has identified, is one of interpretation. Therefore, even if it had been ratified, it would not have resolved this particular problem in its entirety.

Mr. Friesen: Mr. Speaker, I think the minister will go down in history as the "codfather".

Some hon. Members: Oh, oh!

Mr. Friesen: I want to point out at the outset that when I raised the question during question period, I was not aware that the minister had sent a copy of his statement. As my colleague from South Shore indicated, he just received that statement as the bells were ringing. There was no time for him to circulate it. I did not try to pre-empt the minister's statement.

I have some questions that are of some import to the people of British Columbia. I notice that the statement makes no reference at all to the government of British Columbia which has taken a very active interest in the dilemma that the fishermen face. I recognize that the minister does not have responsibility for fisheries, but I would point out that the premier of British Columbia and his colleagues have taken an active interest in the problems that the fishermen are facing at this time. Has the minister even informed British Columbia of the action which has been taken?

● (1232)

Mr. Jamieson: The statement is obviously designed to refer to Canada-U.S. relations and is drafted with that in mind, but the hon. member need have no concern about the extent of the involvement of the interested provinces, not only British Columbia but the east coast provinces. My colleague, the Minister of Fisheries (Mr. LeBlanc), had a full meeting of his advisory council earlier this week, at which British Columbia and other provinces were represented. While I do not wish to put words into the mouth of the advisers—they are perfectly free to speak for themselves—I have every confidence that the action which has been taken projects their views. In that sense the provinces have been consulted, and as the negotiations continue they will continue to be consulted—the representatives of the fishing industry as well.

Mr. Friesen: I just wanted assurance that this action which had been taken reflects their views and is on all fours with what they consider should have been done. I want to build on the question raised by the hon. member for Esquimalt-Saanich (Mr. Munro)—whether this agreement has been sacrificed on the altar of other agreements to make sure that other agreements will stay intact. The Minister of Fisheries may smile,

but we in British Columbia are accustomed to negotiations of that kind. We recall the decision of the anti-dumping tribunal as a result of which the industry in British Columbia was sacrificed for the sake of the industry in Ontario. We recall the Skagit Valley agreement which has never been signed and under which there is no security at all—it seems no final decision can be reached with regard to it. There is a good deal of justification for our feelings on this matter; I could produce a fairly long list of examples such as I have mentioned. What happens in the Dixon Strait area? Our fishermen are already out there on the halibut grounds. Will they be obliged to leave on Sunday afternoon?

Mr. Jamieson: Obviously, a specific question of that kind can only be answered in a general way, because what I say will be interpreted properly and I want it to be done in accordance with whatever regulations are to be published. Perhaps the answer to the question about Dixon Strait and related matters can be found in my statement in the sense that, effective on June 4, no longer will there be American fishing in Canadian waters, and it is a natural assumption that there will no longer be Canadian fishing in American waters, except for the reference that was made by the hon. member for South Shore (Mr. Crouse) to halibut fishing. From our point of view the halibut fishery is governed by a long standing arrangement or treaty, and for our part we are prepared to treat it separately. As to the question the hon. member raises about the possible sacrificing of provincial interests in this case, I would suggest, with all due respect, that it was the opposite which was being argued, namely, that the agreement itself and the interpretation of it were sacrificing those interests. In this case, therefore, I repeat my view that British Columbia will be entirely in agreement with the suspension we have announced today.

Mr. Friesen: The statement refers to proposed meetings at the end of June—June 19 and 20. By that time the salmon will be running and the fishermen will be out. This affects fishermen in the Gulf of Georgia as the salmon enter the Fraser River run. Every year there is concern on the part of fishermen there that they are not getting their fair quota. As the Minister of Fisheries knows, there is disagreement each year regarding the count the Americans get vis-à-vis Canadian fishermen. How will today's decision affect the count under the agreement? Do we intend to do as the former minister of fisheries, Mr. Sinclair, did, and simply put our fishermen out at the entrance to the Strait of Juan de Fuca and allow them to catch all the fish they can? That would preclude any further arguments. My second question is this: if we can get no resolution of this agreement later on, it means dislocation of the activities of our fishermen. Maybe this will be temporary in nature, maybe it will be long term. Are there any plans in place to assist fishermen whose livelihood has been cut off because they cannot go into American waters?

Mr. Jamieson: There are a number of elements to that question, Mr. Speaker. I might say the hon. member has asked a number of questions. I will try to deal with them. As to provisions for taking care of dislocations, it would be necessary, first of all, to ascertain the extent and nature of a dislocation. This cannot be done in advance of the implementation of the new policy. My colleague, the Minister of Fisheries, has made it clear to the advisory committees and others that we are prepared to discuss with all concerned what steps may be necessary to ensure that hardship is not imposed on Canadian fishermen as a result of this decision.

I must add—I think we were all aware of this in advance—that one cannot move in this direction and seek a permanent solution without there being some disruption along the way. It is implicit in the arrangement. We shall therefore have to look at these difficulties on a pragmatic basis as they occur.

The question of salmon interception is one of long standing and is not directly related to this issue. There is, perhaps, only one direct application. It is that under the policy announced today the Swiftsure Bank will now be open and we will revert the situation which existed before the action taken some weeks ago.

Mr. Nowlan: Mr. Speaker, I should like to ask about three questions on the statement the minister gave. As the minister well knows, it is of pretty fundamental importance to those of us on both coasts. The first question may be just a little general but I would like the minister to amplify the subject if he can. Will he tell us how close he thinks we are to concluding a comprehensive maritime boundaries resources agreement? My next question is, really, supplementary to that. Are the differences between the Atlantic coast and/or the Pacific coast part of that, or the difference perhaps with that, and also between the fish stocks and the resources that may be on the coast? If he could answer that first, I would be obliged.

Mr. Jamieson: The hon. member, with his usual incisiveness, has gone directly to the heart of the matter.

I am sure the Minister of Fisheries would be glad to deal with all those matters at some appropriate time, perhaps in the fisheries committee.

There is no one particular issue that I could describe as being the most difficult. I answered the hon. member for Esquimalt-Saanich, I think it was, by saying there was a clear linkage between the boundary definition and the management of the fish stock question. On the boundary question there are differences, obviously, between the east coast situation and that on the west coast. I hate to say this in his absence, but the Leader of the New Democratic Party displayed an appalling ignorance when he talked about the inconsistency of our position on the two coasts. That, in fact, is the very key to our whole attitude. We are taking up a consistent position in the sense of trying to get everything neat and tidy. We are seeking to get the best arrangement for ourselves that we can. For the hon. gentleman to take the approach he did at the present time is not very helpful to our negotiating posture.

We would like to get a permanent agreement in place very quickly and I have asked our ambassador, Mr. Cadieux, and I have asked Mr. Vance to instruct his ambassador, to find out in a definitive way within the next two or three months what areas of agreement there are and what issues may be in

dispute. Some of these issues are of long standing. In the case of British Columbia there is the AB line which comes to mind and, of course, there are others. We shall try to obtain as clear a picture as possible as to the maximum level of agreement, after which we can decide whether that is worth going for as a package and whether to continue to negotiate on the other issues.

I might say that at the moment there is no disposition on the part of the east coast fishermen to cut and run from our fishermen on the west coast. In the advisory committee of the Minister of Fisheries a consistent view has been put forward, one which has been enormously helpful, that we ought not to get into a "divide and conquer" situation, and I believe this will continue to be the attitude taken.

Mr. Nowlan: I thank the minister for that answer which does cover a couple of the questions I had in mind. That leads me to my last supplementary.

● (1242)

In view of the fact that there are disputed areas and boundaries on the east coast—certainly regarding Georges Bank—and that the minister mentioned that as of June 4 Americans will not be fishing in our waters—presumably they will not be too happy to see us in their waters, and that is a logical conclusion—what about the situation when there is a dispute over, for example, Georges Bank and when different fishing vessels fish in the disputed area? Have we given instructions or do we intend to give instructions not to escalate a sensitive situation which, hopefully, can be resolved by negotiation, but to patrol, provide protection, or record just what happens? Are we going to increase our surveillance on the east coast, and particularly on Georges Bank where both the Americans and we think we own some of the water?

Mr. Jamieson: Mr. Speaker, once again that is a very basic question, and I am pleased to be able to answer it. I hope hon. members will realize that I do not have a firm commitment on this from the United States in the formal sense of a document, becase we presented our note formally to the United States only this morning.

However, following my discussions in Washington I have every reason to believe, as I said in my statement, that there will be no desire on the part of the United States to escalate this, or to engage in any actions which would be designed to inflame the situation. What I have suggested is that we agree to a non-prejudice approach during the negotiating period, that is, that whatever actions are taken by both sides would be non-prejudicial to the final outcome or the final positions the governments might take in negotiations.

Second, in the disputed zones or areas where there is no clarity as to ownership, each country will act against its own vessels or, in terms of surveillance, its own vessels only so that therefore the other side would in a sense impose its regulations against its vessels. We would not then, I hope, have the problem of having—and this again comes back to an attempt to answer the hon. member for Esquimalt-Saanich—Canadians imposing regulations against American fishermen and vice versa in the disputed zone only. However, that will be clearer by Monday, I hope, when we have a response from the United States.

Mr. Nowlan: Mr. Speaker, I hope the governments will not provoke situations. However, in view of the dispute, especially in these particular areas, the specific part of the question was: does the minister think this approach would be an act of provocation? I would be interested in his answer, and that might answer the supplementary part of my question. Are we going to give instructions—particularly because Greenwood came into this earlier today when we were talking about long-range patrol aircraft, and Greenwood happens to be in my riding—to patrol this disputed area as discussions continue? Will there be instructions to increase surveillance in these disputed areas?

Mr. Jamieson: Mr. Speaker, on the first part of the question, I can only say to the hon. member that neither the Government of Canada nor the government of the United States—and perhaps in the context of the question the latter is the more important—is going to see this as an act of provocation. The administration of the government of the United States has had full discussions with us. It understands the situation. It is as unhappy as we are, but it recognizes that we cannot allow this situation to go on.

We cannot go on interpreting differently on each side of the border. In that sense there will be no deliberate actions by the United States administration to escalate this situation. However, undoubtedly there will be either regional decisions, or individual fishermen of both countries, which may perhaps involve themselves in some way in minor provocations, so I am advised by my colleague, the Minister of Fisheries and the Environment, that there will be some increase in patrol and surveillance, but I emphasize once again that I am most anxious that it be kept to the point where there is as little difficulty as possible.

Mr. Crouse: Mr. Speaker, I have one brief question. I noticed in the response which was forwarded to the minister by Ambassador Thomas Enders of the United States that he confirms that the negotiations should be considered as not prejudicing the position of either country in the negotiation of a long-term agreement. I also noted on page two of the minister's statement that he indicated that efforts to avoid confrontation in the boundary regions will be taken by adopting enforcement procedures. I wonder if the minister could elaborate on what those procedures will be. For example, if there is confrontation in the waters in dispute, will it be resolved by our own government if our own people are involved, or will it be resolved by the United States government, and will there be a report as to just what is happening? I know the minister is well aware of the tempers which flare among fishermen in Atlantic Canada. Some of them will say, "By golly, we are going after scallops—" and I do not like to use these words in the House, but this is the way it will come out— "come hell or high water".

Mr. Nowlan: Come fog or high water.

Mr. Crouse: "Come fog or high water" is perhaps better. I am just wondering what the minister means when he says that enforcement procedures will be adopted. How will this be carried out?

Mr. Jamieson: Mr. Speaker, I can answer in a general way, and I am sure we can get and will provide a more detailed answer to the mechanics and the specifics. As I understand it, in the disputed area alone—and we should emphasize that that is what we are speaking about, the place in Georges Bank between where our line as drawn by ourselves and theirs as drawn by the Americans overlap—Canadian surveillance and Canadian patrols will exercise jurisdiction in relation to Canadian vessels and in terms of Canadian law or regulations, as the case might be. Americans will do the same with regard to their vessels and in precisely the same way, but only in that particular zone. Therefore in that way we assume—and I am sure there is much good will—that there will not be any serious confrontation. Given our past experiences, incidentally, things tend to work themselves out because both sides are anxious to avoid difficulty.

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POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—HOUSE OF COMMONS—SALARY REVISIONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I assume there are no motions. I waited to rise on this point of order because I did not want to interrupt the minister with respect to his statement and the questions. I know he is busy.

I would like to raise a point of order now with respect to the motion under Standing Order 43 which I moved today. The motion read this way:

That this House requests the tabling of all documents, papers and memoranda on which the House of Commons staff salary revisions, tabled in this House on May 31, were based, particularly those which compare House of Commons classifications with public service classifications and those which explain the differentials between positions within the House of Commons.

The question on that motion was put by Mr. Speaker, and, unfortunately, some Liberal members said no. They have the right to do that. I regret it, but they have that right. My point of order is not with respect to that as much as it is to a statement which was made by Mr. Speaker in the midst of verbalizing his thought processes with respect to whether the motion was in order. It was not a ruling, because Mr. Speaker in fact allowed the motion to be put.

However, in the course of his remarks Mr. Speaker did say that there was some question as to whether there was jurisdiction for a member of parliament to raise such a matter. There was a question as to whether the jurisdiction lay within parliament or whether it was a matter between the government and the opposition. There was some question about whether there is a limitation of the rights of hon. members under Standing Order 43.

Point of Order—Mr. W. Baker

In the course of the question period which followed I looked into the matter to find out how far one may go and what one may cover in a motion under Standing Order 43. The relevant Standing Order reads as follows:

● (1252)

A motion may, in case of urgent and pressing necessity previously explained by the mover, be made by unanimous consent of the House without notice having been given under Standing Order 42.

I think the words of that order are quite plain. There is no question of jurisdiction, no question as to whether it is a matter between the opposition and the government in that regard. The question, the condition of the motion, and the condition which allows such a motion to be put, are purely and simply "in case of urgent and pressing necessity".

I have a caveat with regard to the verbalizing of the thought processes of Mr. Speaker leading to his decision to allow the motion to be put, because I think it is important that that right not be limited to any member. If there were any doubt about the question that we are dealing with, that is, the question as to whether or not there is a matter of urgent and pressing necessity involved, it is a fact that for the first time in living memory, I believe—perhaps I am wrong—the members of the staff of the House of Commons are picketing outside the building today.

I know nothing about the merits of the case or the rights of the case as yet, but I think I should say that it is important to the members of the House of Commons, to our relationship with the staff of the House of Commons, to our understanding of the situation, that the first step to be taken be the tabling of the documents. The House has decided that that is not so, but I hope that at some stage the House might consider changing its mind.

I rise to put that caveat with respect to the right of a member of parliament to use the provisions of Standing Order 43, its only limitation being that the matter be of urgent and pressing necessity, not the question of the jurisdiction under which the matter falls, whether it is the government's jurisdiction, the jurisdiction of Mr. Speaker, or of anyone else connected with the operation of government. Mr. Speaker found, by allowing me to put the motion, that that was the case today. But I want to make it very clear that it is important to the rights of all members of the House of Commons that there be no limitation on that jurisdiction. That was the purpose for which I rose. I wanted to make it very clear to the Chair and to my colleagues on all sides of the House.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I do not want to pose as an expert but I would like to ask whether the hon. member, who is learned in the rules and practices of parliament, would not agree—and he need not answer this—that in considering motions under Standing Order 43 members should have a higher sense of obligation to recognize that the subject matter of the motions really be of urgent and pressing necessity, and that every time a frivolous, vexatious or trivial motion is proposed under that guise, it so debases the coinage that it makes a mockery of the

whole procedure and thus makes valid interventions under this rule suffer the same fate as the trivial ones. Is there not a need for some informal reform of this ridiculous practice that we witness every day?

Mr. Baker (Grenville-Carleton): Mr. Speaker, my friend is putting a question to me. I would be the first to agree that there are a number of practices of the House which should be reviewed, and I am glad to see the hon. member for Scarborough East (Mr. O'Connell) in the House today. He and I have discussed on many occasions the question of reviewing the practice of parliament in supervising and thereby involving itself in the control of government expenditures, the way programs are directed, and a host of other things. I think the same applies to the question raised by the Minister of State for Small Business (Mr. Abbott). There are practices that should be changed, and I am glad he put the question to me.

I want to make it clear that on this occasion Mr. Speaker did not say that I had no right to raise the matter, nor did the minister by his intervention indicate that he felt thatwhat I had to say was trivial—in fact, just the opposite. But I wanted to protect the rights of members with respect to what I thought were, to put it mildly, a disturbing thought process by Mr. Speaker in dealing with this matter.

Mr. Deputy Speaker: Order, please. The hon. member put his caveat to the House, and I am sure he does not expect me to pass judgment on what happened. His motion was allowed by the Chair. Not having presided over the question period or routine proceedings, and not having decided with regard to the presentation of this motion, I will refrain from passing judgment at this time.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,088 and 1,193.

[*Text*]

POSSIBLE MISUSE OF UIC COMPUTER, MONTREAL

Question No. 1,088—**Mr. Cossitt:**

1. Has the investigation by the RCMP into possible misuse of the Unemployment Insurance Commission Computer Centre in Montreal, Quebec by persons employed by the government on behalf of outside interests been completed and (a) if so (i) on what date (ii) will charges be laid and on what date (iii) what are all the details of the results of the investigation and particularly, what is the part played in this case by Key Data Canada (b) if not, what is the anticipated date that it will be and is it the intention of the government to make all results available to the House of Commons at that time?

2. Did such investigation involve Mr. Robert Kingsley, Director of the Regional Payment Centre, Montreal, Quebec, at the time and/or Mr. D. Mainville, Chief of the Computer Section at the time and/or Mr. Gabriel Beland, Quebec Regional Director at the time and, if so (a) what part did these individuals play in the incident (b) has it been confirmed, or otherwise, whether or not an employee of UIC received a swimming pool in return for his co-operation and, if so, what is the name and job designation of the employee?

3. Did the investigation determine whether or not certain employees were given twenty dollars in plain envelopes in an attempt to associate them with the venture and, if so, what are the names of all persons who took such envelopes?

Hon. J.-J. Blais (Solicitor General): 1. No. (a) Not applicable. (b) As the investigation is still ongoing, it would be inappropriate at this time to speculate on what findings may or may not be made public.

2 and 3. See answer to part 1(b).

MUNICIPAL DEVELOPMENT AND LOAN BOARD

Question No. 1,193—**Mr. Andre:**

1. What is the Crown's precise financial interest in the Municipal Development and Loan Board as administered by the Department of Finance and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): The questions that have been asked are not relevant to the operations of the Municipal Development and Loan Board. The board was established under the authority of the Municipal Development and Loan Act in August, 1963 to administer a $400 million loan program in accordance with the act, for purposes of promoting increased employment in Canada by providing financial assistance by way of loans to municipalities to enable municipalities to augment or accelerate municipal capital works programs. The salaries and expense incurred by the board and its staff were paid out of moneys appropriated annually by parliament. In June, 1969 the board had fulfilled all the responsibilities assigned to it under the act and accordingly terminated its activities as of that date. The board's last annual report was submitted as of March 31, 1969. Since 1969 the Department of Finance has been collecting interest and repayments of principal on the loans outstanding. The Crown's sole financial interest consists of the loans outstanding. As of December 31, 1977 the loans outstanding totaled $194,891,549.16.

* * *

[*English*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 103 and 1,216 could be made orders for returns, these returns would be tabled immediately.

[*Translation*]

Mr. Deputy Speaker: The questions enumerated by the parliamentary secretary have been answered. Does the House agree that questions Nos. 103 and 1,216 be deemed to have been made orders for returns?

[*English*]

Some hon. Members: Agreed.

[*Text*]

CROWN CORPORATIONS—CASUAL EMPLOYEES

Question No. 103—**Mr. Herbert:**

What was the maximum number of casual or seasonal employees employed by each Crown corporation during the past twelve months and how many had been employed for a total period exceeding six months?

Return tabled.

DEPARTMENTAL AIR TRAVEL

Question No. 1,216—**Mr. Alexander:**

For each department, what was the total expenditure on air travel during the last year for which figures are available and, in each case, how much was for (a) domestic (b) overseas flights?

Return tabled.

[*English*]

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

Mr. Paproski: Mr. Speaker, it is agreed from this side, but we would appreciate it if more questions were answered.

* * *

POINTS OF ORDER

MR. FRIESEN—DELAY IN ANSWERING QUESTION NO. 1,306

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on February 10 I placed question No. 1,306 on the order paper and since then I brought to the attention of the parliamentary secretary that it had not yet been answered. It is a fairly straightforward question and I cannot understand why it takes so long to answer it.

Furthermore, on October 19 I submitted question No. 167, which was answered in part a short time ago. I say "in part" because the second part of my question asked what was the average salary level of employees in each Crown corporation. The number of Crown corporations listed in the answer is 38, but if we go to public accounts we find that there are at least 42 Crown corporations. I find that organizations such as the Canada Council, the National Museums Corporation, and the National Film Board are not even listed in the answer, and there is a gap of at least four corporations, in addition to the 386 organizations which are controlled, partially or wholly by either departments, agencies or Crown corporations.

Point of Order—Mr. Mazankowski

I know that the Prime Minister (Mr. Trudeau) has become the champion of smothering.

Mr. Paproski: Suffocating.

Mr. Friesen: Maybe this is where he gets his practice. He can then advocate it when he goes to Washington or New York. But it would be nice if we could get answers in total rather than partial answers, and I would ask the parliamentary secretary to make sure that we get a complete answer to question No. 167.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, about the first point raised by the hon. member concerning his question No. 1,306, a glance at the order paper reveals that this question covers two full pages and has 21 subquestions, each one including several subdivisions. I want to assure the hon. member that we are now dissecting his question and trying to answer it to the fullest extent possible.

As for the second part of his comments, I want to tell the hon. member that we are constantly seeking to give the fullest answers possible, but we cannot guarantee that politically the answers will always suit opposition members.

Finally, Mr. Speaker, since there were some complaints about the number of questions answered, allow me to remind the House briefly that as of May 30, which is actually quite recent, we had answered 72.8 per cent of the questions on the order paper. That means there are only 468 left. We have answered 1,229 questions out of 1,697. This is an excellent average and it runs counter to what the right hon. member for Prince Albert (Mr. Diefenbaker) said two days ago, followed by the whip of the Progressive Conservative party, who is facing me and now seems to want to yell the contrary.

I want to establish clearly that we are making a sustained effort to give as many and as complete answers as possible, and our average figures prove that our attitude is not only a good one, but an excellent one.

• (1302)

[*English*]

MR. MAZANKOWSKI—DELAY IN ANSWERING QUESTION NO. 1,074

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to draw the attention of the parliamentary secretary to question No. 1,074 which has been on the order paper since December 20.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I take note of the representations made by the hon. member and I will see what exactly is the situation.

Mr. Deputy Speaker: Are the other questions allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Thursday, June 1, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole.

Mr. Mazankowski: Mr. Speaker, perhaps this is a record. I called it ten o'clock last night, and today perhaps I can call it one o'clock. We can resume debate at two o'clock.

Mr. Deputy Speaker: That is agreed. It being after one o'clock p.m., I do now leave the chair until two o'clock.

At 1.04 p.m. the House took recess.

● (1412)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, in rising to participate in this debate I must say that it has been rather interesting to observe the cross-fire which has been going on in the House, in the media, and in other areas. I know that the expressions on both sides of this issue are made with great feeling, because there is strong feeling, and the issue crosses all political lines. At the same time there has been some games playing, some jockeying for position and what not, but it seems that the minister's only defence in trying to explain this particular proposal is that if members oppose this bill they are deemed to be in bed with the separatists. Of course that is absolutely wrong. If the minister were correct it would certainly be well to observe that there are a lot of people in this country who are sympathetic to the separatist cause. That off the cuff defence must be dispelled, and it really is a weak defence as far as the minister is concerned.

Mr. Baker (Grenville-Carleton): Not only weak, it is contemptible.

Mr. Mazankowski: In spite of the all-out effort which has been made by the Minister of Finance (Mr. Chrétien) and his colleagues on the government side to drum up support for this legislation, and in spite of his attempts to explain it, along with the kind of drama that has unfolded, as well as the war of words which is being waged between the Minister of Finance and his counterpart in Quebec, one cannot help but observe that the positions are indeed solidified, and in fact there is a major confrontation developing. Throughout, the federal government continues in its mission to attempt to divide and conquer. In the process, I submit to you, sir, that it is not attracting any new wave of support.

One might sympathize with the Minister of Finance. I think it would be fair to say that he is simply a front man in this particular battle for the Prime Minister (Mr. Trudeau) and the Minister of State for Federal-Provincial Relations (Mr. Lalonde). I repeat, the stand that the government has taken on this particular issue is not gaining any support. As a matter of fact the *Globe and Mail* of May 18, 1978, said as follows:

> The federal government has made itself look like a dictatorial central government and it hasn't a defender in sight.

That pretty well summarizes the position of the support this piece of legislation has across the country.

The April 10 budget and this particular bill provide a classic demonstration of how this government has floundered over the past ten years. During that ten years it has battered the economy and has created a state of political instability. The budget and this legislation, in my view, should have served as a major catalyst toward creating a climate of stability and confidence. Instead, they have created a climate of confusion and uncertainty and have placed further strains upon Confederation.

I believe that the provinces quite correctly consider this to be another major intrusion into the provincial domain, without adequate consultation. I am sure all members of the House recall the western premiers' task force on constitutional trends. As a result of that meeting in Brandon in 1977 a report was published. At that time the western premiers documented some 50 examples of federal intrusion into the provincial domain. This year in Yorkton, during a similar conference held in April, the premiers again noted with regret nine further examples of federal government intrusion into the provincial domain. The governments that are representative of these provinces are not all of one political stripe. One needs only remind hon. members that there are two Progressive Conservative governments, one Social Credit government, and one New Democratic government involved.

An hon. Member: There is a great dearth of Liberals.

Mr. Mazankowski: The Liberals are not there, and they will not be there for a long time as far as western Canada is concerned. There will be no question about that.

Mr. Diefenbaker: A lost species.

Mr. Mazankowski: They are a lost species, that is right.

The initiative by this government in the sales tax field was heralded by the Minister of Finance as a major breakthrough in the area of federal-provincial cooperation. For all intents

and purposes it was an extension of that new found spirit of cooperative federalism which was supposed to have emanated from the federal-provincial conference in Ottawa in February. However, this is what the western premiers had to say about that new found spirit of cooperation after the Minister of Finance brought down his budget in April. Again, in the communiqué which the western premiers submitted after their April 13 meeting, they said this:

The federal budget had directly contradicted the spirit of federal-provincial co-operation and consultation which the February conference had been intended to foster and could be prejudicial to ongoing discussions on national unity.

We all remember those very pious words and that profound proclamation about this new spirit and new generation of cooperative federalism. We can now only conclude that those statements were empty, hollow gestures. All they were doing at that time was tuning the machine for an expected spring election. After the budget, the Minister of Finance changed the rules of this scheme after it was introduced, but only for one province. Alberta was excluded originally and was not allowed to benefit from the rule change. The Manitoba government, as has been pointed out by other speakers, wished to use its share of the program used for purposes which it felt was best for the provincial economy, just as Quebec had done with its selective sales tax cuts. In the process, Manitoba was turned down.

The western premiers had further comments to make about this. I quote again from their communiqué arising out of the April 13 western provincial premiers' conference:

The premiers stressed that they were not debating the principle of the sales tax cut as a fiscal measure, but they were sharply critical of the unilateral and intrusive way in which it had been put forward.

That hardly resembles a spirit of cooperation in consultation. It is more like confrontation. It is more like arrogance and an insensitivity toward the powers of the provincial governments. They took very grave exception, and rightly so. The fact that the provinces did not participate in the decision concerning the federal compensation formula which has the effect of treating Canadian taxpayers differently, depending on the region in which they live, is certainly an issue that we find bothersome and irritating. This gets to the very heart of this whole fiasco.

● (1422)

The hon. member for York-Simcoe (Mr. Stevens) highlighted the problem when he said that in Bill C-56 the government has divided Canada into three distinct regions: Alberta is treated as an outcast with no benefits; Quebec is given unique and special treatment; and the other eight provinces are given varying degrees of benefit. We have a precedent whereby we deal with one province differently than with the others. We have a situation in which Alberta is not included as a legitimate participant in this whole proposal.

The Minister of Industry, Trade and Commerce (Mr. Horner), who is supposed to be representing the interests of Albertans in cabinet, gave what I believe to be a somewhat incredible speech in which he seemed to scold Albertans for their prosperity. It reminded me of a modified version of a former minister of agriculture from that province, Senator Bud Olson. He continually attempted to defend the government of the day, trying to sell it to the people of Alberta, rather than selling the problems of the people of Alberta to the government. After listening to the hon. minister's speech I have to say that he was much more effective in opposition than he was when attempting to defend this proposal. After listening to, or reading his speech, I think one will find that the defence seems to knock holes in the argument that Albertans need to have someone in cabinet.

The minister spoke of the discrepancy between the rich and the poor provinces and of how Albertans should be ashamed of themselves in requesting a better deal. He attempted to justify the government's treatment of Alberta in the provisions of the budget and of this bill. I should like to quote a passage from his speech at page 5696 of *Hansard* for May 24, where he said:

There is a logical reason why the Minister of Finance in his attempt to bring and hold our country together should address himself to the problem that exists in Canada, a huge tax rate in some provinces and a lower tax rate in other provinces. Similarly, in some provinces there is a high sales tax rate, and in another province there is no sales tax rate at all. The Minister of Finance, in my opinion, was quite right in addressing himself to that problem.

No one is denying the concept of and the need for equalization between the provinces; quite the opposite is true. It is something that is supported by this party, and indeed it was created under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker). The concept of equalization was valid then and it is valid today. There is certainly no argument about that fact. The problem which the minister states, is already being addressed under the concept and formula of equalization. We already have a very large equalization scheme which cost the provinces of Alberta, British Columbia, and Ontario something in the order of $2.5 billion in 1977-78, and will cost something in the order of $2.7 billion in this fiscal year. It is a costly program, there is no question about that, but it is worth while. It is the price we pay to maintain some semblance of balance in Confederation from a financial and economic point of view.

Another point which seems to have been overlooked in this debate—I am surprised that the Minister of Industry, Trade and Commerce failed to make reference to it—is that it should be noted and not be forgotten that since 1973 Albertans had not been receiving world prices for gas and oil. Because of this, something in excess of $10.4 billion in revenue has been forfeited by the people of Alberta toward equalizing the price of oil and gas across the country. In effect, this amounts to a direct subsidy to the rest of the country at the expense of Alberta. Further, it should be recognized that the maintenance of the artificially low prices has had and will have some effect upon investment and upon the advancement of our technology in the area of further development of our energy resources.

Let us not forget as well the days when there was a major confrontation between the former minister of finance, the hon. Don Macdonald, and the government of the province of Alberta. During that period the climate did not augur well for the development of energy resources. As a matter of fact the

actions of that minister and of the Prime Minister against the province of Alberta bordered on a hate campaign. I can remember him describing the minister of energy of the province of Alberta as "dripping with venom", and other vindictive descriptions of that nature.

I do not believe there is any other major, important, natural resource that is extracted and sold in this country that does not command a world price. This must be looked upon as a benefit to Canada given by the people of Alberta. I should say one more thing, Mr. Speaker, and that is that you do not hear Albertans complaining about this situation and reminding Canadians of it every day. It is a matter that I bring up today only to balance some of the misstatements and half truths that have been expounded in this House by the Minister of Industry, Trade and Commerce.

The minister spoke of the tremendous benefits the Syncrude project has brought to the people of Alberta, and there is no question about that. It should not be overlooked, however, the benefit that has accrued and that will accrue is not confined to the people of Alberta but is affecting all Canadians in terms of security of supply and in terms of attainment of self sufficiency in energy.

It should not be overlooked, either, that over $200 million worth of contracts for equipment and machinery was let to enterprises in the province of Ontario, nor that in excess of 500 contracts were awarded to 176 Canadian contractors worth close to $400 million, that is, contractors not only in Alberta but in British Columbia, Ontario, and Quebec. The spin-off effect to the people of Canada has been enormous.

Let it not be forgotten that it was not only Albertans who were employed on this massive project; literally people from every corner of Canada worked on it and shared in the benefits. Of course that is as it should be, and no one is arguing about it. If further projects of this magnitude are undertaken I am sure the same conditions will apply.

Recently I had occasion to visit one of the CanMar drilling ships working in the Beaufort Sea on one of the Dome Petroleum projects. It was very interesting to me that almost the total marine crew came from Nova Scotia. Other people who were working on the rigs were from other parts of the country. When you have a resource that is being developed in one part of the country, one province, the benefit of that resource accrues not only to that province but to the whole of Canada.

● (1432)

The federal government has not been favourable to Alberta. It has been favourable and it has done what is necessary only when it was absolutely required for it to do so in terms of the national interest.

I am glad the Minister of Employment and Immigration (Mr. Cullen) is here because I want to make reference to a project that has irritated the provincial government of Alberta. That is the Petrosar project. Just last week the premier of the province of Alberta again made a comment about that project. He pointed out that this project takes some 16 per cent of the Canadian oil supply from Alberta and ships it to Sarnia below the world price, and with it a number of Alberta jobs.

Mr. Cullen: Did he mention all the other jobs being created by Syncrude?

Mr. Mazankowski: Yes, that has been mentioned. Yes, the Ontario government and the federal government did participate in that venture. I also point out that before the ink was dry, some $200 million worth of contracts were let into Ontario for the supply of equipment and materials. It has been quid pro quo. There is no question about that.

Alberta is interested in broadening its economic base. It is vital that it establish a manufacturing base, given the fact that the resources which are the subject of the wealth of Alberta today are depleting resources. Certainly the economy has to be diversified. The premier of the province of Alberta said that the Petrosar project set the Alberta petrochemical industry back some five to ten years. He described it as one of the worst decisions ever made in Canada. As a national project, the premier indicated that Petrosar is a disaster.

As I said earlier, there is a genuine desire, and I must admit there is a need, for Alberta to diversify, to broaden its economic base, to do further processing of its natural resources and products of agriculture. The Petrosar project certainly stymied Alberta's efforts toward further expanding the petrochemical industry.

This House should be reminded of the fact that today, in terms of manufacturing activity, Alberta only accounts for some 5.3 per cent of the manufacturing activity in Canada. Ontario accounts for some 51 per cent, and Quebec 26 per cent. Between the two central Canadian provinces, they command some 77 per cent of the manufacturing activity of this country. It is difficult to overcome that reality. Nevertheless, every effort should be made to ensure that we can diversify and that we can establish an effective and efficient economic manufacturing base in the province of Alberta.

This is why members of the Conservative party feel so strongly about the Hall report. In the Hall report we have, in addition to a transportation charter, an economic blueprint which, if followed, should assist western Canada in furthering its manufacturing and processing activities, particularly as they relate to agricultural products. We believe it is important that we build upon our natural strengths.

I wish to quote from the May 15 edition of *Maclean's* in which Andy Snaddon, chief editor of the Edmonton *Journal,* commented on this very subject. I quote from page 12:

> What Albertans really want is to develop their province so that when the oil and gas is gone they'll still have a strong economy. That means just input into tariff hearings, it means a national system where each province has better representation at the decision making level . . .
>
> As for Albertans, we kind of like being able to sit in on the game and play with the other fellows, now we've got some chips of our own. We don't have to hope the nice players from Ottawa and Toronto will give us a piece of their winnings if we're good boys. We kind of like it. And it makes for a better game.

What he is saying is that, in spite of it all, we have done reasonably well. No thanks to the efforts of the federal government, we have progressed and will continue to progress.

Another area that I as a westerner should not overlook is the high level of tariffs which the federal government has established over the years to protect central Canadian industry. It has been estimated, and this again has emanated from the western premiers' conference, that it costs western Canadian consumers an estimated $1 billion a year. This represents something in the order of $500 for every household in the western provinces in any given single year.

I simply put these things on record at this time so that this whole question might be put into perspective and all this might he taken into consideration. I suggest that the Minister of Industry, Trade and Commerce did a disservice to Canada in failing to tell the whole story about Alberta's real role in Confederation and its commitment to the unity and economic viability of this nation.

I also wish to comment on an assessment provided by the head of the C. D. Howe Institute, Carl Beigie, who in Calgary last month had this to say, and I quote from a CP story in the May 5 *Globe and Mail*:

> Alberta will be the only so-called 'have' province in Canada within two months.
>
> Mr. Beigie told a conference on economic and social trends in western Canada that under current government definitions, Ontario will move in the have-not range with the pending natural gas price increase. Unless the federal government changes its definitions, Alberta will be paying a large part of the Confederation bill.

● (1442)

Mr. Beigie went on to say:

> Alberta cannot be a long purse to finance federalism. The people are getting tired of it and I don't blame them.

I am not sure whether that comment reflects accurately the opinions of the people of Alberta. Nevertheless, the obligations and commitments of Alberta to the rest of the nation are very clear. We do not often hear the kind of complaint Mr. Beigie has raised, but if Alberta is to be excluded from federal programs and from tax benefits such as the one we are debating today, I suggest their generosity and patience will run out.

The Minister of Finance and the Minister of Industry, Trade and Commerce have only one crutch upon which to rely in justifying Alberta's exclusion from the purchase tax measure. It is the new tax incentives for heavy oil and tar sands development, and I should like to deal with that aspect for a few moments.

First of all, there can be no question but that the development of new energy resources is for the benefit of Canadians as a whole. As for the government's concern for heavy oil, I must point out that ministers opposite discovered heavy oil only a couple of years ago. It is surprising, really, that we should still have a heavy oil industry in this country after all the discouragement it has received. It has only survived thanks to the efforts of various companies which have tenaciously held on through difficult times.

Throughout the debate, speakers on the government side have referred to this bonus which Alberta will receive. I think we ought to look at it from the point of view of the effect on the whole country if this source of energy is not developed. Based on National Energy Board demand predictions, Canada's oil imports will by 1985 be costing anywhere from $6.8 billion to $8 billion a year depending on the world price of oil. Payment on this scale will have a direct impact on our already precarious balance of payments position and further weaken the economy.

Jack Gallagher, president of Dome Petroleum, has outlined the effect which large foreign oil imports will have on the Canadian economy, in a speech made to the Canadian Institute of Strategic Studies last October. He stated:

> The economic impact of importing one million barrels per day of foreign oil at $15 per barrel has a negative effect on the economy of $5.5 billion per year. In contrast, using one million barrels per day of domestically produced oil at the same cost delivered in Toronto creates a positive annual economic benefit of $15.6 billion which includes payments to the various levels of government of $6.2 billion . . . In addition to the economic benefit of $15.6 billion from domestic oil . . . (Canada would realize) a saving in foreign exchange of $5.2 billion per year."

Those are astounding figures. The calculations are based upon 1977 dollars, and $15 is used to represent the price of a barrel of oil up to and including 1985. If that price is adjusted to $20 the impact would, of course, be considerably magnified.

Against this background, the need to develop our non-conventional oil reserves readily becomes apparent. Yet the government has, I suggest, been dragging its feet in promoting the development of heavy oil upgrading plants. We all remember that five years ago there was an oil crisis affecting this country. It was a signal the government should have heeded. At the present time our first synthetic oil plant is coming on stream. Unfortunately, we have not made very much progress in the development of our resources in the heavy oil field or in furthering another Syncrude project.

It is true that a lot of bold and exotic promises have been made. The federal-provincial conference ended with a whole series of announcements concerning energy projects which were being considered. But that is about all. The provisions in the budget are a help, there is no question about that, but we must establish the priorities clearly. Do we want the oil to be produced, or are we mainly interested in obtaining a high level of return from royalties and taxation, in which case we shall get neither?

I have received a letter from the president of the Husky Oil Company which is interested in the establishment of a heavy oil upgrading plant in the locality of Lloydminster, Saskatchewan. He recognizes the initiative which has been taken by the government, but adds that unless the actual numbers which the taxation people come up with are somewhat unexpected, the provisions in the budget will not make that particular plant a viable entity. So the trade-off we were supposed to have been given in this budget as citizens of Alberta is, transparently, not too advantageous. I contend we ought to embark on an aggressive program to develop our heavy oil resources. Governments

must reduce their take if they really want production to expand. Royalties and taxes must be reduced.

According to a recent study undertaken by the Canada West Foundation, taxes and payments to all levels of government now represent approximately 70 per cent of the pre-tax profits of the mineral resource industries. This compares with 53 per cent only five years ago. Backing off on taxes and royalties imposed on the development of non-conventional oil reserves in no way represents a give-away to the industry. The "corporate welfare bums" charge certainly does not apply in this case.

Consider, for example, the proposal by a consortium of 21 companies, including Petro-Canada, to build a heavy oil upgrading plant in eastern Alberta. It has been pointed out that this $600 million plant cannot become viable under the existing royalty and tax structure. Before the proposal can move from the negotiating table to the drawing board, royalties payable to Alberta will have to be reduced by some $500 million, and federal taxes by the amount of $400 million. We have to ask ourselves: would the remission of taxation to this extent really represent a loss of revenue? The answer is, no. If the appropriate fiscal regime is not provided, the upgrader will not be built, the heavy oil will stay in the ground, and the government concerned would get no revenue at all. If, however, the plant is constructed under a revised royalty and tax structure, royalty and tax benefits alone will, over a 20-year period, yield $2.675 billion to the Alberta government and $2.05 billion to the federal government. Moreover, these figures do not even begin to take account of the spin-off benefits which such large energy projects would naturally produce, more particularly in terms of the impact upon the balance of payments and the security of oil supplies.

I might mention a project which is proposed by the Husky Oil Company for an upgrader in the Lloydminster area. This has been an "off again, on again" type of project. Quite frankly, the government of the province of Saskatchewan and the Government of Canada have failed to provide the leadership necessary to get this project off the negotiating table and on to the drawing board.

Summing up, I reiterate my concern about the way in which the government has divided the country by this ill-considered measure. I protest strongly the terms Alberta is receiving under Bill C-56 and the rather shameful way in which government spokesmen have attempted to make Albertans feel they are something less than good Canadian citizens. As to the claim made by the Minister of Finance and the Minister of Industry, Trade and Commerce that the provisions in the budget relating to the heavy oil industry will make up for the unfair tax treatment given to Alberta under the sales tax program, I do not believe it can be sustained.

● (1452)

Be that as it may, I believe that in spite of this government, Alberta will continue to shoulder its load and to do well. I know that Albertans will continue to be good Canadian citizens. If Bill C-56 has served no other purpose, it has done one useful thing. I believe it has laid to rest once and for all the myth that is being spread around Alberta that the province needs a representative in this cabinet. If the Minister of Industry, Trade and Commerce (Mr. Horner) suggests that Bill C-56 is an example of how Alberta's interests are looked after, I can only conclude that this government has not learned very much since the period 1968 to 1972. During that period of time there were two ministers representing the province of Alberta and two government members of parliament. Subsequently all went down to defeat in the 1972 election simply because this government chose to ignore the concerns and wishes of Albertans.

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

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, in the customary way I would like to be in a position this afternoon to begin my remarks on Bill C-56 by saying that I am glad to have an opportunity to participate in a discussion of this kind. However, participation at this particular moment is obviously with mixed emotions because I had hoped that the bill before us could have been read the second time some time ago, so that it could now be well on its way to becoming law in this country. Such progress with the legislation has not been possible because members of the opposition have been determined to stall it. Their actions, which I suggest have not been consistent with the best interests of Canadian federalism, have painted them, and particularly the Tories, into a tight and rather peculiar corner with the PQ separatist party in the province of Quebec.

An hon. Member: And with the Liberal party of the province of Quebec.

Mr. Goodale: That is even more true today after the developments of yesterday. I hear that hon. gentlemen opposite are not sitting too comfortably with that suggestion.

Mr. Baker (Grenville-Carleton): We do not like to hear a member mislead the House.

Mr. Goodale: I will get to that matter in just a moment and deal with the catcalls and heckling of hon. members opposite in some detail.

Mr. Baker (Grenville-Carleton): Don't mislead the House.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Assiniboia (Mr. Goodale) has the floor.

Mr. Dick: Speak the truth, Ralph.

Mr. Goodale: As I said, the point about the opposition parties being in a peculiar corner on this issue will be dealt with a little later in my remarks in considerable detail. However, I submit that that point was made, if it needed to be made any clearer, quite graphically when the Minister of Finance (Mr. Chrétien) and this government made two more proposals to the government of the province of Quebec in an

effort to try to resolve the difficulty. The proposals demonstrated once again that this government is determined to be fair, reasonable, and flexible.

Once again the Parti Québécois said no to those proposals, and once again, as we heard this afternoon, that party in the province of Quebec has received the sympathy of the Conservative party in the House of Commons.

Before I get to the substance of that particular issue I would like to deal with some other measures contained in the April 10 budget. To my mind that budget was essentially a "good news" budget from the western Canadian point of view. It obviously did not allay all our concerns and deal with all our aspirations, but it did convey to western Canada a lot of encouraging news.

In this connection, and quite in contrast to some of the quotations read into the record by the hon. member for Vegreville (Mr. Mazankowski) who spoke just before me, I would like to quote from an editorial which appeared in the Regina *Leader-Post* on April 12 of this year relating to the federal budget. The editorial is quite lengthy, and ends in this fashion:

> It was not a throw-away budget, a cosmetic pre-election gambit or a copout. It was an exercise in realism giving full weight to the inherent discernment, intelligence and self-discipline all Canadians should have and use.

Nearly every major provision in this budget will have a positive impact in my part of the country, the prairie region. While the opposition political parties have been primarily negative about the budget, independent economic observers such as the Canadian Federation of Independent Business, which has a tremendous constituency across western Canada, and other groups like the Canadian Chamber of Commerce, the Canadian Manufacturers' Association, the *Globe and Mail*, the *Financial Post*, the Saskatoon *Star-Phoenix* in my province, and the Regina *Leader-Post*, the newspaper from which I just quoted, have all responded essentially positively to the proposals contained in the budget. They have described the budget as being responsible and realistic, and they seem to be looking forward to the economic stimulation which is expected to flow from it. According to the most recent economic figures published not long ago, that stimulation seems to be growing.

Obviously, the measures announced by the Minister of Finance are not in themselves a complete blueprint for instant economic recovery, and they will not in themselves meet all of the economic challenges facing this country, but they will help to create the proper set of conditions for this strong and prosperous economy toward which this government is building.

It is important to note that we are succeeding in that work far more effectively than virtually every other country in the western industrialized world.

Mr. Gillies: Nonsense.

Mr. Goodale: The first major thrust in the budget is the one which has been much debated on the floor of this House and across the country, the attempt to strengthen consumer buying power, to get more goods and services moving, and to create more jobs by cutting retail sales taxes. All economists agree that that is the most effective level at which to make a cut because it has a direct, immediate, and obvious impact upon the price of goods on retail shelves. Since those taxes are imposed essentially by the province, a unique federal-provincial taxation arrangement was obviously required to make the cuts possible. The net result of this taxation arrangement, if it can be successfully concluded, will be a very significant saving for Canadian consumers, more than $1 billion altogether over the next six to nine month period.

I would like to refer again to some local commentary about that particular measure. If hon. members are curious about what this proposal will mean to a large rural constituency like mine in western Canada, or to communities like Weyburn and Estevan in the southeastern corner of my constituency, I refer them to a newspaper published in my constituency, called the Weyburn *Review*. Not long ago, in the April 27 edition of that newspaper, the newspaper undertook to survey a group of businessmen in that particular community to get their reactions to the sales tax proposal. The headline on the story in "Sales Tax Reduction Encourages Major Buys," and the subheading is "General Reaction Positive".

The survey of the business community in the Weyburn area done by this newspaper revealed a generally positive reaction. The chamber of commerce in that community, as quoted in this story, pointed out that this one measure in the budget alone could have the impact of saving half a million dollars or more for the consumers in that one community. When we extrapolate those figures across a constituency like Assiniboia, and include other communities across the province of Saskatchewan and across Canada, the magnitude of the saving for consumers and the importance of this measure become obvious.

Apart from the question of the economic impact of that proposal to cut sales taxes, the measure is also significant for at least two other reasons. First, it demonstrates that federal-provincial conferences, like the one held earlier this year—they began last fall and carried on throughout the winter and into the early spring, but I refer particularly to the conference held in February and the others which led up to it—can in fact work to the positive advantage of Canadians.

Second, I think the measure demonstrates once again that it is important in this day and age for us to have in Ottawa the kind of determined national leadership required to cope effectively with the threat of separatism in this country.

● (1502)

After we have dealt with the sales tax measure, the second major thrust in the budget consists of a series of enriched tax incentives in three key areas to strengthen the private sector of our economy without government interference. The areas affected include, first of all, the field of energy development, which has been discussed in the House this afternoon. While these measures in the budget are not, admittedly, a complete answer to the energy development challenges that we have in this country, they will provide a significant encouragement,

particularly for the development of heavy oil reserves in western Canada.

The second area affected by the tax incentives is the transportation system, again with special emphasis on encouraging rail improvements on the prairies and through the mountains to the west coast to try to alleviate one of the problems that has occupied a lot of time and attention in the House in the last couple of weeks with respect to grain movement to export positions. The tax incentives provided in the budget to assist the railways should help us to resolve the difficult bottleneck which exists from time to time on the lines through the Rockies.

The third area is with respect to incentives for industrial research activities which could be important, for example, for such western manufacturing firms as those producing short line farm equipment.

I think it is obvious from the points I have mentioned that this budget does have special significance for western Canada because virtually every one of its major provisions has a positive impact on the prairies. But there are two other measures contained in the budget which even add to that case. First of all, there is the provision which will allow two million Canadians owning registered retirement savings plans to have more flexibility in the way in which they cash in those plans and use the proceeds. As everyone knows, the law requires that RRSPs be wound up before the age of 71 and that the proceeds must either be used to buy a life annuity or be taken into income as a taxable lump sum.

With the new budget there are now two more options that are available, the purchase of a fixed term annuity until the age of 90, or the use of a new investment vehicle which has been created by the budget called the registered retirement income fund. For retiring Canadians and those who are planning now for their eventual retirement by purchasing a registered retirement savings plan, those changes will be welcome indeed; they recognize the kinds of representations that have been made on this point by Canadians across the country, including many in the constituency of Assiniboia.

Finally, as a special western emphasis in this budget I would mention the provisions regarding capital gains taxes. The existing rollover provisions exempting family farms from the capital gains tax have been widened by this budget to allow the same tax advantages for incorporated family farms. That is a move which, I am sure, many westerners have been suggesting for quite some time, and I am pleased to see that the Minister of Finance has responded to the representations we have been making on that point. Obviously we must keep working with respect to the capital gains tax matter because more changes are yet required, but I think it is obvious that we are moving in the right direction.

It is instructive to take a look at the history of the development of the capital gains tax in this country. The capital gains tax theory or principle was first developed in the late 1960's and early 1970s in the ongoing process of tax review and tax reform. When the idea was first presented, particularly in the House of Commons, it seemed that once you had established the principle, there could not be many important exceptions to it. But over the course of time it has been demonstrated that substantial and important dents have been put in the idea that there cannot be any exceptions or changes to the fundamental theory or principle.

The first major deviation from the principle had to do with the family farm rollover which I mentioned a moment ago. It was a justifiable exception and one that has served reasonably well the farming community in this country, although I do not think it has yet been extended far enough. In the most recent budget, the extension of that special condition will apply to incorporated family farms as well as unincorporated family farms. Last year the tax law was changed in relation to capital gains taxes so that a farmer or a small businessman, for example, could dispose of a particular asset in order to reinvest in another capital asset of a similar nature. Previously that transaction was subject to the capital gains tax. Because of the change last year, that transaction is no longer subject to the capital gains tax in so far as the proceeds of the sale of the first capital asset are used to reinvest in acquiring replacement or similar property that the taxpayer intends to purchase. That is an important and useful change in the law and one that I most certainly support.

I think that additional changes in the field of the capital gains tax are most certainly needed, and I would like to suggest three ideas that I hope the government will seriously consider over the course of time because they are justifiable, particularly in their application to farmers and small businessmen in this country. First, I think of the valuation day problem which existed in 1970, 1971 and 1972. Everyone recognizes that in that period of time in western Canada capital values, for farmers and small businessmen especially, were artificially low because of the depressed economic conditions affecting agriculture, and in particular the grains industry. The problem with the capital gains tax now is that capital values have risen to more reasonable levels. Some would argue that the levels are excessively high, but they are considerably higher than they were in 1971-72. The fact of the matter is that that capital gain which is now taxable is artificially high because the valuation day value is artificially low, and this creates a particular burden upon farmers and small businessmen in my part of the country.

It could be alleviated to a certain extent by applying a formula of indexation to ease the burden of that low valuation day value. You could also take the other approach, if indexing is not technically possible to accomplish the job; you could apply an average over certain years, perhaps 1965, 1970 and 1975, and average the values together, taking those three years or a broader span of time, to get a more realistic base value upon which to base the capital gains tax law. But whether it is done by indexation, by the averaging formula or by some other method, we have to consider the problems created by that artificially low valuation day value across a great portion of western Canada.

Second, I should like the government to consider seriously the prospect of allowing farmers and small businessmen,

because of their peculiar economic position, their importance to the economy of this country, and because they do not have much choice about making major capital investments which they have to make if they are going to be in the business of farming or if they are going to operate their business enterprise, to be in a position of making a capital gain which is tax free by restricting it to a once in a lifetime opportunity so as to eliminate virtually all the speculators.

The principle of a once in a lifetime option is not something that is peculiar or unhead of in our taxation laws; it is a well recognized principle that goes back a considerable number of years. I think that the same principle that has been established in the past in our tax laws in other connections can well be applied to this case in relation to capital gains taxes, and it would help to alleviate the burden which falls at present on small businessmen and farmers.

Obviously some terms and conditions would have to be applied to the exemption. A logical condition to be applied to it is that the farmer or small businessman would have to be engaged in that enterprise for a certain number of years in order to qualify for the exemption, so that one could not simply become a farmer one day and claim a capital gain the next. There should be some condition applied to ensure that one is dealing with a bona fide farmer or a bona fide small businessman. You might consider the application of an over-all limit on the amount of the capital gain which would be exempted. For example, you might take an average-sized Saskatchewan farm as the basic limit that would be exempted from the tax, or whatever terms or conditions are required in order to make the provision fair. I think it is an option that is justifiable and I would like the government to take a serious look at the possibility of providing that once in a lifetime exemption from capital gains taxes to farmers and small businessmen in this country.

● (1512)

I have another proposal which is tied in with the issue of a once-in-a-lifetime exemption. It is a somewhat useful suggestion. It would be an innovative approach to the manner in which farmers and small businessmen are being treated in the acquisition of capital assets. The large capital investments farmers and small businessmen have to make in their farming and business enterprises should be treated as if those investments were contributions to registered retirement savings plans.

In many cases farmers and small businessmen do not have a choice about the capital they are required to pour into their enterprises. If one looked at the list of their capital assets, one would assume that they are enormously wealthy. That is not true or realistic at all. That amount of cash is tied up in a way that is of little use to them in a cash sense until they retire and sell their farms and small businesses. They look upon the potential income from the sale of their capital assets as a large portion of their retirement incomes. To a large extent those expectations are frustrated by the fact that they are required to pay capital gains tax on those assets.

If we were to treat the investments which they made during their lives in capital assets as if they were contributions to registered retirement savings plans, two important tax advantages would be provided. For the young farmer acquiring the land, he would benefit from a special kind of tax deduction on the principal and not just the interest of his land payments. When it came to the point in time for retirement, as a retiring farmer he would benefit from the same tax rules which apply to a person who is cashing in an RRSP. That would be a considerable advantage over the normal tax rules which apply to those circumstances at the present time.

I hope the government will give serious attention to my ideas: the question of a realistic valuation day value; the possibility of a once-in-a-lifetime exemption from capital gains tax for farmers and small businessmen; and the proposition of treating the investments of farmers and small businessmen in capital assets as if they were contributions to registered retirement savings plans.

Apart from those initiatives which I should like the government to consider for the future, the April 10 budget was very much a "good news" budget for the people of western Canada. The same is largely true for the rest of the country as well. Some people, particularly hon. members of the opposition, like to depict the Canadian economy always in the gloomiest and most negative of terms. Any objective analysis would indicate that Canada has shown a steady pattern of economic recovery from the worldwide inflationary shock of the early 1970s which brought on a global recession. That recession affected Canadians less largely than our neighbours in virtually all western industrialized democracies.

The economic boom of the 1960s and the early 1970s tempted all of us—workers, management and governments—to live beyond our means and demand more from the economy than it could sustain. By 1974-75 inflation had been pushed to critical levels, pricing us out of world markets and bringing on a surge of unemployment. Since the fall of 1975, strong remedial action has been under way. The anti-inflation program was launched at that time, and that action is working. Despite all the warts, bumps and imperfections, it has shown results.

Growth of government spending at all levels now is coming down, with the Government of Canada leading that trend. It would be encouraging if the provinces would do as well. Wage and other income increases are beginning to return to more realistic levels. The basic trend of our inflation is declining toward that 7 per cent target which was set for the end of this year.

A lower exchange rate for the Canadian dollar is helping to restore our competitive position in vital world markets. Nowhere is that more evident than in the grain and beef industries of western Canada. The trade deficit of $500 million which we suffered in 1975 has been turned around to a $3 billion surplus in 1977.

With respect to employment, we have had to cope with an unprecedented number of new people seeking jobs, including

the postwar baby boom, and with social and other desirable changes, a greater number of married women in the labour force. The actual job creation record of Canada is second to none in the world. Nearly 300,000 new jobs were available in this country in the past year. Our long-term average in job creation is in the range of 250,000 jobs per year.

There are sound, fundamental reasons for confidence and optimism as we tackle the economic challenges which still lie before us. Measures like those contained in the budget, and like those contained in the small business and research and development packages announced in the past week by government ministers, indicate that the government is meeting those challenges in a realistic and practical way. This will have a beneficial impact on all Canadians, and particularly in my constituency.

We have seen another rather amazing and unfortunate development in this debate on Bill C-56. We heard it reflected in some of the heckling by hon. members opposite at the beginning of my remarks this afternoon. Most of us who believe in federalism and one united Canada find it somewhat difficult to believe, but the evidence seems to be mounting that the Premier of Quebec and the Parti Québécois separatists in that province have found a certain number of vocal allies in Ottawa who seem to be aiding their separatist cause.

Som hon. Members: You have helped the separatists.

Mr. Goodale: Whether deliberately or unwittingly—and I don't know which is worse—both opposition parties seem to be playing directly into the hands of Mr. Lévesque.

Some hon. Members: Hear, hear!

Mr. Goodale: The latest focus of attention obviously is the sales tax provision in the budget which proposes a billion dollar reduction in provincial retail sales taxes with federal assistance. The basic idea was to bolster consumer spending power and to stimulate economic activity across the country. Since those taxes are provincially imposed, a special federal-provincial taxation arrangement was required to make immediate cuts possible. In essence, Ottawa offered to reimburse the provinces for most of their lost revenues if they in turn instituted a general sales tax reduction of 2 per cent or 3 per cent across the board.

The principle of that cut being a general one across the board is extremely important. The negotiations to set up that type of arrangement went on for three weeks or more prior to the presentation of the budget in the House of Commons on April 10. All of the provinces with the exception of Quebec agreed to the plan. For its own reasons, the Quebec provincial government declined to agree or disagree in the negotiations prior to the budget speech in the House of Commons. Essentially it refused to state a position one way or the other. Then two days after the federal budget speech, the Parti Québécois government came forward in full detail with its own complicated plan, obviously a plan which had been worked upon in secret and without comment for an extensive period of time. No mention was made of it during the negotiations with the federal minister or the other provincial ministers.

Essentially Quebec proposed to eliminate its sales tax entirely on a few selected products which would have largely a beneficial impact in the province of Quebec. Instead of participating in a national effort to encourage economic stimulation all across the country by a general sales tax reduction, the PQ wanted to draw the federal government into financing a scheme biased in favour of that one province. Obviously that scheme would interfere with the free flow of goods and services across the country. It would tend to fractue the Canadian market.

Quite rightly, the federal government said no to the Quebec proposal. While provinces may choose to impose different sales taxes on different goods, which is their right clearly and unequivocally within the constitution, the Government of Canada should not contribute directly to the financing of those differences.

● (1522)

That is the essential and important point in this debate. The general sales tax reduction would essentially be neutral in its impact as between provinces, and it would not of itself contribute to different rates of tax on different goods and services in different provinces. Surely, that principle of non-discrimination between provinces is fundamental to Canadian federalism and to the maintenance of one common national Canadian market which is the federal responsibility.

The startling thing in all of this is that the opposition political parties have sided consistently with the PQ argument on this issue. Over the past two or three weeks the Conservatives have argued essentially in support of the Quebec government's notion that federal funds should be used to help different provinces build a kind of discrimination into the marketing of goods and services across Canada depending upon the province in which you happen to live. If the Government of Canada ever allows such a thing to happen with federal funds, Mr. Speaker, you can imagine where that would leave a province like Saskatchewan, for example; we would suffer very badly and so would the over-all national economy.

The tactics of the Quebec separatists on this particular issue are easy to understand. They want to break up the country, and they make no secret about that. Obviously, from that standpoint, they are going to make federalism as awkward as possible and they are going to make confederation as difficult as possible. As I said before, that was graphically demonstrated as late as yesterday when the federal Minister of Finance (Mr. Chrétien) made two more proposals to the province of Quebec in an attempt to resolve the impasse, to try to find a way out so that the federal principles involved in this issue could be protected along with the provincial aspirations of Quebec. That adds up to approximately five proposals altogether which the federal government has put forward for consideration, and it is significant in this particular instance, as in the others, that it was the federal minister who had to take the initiative to call the provincial minister. The Parti Québécois once again rejected the proposals put forward,

which clearly indicates their determination to make the federal system in this country difficult, awkward and hard to manage.

The Parti Québécois' position, however, is fairly clearcut and easy to understand. What is less easy to understand is the pro-separatist stance that has been taken on this issue by the opposition parties in this House. That such a stand would be taken by a supposedly federal political party is simply beyond comprehension, except perhaps for the political mileage they might hope to gain from taking that kind of posture.

Mr. Paproski: That is not true. It is dishonest.

Mr. Goodale: Mr. Speaker, despite the braying across the way—and obviously I have touched upon a very sensitive point with members of the opposition, who do not like the facts of this case to be put before them—it is important to put their position in relation to this particular case in its proper context and to look at the position on important federal-provincial issues taken over the course of the last few years. Just after Mr. Levesque was elected premier of Quebec in the fall of 1976, there were a number of reports—

Mr. Paproski: Which you caused.

Mr. Goodale: —about federal Conservatives trying to woo his support within that province in an attempt to benefit from the political impact of the PQ electoral machine when a federal election might be called. The opposition denies that there was anything to those reports, but still, for some reason, those reports persisted then and persist yet today.

Then, Mr. Speaker, in the spring of 1977 a former member of that party decided that he had had enough, and he quit the Conservatives to become a Liberal. I am referring to the Minister of Industry, Trade and Commerce (Mr. Horner). It is significant, and the minister repeated his point just a few days ago, that one of the main factors in his judgment in determining to leave the Conservative party was the instruction he received from his former party, whether it was expressed or implied, that he was not to criticize Mr. Lévesque, he was not to embarrass Mr. Lévesque, he was not to cause him any difficulty because perhaps the Conservatives could benefit from the PQ electoral machine in that province. Of course, the Conservatives denied that there was anything to that, but the Minister of Industry, Trade and Commerce—

Some hon. Members: Oh, oh!

Mr. Goodale: —constantly reiterates that point.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Assiniboia has the floor and I suggest we listen. You will all have your turn.

Mr. Goodale: The remarks I am making, Mr. Speaker, in relation to the Conservative record on federal-provincial issues have a very direct bearing on Bill C-56. They help to explain the posture they are taking on the sales tax issue.

Let me refer to a third instance of the Conservative party posturing with respect to federal-provincial relations. In the five federal by-elections in the various Quebec constituencies just one year ago last month, PQ organizers were said to be actively working for federal Conservative candidates. It is significant that all the Tories lost, but again they denied there was anything of substance or significance going on between the PCs and the PQs.

I invite you to recall, Mr. Speaker, that last summer and last fall the Conservatives, day after day in the House of Commons, were attacking the security services in this country and particularly the Mounties. They harped on that issue for literally months on end, and then two commissions of inquiry were established to investigate all the allegations. One was created by the Government of Canada and the other was created by the PQ in the province of Quebec. Predictably, the Tories have consistently criticized the federal commission, along with the RCMP, and they have supported the commission appointed by the PQ in Quebec. But the PCs were then and are still saying that they and the separatists have nothing in common.

Most recently, during the spring and early summer, we had the issue of the speculation on the Canadian dollar as the dollar was moving down earlier this year. Day after day the financial critics of the opposition would rise in their places and ask questions about why the dollar was declining, and part of the explanation given was the political instability in Canada caused by the existence of a separatist government in one very important province. The Tories said that that was not important and that it was not significant.

Then, Mr. Speaker, the dollar began to rise. It rose fairly steadily for a few days until the finance minister of that separatist government in the province of Quebec made a statement about the possible development of the Quebec dollar as opposed to the Canadian dollar, and the Canadian dollar began to dip again. You would think that the members of a party which is so concerned about the Canadian dollar, a party that pretends to be concerned about federalism, would be on their feet instantly asking questions in this House about the statement made by the finance minister in the province of Quebec that caused the most recent decline in the Canadian dollar. Did we hear a word from the Conservatives on that issue? There was not a peep from them, which really betrays where they are in trying to curry favour with that government in the province of Quebec.

Now, Mr. Speaker, we have the sales tax issue, and where are the PCs? They are squarely in the corner with Mr. Lévesque and the finance minister, Mr. Parizeau.

An hon. Member: And Claude Ryan.

Mr. Goodale: Mr. Ryan's proposal was rejected just yesterday.

The PQ recently indicated that perhaps they were going to get involved directly in the next federal election campaign. I wonder for whom. I doubt they will be working for the Liberal party in the province of Quebec, but I suspect they may be

looking to some Tory allies to give them some comfort and some support in their quest to make confederation and federalism in this country as difficult as possible.

The posture of the Tories on the sales tax fits neatly into a rather important pattern, which we have seen over the last couple of years. The denials, the heckling and the catcalling are fairly transparent and pretty weak in trying to deny those allegations, in trying to indicate there is no connection between the Tories and the separatists. The denials look pretty transparent and pretty weak indeed.

Mr. Paproski: Boy, are you ever fighting for your seat in Assiniboia.

Mr. Goodale: In contrast to the position put forward by the Conservatives in the House of Commons, I am pleased and proud to stand with a party which is committed to Canadian unity in a clear and unequivocal way. I suggest that Bill C-56 demonstrates that, and I in fact support it.

● (1532)

Mr. James Gillies (Don Valley): Mr. Speaker, I have listened with some interest to the hon. member for Assiniboia (Mr. Goodale) who, I am told by all informed people, will not be back after the next election. Of course, it will be a great credit to this House if he is not. I think it disgraceful that a member will get up in this House and accuse loyal Canadians who have been elected by their constituents to represent them of being separatists. He should apologize. He should withdraw that remark.

For the first time in my life I understand why this country is separating: it is because of what we have just heard as a typical, true Liberal speech—if you do not agree with the Liberals, you are a separatist. I want the hon. member to withdraw that statement right now. Withdraw it right now.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Gillies: Mr. Speaker, I want the hon. member to withdraw that statement against me and my party.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that is not a point of order but a point of debate.

Mr. Gillies: A point of debate?

Mr. Kaplan: I listened carefully, Mr. Speaker, to the remarks of my colleague, the hon. member for Assiniboia. He did not accuse members of the opposition of being separatists; what he argued was that the tactics they have been adopting have been helping the separatists. There is a considerable difference. There certainly was no assertion on which the hon. member for Don Valley claims a question of privilege.

Mr. Paproski: That is not right.

[Mr. Goodale.]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I listened to what my friend from Toronto just attempted to say to mollify the feelings of the House. Those feelings should be mollified all right but not for the reasons the hon. member put forward.

I listened to the speech made by the hon. member for Assiniboia. It is an insult to parliament. More than that, I would remind my friend as he considers whether he should withdraw it—and I think he should upon reflection—that the leader of his party, the Prime Minister of this country, not too long ago said that all parties in this House of Commons, all members of this House of Commons, supported the cause of unity and togetherness in Canada.

Mr. Campbell: Prove it.

Mr. Baker (Grenville-Carleton): You are not helping anything, Mr. Campbell.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that he refer to a member of this House by his riding.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I did not want to hurt the feelings of the people in the riding.

I think it borders on the reprehensible for a member of the House of Commons to rise in his place and accuse any member of this House of siding with and aiding and abetting those who would try to break this country apart. I have high regard for the hon. member for Assiniboia, although we have our partisan differences. I want that regard to remain at a reasonably high level within those partisan differences, but that will not be the case if this kind of idle accusation, cheap partisanship and meanness is allowed to flourish on the floor of this House of Commons.

I join my friend the hon. member for Don Valley and all members of this House in asking the hon. member to apologize for what, upon reflection, he must consider most unparliamentary language.

Mr. Neil: Insulting.

The Acting Speaker (Mr. Turner): I should like to suggest to all hon. members that the time to raise the point of order was when the hon. member for Assiniboia was speaking, not now.

Mr. Gillies: It is a disgraceful day in the House of Commons.

[*Translation*]

Mr. Lachance: I think that the point raised by the hon. member for Grenville-Carleton (Mr. Baker) is not a valid reason to ask the hon. member for Assiniboia (Mr. Goodale) to apologize to the House. I think that the question of privilege has been clearly defined by the Deputy Speaker, but in my opinion the member for Assiniboia has not used unparliamentary language. Possibly several members opposite do not agree with what he said.

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I would suggest to the hon. member that the Chair has already ruled on the point of order and has gone to the hon. member for Don Valley.

Mr. Gillies: Mr. Speaker, it is difficult to speak on this bill today after listening to the diatribe we have just heard, although it has been useful because it makes clear to the people of Canada that the debate on this bill is much more important than just a debate on the ways and means motion.

The action of the government, the nature of the statements of this gentleman from somewhere in Saskatchewan, Assiniboia—

Mr. Benjamin: We are not bragging about him.

Mr. Gillies: —shows that he has no understanding of what Canada is all about, no understanding of what parliament is about, no understanding of the division of responsibility under the constitution, no understanding of the democratic process, no understanding that reasonable people can disagree and still love their country, no understanding that there may be a different approach to a problem. Instead he throws vindictive and disgraceful remarks against other members of the House of Commons.

There was a time when the people of Canada thought the Liberal government under the leadership of the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien) could deal with the national problems of Canada. What has happened over the last few weeks, as this debate has demonstrated clearly to the vast majority of Canadians, is that the Prime Minister, the Minister of Finance, the Liberals, are shown to be out of touch with Quebec. They do not understand Quebec's problems or aspirations and are ill-equipped to deal with the most important problem to face Canada since confederation—whether this country is going to stay together or not.

The approach taken recently by the Minister of Finance indicates that the government does not understand what confederation is all about. It is quite clear, as far as the sales tax is concerned, that it is a matter of provincial jurisdiction. The federal government of this country obviously is not concerned about interfering in the jurisdiction of the provinces. When the Minister of Finance stands up and says he got agreement for his measure, his statement is patently false. He did not get agreement; he talked but he did not get agreement. To be so naive, as the Prime Minister and the Minister of Finance were, as to push ahead under the circumstances boggles the mind.

With all the problems that we have in this country, with all the tensions we have in confederation, and all the things all of us, including those in the Progressive Conservative party, are trying to do to keep this country together, what could have been the reason for the Minister of Finance to take the position he did on sales tax in this budget? We can search our minds for an explanation, Mr. Speaker. What could it have been? Has he been so long away from Quebec in federal politics that he has no understanding of the aspirations of the people of that province? Surely, if he knew anything about the handling of dissent in the last 20 years on the North American continent and indeed all over the world, he would know that governments have had to learn to deal with dissent. He must have known that by doing what he did he was going to exacerbate separation in this country.

Mr. Baker (Grenville-Carleton): Maybe that was his reason.

Mr. Gillies: I do not suggest, as the hon. member for Assiniboia seemed to be trying to suggest, that the Minister of Finance is trying to bring separatism into Canada. I do not think that is true. I think it is outrageous that anyone would make that suggestion about any member of parliament. There is no question, however, that the lack of comprehension about how to deal with a dissent situation has led the Minister of Finance and the Prime Minister to bring forward, to move forward, the cause of separation in Canada. They have done so because they do not understand the problem.

To move into Quebec, to move into a provincial jurisdiction, when the minister of finance of that province has said "We do not want you in that jurisdiction," to me is reprehensible. It was a mistake. Mr. Parizeau and Mr. Lévesque have made clear what they want to do with this country—they want to separate. There is no secret; that is their aim. The reason they want to separate is that confederation, they say, is not working. The reason they say confederation is not working is that the federal government is intruding too much into provincial jurisdiction. Why would a minister of finance move again into provincial jurisdiction? It does not make any sense. There is no explanation for it.

● (1542)

An hon. Member: You don't know the Parti Québécois politics.

Mr. Gillies: I know the Parti Québécois politics very clearly. The Parti Québécois politics are very simple.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Don Valley has the floor. We will be here for a long time if these interruptions continue. Hon. members will all have their time.

Some hon. Members: Hear, hear!

Mr. Gillies: No one has to study very hard to know the politics of the Parti Québécois. Would anyone dispute that the politics of the Parti Québécois are to take Quebec out of confederation? That is their aim, and they have made it clear. Do hon. members not understand that is what they want to do? They have said it many times and they have tried to do it many times. They want to break up Canada. Before I was in parliament I never had any doubt about that in my conversations with members of the Parti Québécois, and I have no doubt about it now. They want to break up Canada. I want to keep it together. I think we are better off as a nation than we

are separate. I am sorry, but it is quite clear to me that the action taken by the Minister of Finance led to an increase in the conflict between the people of the province of Quebec and the rest of this country. It was a devastating wrong move to make. Indeed it was reflected for the people of the province of Quebec when every single member of their legislature voted to condemn what was done here.

An hon. Member: And Claude Ryan outside.

Mr. Gillies: And Claude Ryan outside. So that there is a message from the province of Quebec, a message so clear and that says "Look, we object to this federal intrusion." Why would a federal government do it when we are trying to hold the country together? Probably the reason is reflected in the speech made by the hon. member for Assiniboia. He does not understand that the country is made up of regions and parts with different aspirations. It is a tenuous confederation that we pulled together. He does not know—he comes from western Canada—that the alienation of western Canada is tremendous. It started for a number of reasons. But what moved it ahead? It was John Turner, the former Minister of Finance, when he unilaterally refused to permit the deduction of royalties in the federal income tax calculations for oil producers, which was another intrusion by the federal government into the responsibilities of provincial governments. Here in debate for two or three weeks we have a measure put forward by the Minister of Finance that was a mistake to start with. There was no agreement. I do not care whether we are talking about the province of Newfoundland, the province of Nova Scotia or the province of Prince Edward Island—any province at all; this sort of intrusion is intolerable if we are to keep the country together. To intrude into a province's responsibilities from the federal level, that province's agreement must be obtained. The minister did not have that agreement, and he should have backed off and taken a different tack on the budget. It has done nothing for the economy. All it has done is exacerbate the relationship between Quebec and the rest of Canada. It has demonstrated, without any sort of doubt, to all the people that the federal government, this Liberal cabinet, obviously does not understand what this country is about. It obviously cannot keep the country together because of the approach which they use. Everything they touch goes wrong as far as dealing with federal-provincial relations is concerned.

There has been a decline of unity in this country under the leadership of the Prime Minister the like of which we have never seen. Having made a blunder of mammoth proportions in what he and the Minister of Finance decided to do, the means they have used to try to correct it have been ludicrous.

What we now have flowing from this blunder is the development at the federal level of a system of taxation that is different for the same people in the same income groups across the country. We have the denial of a fundamental principle of taxation that, in the same jurisdiction, people in the same taxable income position should be taxed the same. The machinations which the Minister of Finance has gone through trying to say his proposals are the same is foolish. He argues that all he is doing is giving room for the provinces to reduce their income tax. They will get the additional revenue that they need when they lose the sales tax. He says because he cannot get agreement in the province of Quebec, he will mail a cheque to the people of the province of Quebec for $85. Now there is some talk about $100, but the net result is the same.

Let us make it clear once and for all so we will not hear this come up again that there is no economist in the world who would support the proposition that the incidence or the burden of a sales tax is the same as the incidence or the burden of an income tax. They are not the same. No matter how often the Minister of Finance gets up and repeats this error, it does not make it true. The burden of taxation—and now I am talking precisely in terms of public finance administration—on a sales tax is different from the burden of taxation—using the term "burden" in the technical sense of an income tax—is different. So now we have two different tax situations developing in different parts of the country. They are not the same.

In addition, of course, for the people of Quebec, the way in which the Minister of Finance is approaching the problem is incredibly inequitable. His original plan was to give them a cheque, but the plans change day by day.

An hon. Member: You have changed.

Mr. Gillies: I have never changed on this issue. On this issue the minister talks about sending a cheque to taxpayers on the tax roll as at December 31, 1977, but the problem is that the people who pay income tax are not necessarily the same people who pay the sales tax. Putting it another way, the burden of sales tax on people who do not pay income tax is infinitely higher than the burden of the sales tax on people who do pay income tax. So it is unfair, unjust and inequitable.

The minister of finance for the province of Quebec is perfectly correct in saying this is an unfair, inequitable way to do this, just as he is totally correct in saying that the sales tax is in his jurisdiction and that the province can operate any way they want—

The Acting Speaker (Mr. Turner): Order, please. The hon. Minister of State for Small Business (Mr. Abbott) is rising on a point of order.

Mr. Abbott: Mr. Speaker, could I be permitted to ask a question?

Mr. Gillies: Yes.

Mr. Abbott: Mr. Speaker, I would like to ask the hon. member, first of all, is he saying that the sales tax is exclusively within provincial jurisdiction? Secondly, with regard to the formula that was arrived at with the nine other provinces to give them income tax points credit to get back the moneys they lose on sales tax, is that not identical to what is proposed for the province of Quebec except that we do not have an agreement to collect taxes? I would like the hon. member to explain that if he can.

Mr. Gillies: I am saying that they are not precisely the same at all. Mr. Speaker, will this be deducted from my time limit?

The Acting Speaker (Mr. Turner): We will give the hon. member an extra minute.

Mr. Gillies: They are not the same. I am sure the hon. member understands that the burden of a sales tax paid by the people in the province of Ontario is different, from the burden of an income tax. There is a different rate, a different proportion. A sales tax is not progressive; in fact, it is regressive. It is different. So that if a person gets a cheque for $100 in Quebec and another person receives a $100 rebate on the sales tax in Ontario, the burden of those taxes on the individuals is quite different even though the $100 is the same. That is the point I am trying to make. That is the point which makes me squirm day after day in my chair as I listen to the Minister of Finance saying they are the same thing. They are not the same. The burden is different.

● (1552)

The second question, if I recall it correctly was: Where is the jurisdiction of the sales tax? There is a federal sales tax. My own view would have been that if the Minister of Finance wanted to move on the sales tax, he should have moved on the sales taxes under federal jurisdiction. He would not then have had this problem with any province.

If this argument is that the reason you want to move on the sales tax is because you want to have a direct attack on prices right away and stimulate consumer demand, he should have moved on the federal sales tax which has been an irritant in a variety of industries and a variety of places for a long time, particularly in the building industry. If he wanted to move in the sales tax field, he had a whole area to move on in the federal jurisdiction.

The question is often asked, is the cut going to be passed on? How do you make sure the provincial tax cut is going to be passed on? You don't. That is one of the difficulties with the sales tax. If the goal, as the Minister of Finance has said over and over, is to reduce prices and stimulate consumer demand as quickly as possible, and you want to act in the sales tax area, he had a large federal jurisdiction, a large amount of money to work with.

Mr. Benjamin: Four billion dollars in federal sales tax.

Mr. Gillies: That is correct. Again, it seems very peculiar. I am not sure why he would risk the danger, and I use the word carefully, of a confrontation, which you really had to know would come because of the position that has been put forth by the PQ so often. Why would he risk that danger when he was not going to achieve anything?

One can go back, if one is a student of budgets, to try and find out which is the worst budget that has ever been drawn. That is sometimes more interesting than trying to find out which was the most effective. Some people would argue that the budget drawn by Mr. Gordon some years ago was politically naive. However, I am sure history will say this most recent budget is the worst budget that has ever been presented to the people of Canada. This budget is the worst in the sense of what it does to the unity of the country. It is worst in terms of the fact that it will have no effect on the operation of the economy. It is worst in the fact that it is introducing the principle of a different burden of taxation on different people in the country who are within the same jurisdiction.

In addition, if one generalizes beyond that, did the Minister of Finance take the right approach to the economy in preparing his budget? One can make a very strong argument, and it has been made in many places, that the economy has changed so much from the way it was in the fifties, sixties and seventies that the traditional way of attacking economic problems, normally called the Keynesian method, the macro-economic method of government expenditure, sales tax and income tax and so on, is no longer proper.

I am one of those who said in this House a year or two ago, and I say it again, that the day has passed when you can really make significant changes in the way in which your economy operates with those particular tools. The way in which you make approaches to getting this economy working again is by dealing much more significantly with individual areas of the economy, looking at it sector by sector.

I must say I felt encouraged when we had the federal-provincial conference last January. I thought coming out of that conference was the idea that the way in which the economy was going to be moved ahead again was to look at the different segments of the economy and do something in order to stimulate them so they were effective. That is the type of budget making which we really need to have.

It is a long time since the government introduced the concept that we must do something about regional disparities in this country. The governments of those periods deserve credit for equalization payments and for the creation of the Department of Regional Economic Expansion. However, 20 to 25 years after the start of these programs we should be moving to a situation in this nation where we do not have areas of low economic activity to the extent that we still have in the country.

If such programs were doing what they were supposed to do—and I use this area as an example—Atlantic Canada would no longer be an area of extremely high unemployment and slow economic growth. We should have been able to evolve policies to turn that area of the country around so that it would be a viable, strong, economic region.

If we had the right policies, there is no reason in the world why we should not have in this country one of the great fishing industries of the world. We have as much coastline as almost any country in the world.

Mr. Baker (Grenville-Carleton): More.

Mr. Gillies: Some say more. However, we in this country do not have a fishing industry that is one of the greatest in the world. I say this with respect to my friends from Newfoundland and Atlantic Canada.

We have no shipbuilding to speak of. Now that we have the 200-mile limit, why have we not developed, and why did this budget not address itself to the problem of creating, a viable fishing industry? Along with it we should have a viable shipbuilding industry, not building mammoth ocean tankers but building the ships that are necessary for the fishing fleet. Why did the budget not go in that way?

It is only when the government tackles the various segments, sectors and problems of the economy in this way that the economy will start moving again. Whether you are looking at the fishing industry or shipbuilding in Atlantic Canada, the mining industry in northern Ontario or northern Manitoba, the manufacturing of automobile parts in southern Ontario, or the shipment of forest products out of British Columbia, you will see that what is patently needed is an examination of each of these sectors. When that is done the appropriate policies will make it possible for all areas of the nation to become viable and prosperous.

Most economists in the world are saying that the world ought to be on the verge of an enormous upswing. The day of the Club of Rome is drawing to a close. In fact, the general feeling by many is that we are on the verge, because of new technological change, new energy changes and so on, of starting on another great Kondratieff cycle. Kondratieff was a Russian economist who believed in long cycles, and his theory suggests that the world might now be on the verge of an upswing based upon great new amounts of investment. Prosperity from 1950 to 1975 was basically propelled by consumer spending and redistribution of income.

We have the opportunity now to cash in on the great new investment booms that are going on all over the world. How sad that in this country, which ought to do most in this area, nothing is happening. How sad that in 1978 a Minister of Finance should bring down a budget with not one scintilla of a new idea about how to get this country moving.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Order, please. It being four o'clock p.m., the House will now proceed to the consideration of private members' business, as listed on today's order paper, namely notices of motions, public bills, private bills.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I would like on behalf of members of parliament, and if necessary personally, to file a caveat with respect to the most unfortunate and unworthy remarks made by the hon. member for Assiniboia (Mr. Goodale) during the course of his speech, and to reserve, if that should become necessary on examination of the record, a question of privilege.

Mr. Abbott: Mr. Speaker, I rise on the same point of order. The hon. member asked me to look after his interest because he was obliged to catch a plane to the west. He heard something about being accused of being a coward by some member of the opposition. He, too, would like to see the record on that comment and perhaps review his own comments. Therefore, I join in asking to reserve on this.

The Acting Speaker (Mr. Turner): The Chair will take the matter under advisement.

Mr. Knowles (Winnipeg North Centre): Shame on both of them.

● (1602)

Mr. Pinard: Mr. Speaker, we shall proceed, by unanimous consent, to the resumed debate on Notice of Motion No. 25. I ask unanimous consent for the preceding motions to be allowed to stand.

The Acting Speaker (Mr. Turner): Is it agreed that items Nos. 13, 3, 7, 9, 2, 18 and 12 stand by unanimous consent and that we proceed with item No. 25?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Agreed and so ordered.

* * *

[*Translation*]

SOCIAL SECURITY

MEASURE TO PROVIDE ALLOWANCES TO HOUSEWIVES

The House resumed from Monday, February 27, 1978, consideration of the motion of Mr. Lambert (Bellechasse):

That, in the opinion of this House, the government should consider the advisability of having parliament adopt a measure authorizing payment of an allowance to housewives who remain at home to take care of their family instead of joining the labour market, the purpose being to ensure a global income corresponding to the family's needs by providing an additional family income to that earned by the father.

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I was present in the House on February 27, 1978 when my colleague from Bellechasse listed the reasons which had prompted him to introduce the motion which reads as follows:

That, in the opinion of this House, the government should consider the advisability of having parliament adopt a measure authorizing payment of an allowance to housewives who remain at home to take care of their family instead of joining the labour market, the purpose being to ensure a global income corresponding to the family's needs by providing an additional family income to that earned by the father.

Several members expressed their opinions on that occasion and generally they were in agreement, except for one hon. lady who expressed objections which I simply cannot endorse, particularly as those objections were voiced by a female member. However, I do not want to belabour those reactions we noted at the end of the debate on the motion. The important thing is to show the soundness of that motion and try to direct the legislation so that Canadian housewives will enjoy a decent

allocation allowing them to provide an additional family income to complement the earnings of the father and, as I suggested earlier, corresponding to the family's needs. In this uncertain age in which we live, the home and everything it represents remain the focal point in our society. In Canada, the wife and mother remains the centre of family life even though her contribution to the development of her country from farming society to an industrial and urban society has greatly changed her way of life.

Studies have been made to determine the number of working married women and the reasons why they work. We should ask ourselves about the circumstances which have brought our society to create a female manpower of nearly two million in Canada.

Following seminars on this issue which were called "Women at Work", it was suggested that this situation was the result of automation, urbanization, social acceptance and changes in social needs. The unanimous opinion of working women is that no mother leaves her children needlessly and they generally admit that they would rather be at home, but they add that they must have another income to maintain a proper home for their children. Economic reasons are the most often mentioned by women workers, especially those whose husbands are low wage earners, that is who earn less than $6,000 a year. It is easy to conclude that the reasons why married women seek outside work are economic in nature. The great majority of women who work do so to improve the standard of living of their family.

At this time when our political leaders are looking for answers to the problem of unemployment that they do not seen to be able to solve, it would be a good idea to encourage housewives by giving them a fair income, which would make more jobs available for those who have a lower family income. Legislation which would provide a salary for housewives would give evidence of an understanding attitude on the part of the authorities towards all the wives, and especially those of the farmers who must work long hours to take care of their children and do their part of the farming chores. Jacqueline Lemay sings: "Half the world is a woman." Could it be that our society discriminates even against the disadvantaged women, who account for half of our female population? We seem to think that rural women still work only for the glory of God and not to earn a good living.

In the February 22, 1978 issue of the newspaper *La Terre de Chez-Nous*, I read a letter written by Mrs. Blandine Saint-Cyr, assistant at the rural commission AFEAS, Nicolet section. I think it might be indicated for me to quote that letter which describes well the work of women in rural areas. It is really very hard to describe the situation of women in an agricultural milieu. To be the wife of a farm producer is to work constantly in co-operation with one's husband, without ever getting a salary because one is not entitled to it. In the past, women did much more work on the farm and out in the fields. Today, because of mechanization, a rural wife takes a more active part in the decisions concerning the business and outside affairs. She is more interested in the farming techniques to better understand and participate in the fairly important investment decisions which farming involves. In many cases, the women are also the ones who take care of the accounting. For that, they have to get additional training, take courses and attend meetings dealing with farming. They also have to take care of the family and do the housework. Rural women are not indifferent to school problems; they have to see to it that their children get a good education to enable them at a later date to have skills or a profession. To do so, they have to attend meetings and learn about the new teaching methods.

In spite of her many obligations she is also a member of the school board or the recreational committee. She finds it necessary to join other women of the urban community and this is why she is a member of an association like AFEAS and others. Some years ago, the members of that association made a study on women working with their husbands. They realized that many of them were not aware of the provisions of their marriage contract. With that study women have been made more aware of their situation.

I believe that the farmer's wife really works in co-operation with her husband as she participates in the decisions of the business and its day to day operations and in certain cases she is even co-owner with her husband. This occupation is very close to nature and very pleasant but it does not allow you to take a few weeks' rest in the south. This was the conclusion of the letter from that lady.

I also had the occasion to read a release published some time ago in 1970 concerning the housewife and the labour force. The release said, and I quote:

> We should consider housewives as members of the labour force and the value of the services they render in their home should be part of the gross national product.
>
> Such action would improve the image of housewives and reduce the frustration of women in North America.
>
> In a speech at the North Amercian conference on labour statistics, in Houston, Texas, ... the Director of the Women's Bureau of the Department of Labour of Canada, Miss Sylvia Gelber said that women working at home should be considered as members of the labour force.

And I agree with this opinion. Further, she made a very timely remark that I wish to quote as I found it perfectly logical:

> Miss Gelber humorously pointed out that if a man hires a cleaning woman her services are included in the gross national product. However, if later he marries that woman she will continue to perform the same work, but the gross national product will be reduced since her work has no monetary value.

And yet there is not much difference as far as work is concerned. Whether or not he is married to the cleaning woman, she does the same work at home. I wanted to add those few words about the motion because, considering what is happening in various countries, the discussions on the matter and the inquiries made for several years I feel it would be

normal that the wife or the mother be rewarded some way or another for her work. It would be quite normal in our modern world where we often hear about social security. Therefore well balanced wages should be paid to the mother and this is why I support the motion. I dare hope that the government will finally decide to do something to try and really improve the lot of the wife and mother.

● (1612)

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, I am very grateful to have an opportunity this afternoon to participate in this debate. The motion addresses itself to a very serious problem in our society which is growing in dimensions and which is demanding more and more attention. Unfortunately, the problem does not seem to be very high on the list of priorities of the government. I am talking about the problem of unattached females who are forced, because of inequities in our social welfare system, to live in poverty. We have the spouse's allowance, and there are currently about 75,000 Canadians who are availing themselves of this. However, that does not solve the problem of unattached female pensioners. The motion which has been introduced by the hon. member for Bellechasse (Mr. Lambert) gives us an opportunity to dwell on that problem for a few moments.

There are a number of reasons why I believe that the hon. member has addressed himself to this urgent problem. Let us look at the family in society. The family is the centre, the core and the keystone of our society, and it is under attack like never before. There are a number of factors which contribute to this situation. There is a trend toward urbanization. Most Canadian people live in cities, and our cities are growing. The majority of Canadians live in big cities. The problem of the single parent is a growing problem, and it is having an impact on family welfare. Then there is the problem, because of inflation and economic conditions, that spouses are being forced into the labour field. The result of all these things means that the family is under attack, and children are the ones who suffer most.

On the other hand, what about the traditional family situation where one spouse works and the female spouse stays at home and becomes the homemaker? What happens to her? What encouragement or incentive does society provide to carry on the traditional family situation? None. Indeed, we throw disincentives in the way by not permitting the homemaker to qualify under the Canada Pension Plan. If the homemaker could qualify under the Canada Pension Plan, that would solve many of our poverty problems among pensioners and, especially, unattached pensioners.

The statistics are frightening. According to Statistics Canada, over 50 per cent of unattached female pensioners in Canada are living below the poverty line because they have nothing to fall back on. They have no spouse's allowance and nothing to fall back on except old age assistance. If they are too young to qualify for that, they have to resort to provincial welfare. If we were to take the enlightened step of allowing the homemaker to qualify under the Canada Pension Plan, we would be satisfying two very important social objectives. On the one hand, we would be protecting the family unit because the family cannot survive without at least one parent being home as a homemaker. It cannot survive as a healthy family unit. On the other hand, we would be addressing the problem of poverty among unattached female pensioners.

My own family situation comes to me as an example. If my wife were to leave the family unit, I would have nobody to take care of my six children. The family would lose the maternal influence of the mother in the home, and I would lose the services of a qualified housekeeper. I could solve the latter problem by going to the labour market and paying out a substantial weekly or monthly amount for a housekeeper. That would not solve the other problem regarding maternal influence, but for the purposes of the Canada Pension Plan why can Canada not recognize the role of the homemaker? I say "homemaker" out of deference to the fact that not all homemakers are females. In Canada there are 10,000 males who are homemakers.

Homemakers could qualify under the Canada Pension Plan in a very simple way. The deductions which are made from the family income—and my family income is my salary—could cover both spouses for the purposes of the Canada Pension Plan. This would ensure that when my wife reaches the pensionable age and the children have gone off to raise their own families, my wife would not be forced into the humiliation of having to fall back on the means test welfare system we have and old age assistance.

It would ensure a certain amount of dignity for the retiring female spouse. It would ensure a reasonably adequate income for both spouses, if we take into account both Canada Pension Plan benefits coupled with old age assistance. Hence, we would be able to eliminate the spouse's allowance, which does not really satisfy the situation now in that it unjustly ceases after the death of the older spouse, a situation to which I hope this parliament will address itself before too long.

● (1622)

It would also ensure a reasonably adequate income, and you would be able to eliminate in the process the spouses' allowance, as I have said, as well as the guaranteed income supplement. The guaranteed income supplement, as we know, is obtained after a means test by a person who does not enjoy the benefits of the Canada Pension Plan and can only fall back on old age assistance and, by way of subjecting himself or herself to a means test, obtain the guaranteed income supplement which will give him or her an additional $109 a month. We can eliminate that procedure by making the homemaker eligible for the Canada Pension Plan.

Ultimately we will have to take steps to protect the family, and I would say that this should be the first step in that direction. The growth in the rate of marriage breakdown in Canada, the growth in the rate of divorce and the growth in the rate of malnutrition among Canadians is frightening, a fact that was revealed in this affluent society of ours in a study

commissioned by this government on nutrition in Canada which is now gathering dust on the shelves of the bureaucracy. Malnutrition is a serious problem in this country, especially among our children, since we have a situation developing in this country of single parent families with inadequate income; of single parents having to remain home with the children, or perhaps even being forced out to work; or the situation which I have already identified where both spouses are forced into the labour market because of inflation and the economic condition of the country today. All these situations result in the innocent, the children, having to suffer.

So it follows that just as we introduced some time ago into this country a universal family allowance program, surely we should follow with the next logical step and introduce a program which would encourage one of the two spouses to remain at home to ensure that the family is properly looked after in terms of nutrition, in terms of health care, and in terms of the supervision and the responsibility that goes with raising children.

The situation today is such that we have the blot, the scandal, the disgrace on the face of Canadian society of women being forced to live in poverty because their life expectancy is considerably longer than that of their male spouse. The result is that when their male spouse dies, they have nothing else to fall back on except old age assistance. They do not have old age allowance because it dies with the older spouse. Surely we as a society, as the mover states in his motion, should recognize the importance of the family, and hence the importance of the homemaker to the family, and provide incentives whereby the homemaker would be able to remain with the family to provide for all these things that are necessary in raising a family today.

I would find it difficult to put a price on my wife. There is no way I can replace the maternal influence that she provides in our family. If I were to lose her, I would have to pay $10,000 to hire a housekeeper, and that housekeeper would be entitled to the Canada Pension Plan which I would have to pay and she would have to pay. Therein lies the anomaly of the whole situation. Surely it would follow logically that we as a society should recognize that the homemaker, usually the female spouse, is performing a very necessary function in society, one that can be measured in monetary terms, as I have indicated; and it would seem to me to be relatively simple to add a provision to the Canada Pension Plan whereby the principal income earner of the family would have deducted from his or her income the necessary amount to provide Canada Pension Plan benefits for the homemaking spouse. It is simple justice. It would address this scandalous problem of poverty in Canada with our older unattached people, most of whom are females.

What can we say for a society that does not take these necessary steps to protect the very keystone of society, the family? The greatest threat to the family unit today is the threat brought about by the economic conditions of world and domestic inflation which forces both spouses to go into the labour market, or the threat to the family brought about by the demands of modern society, the urbanization of society, resulting in marriage breakdown, again causing the family unit to be under direct attack and causing considerable suffering among the children. This is a situation which will reflect on our future society.

The Minister of National Health and Welfare (Miss Bégin) shows great compassion when she makes speeches outside the House. Recently she made a speech to the National Conference of Canadian Pensioners in Nova Scotia. She made another speech recently to the Second International Congress of the World Federation for Public Health Associations. In all of these various public speaking engagements she expresses great compassion, and I am sure she is a very compassionate woman. I as one member of the House would like to see the Minister of National Health and Welfare express these same sentiments in the House, and I would like to see her translate these sentiments into legislative form. She could not make a better beginning than to bring amendments to the Canada Pension Plan to make it possible for benefits to be paid to the homemakers in this country.

Mr. F. A. Philbrook (Halton): Mr. Speaker, I thank you for the opportunity of speaking in this debate on motion No. 25, a debate which I have been looking forward to joining for quite some time because I think this is an important aspect of our social considerations and one that tends to trouble me in certain aspects. Because of this it is important that, first of all, I review the wording of the motion as the initial background to my remarks. The motion reads:

> That, in the opinion of this House, the government should consider the advisability of having parliament adopt a measure authorizing payment of an allowance to housewives who remain at home to take care of their family instead of joining the labour market, the purpose being to ensure a global income corresponding to the family's needs by providing an additional family income to that earned by the father.

I should like to congratulate the mover of the motion, the hon. member for Bellechasse (Mr. Lambert). I have to say honestly that of all the people in the House whom we like and admire, he is certainly one of my favourite colleagues.

Some hon. Members: Hear, hear!

Mr. Philbrook: I think we can say that for a lot of us he reflects the character of his party. He is a man of rather old fashioned values and of gentle sentiments, except perhaps, like his party, in certain areas of justice, such as capital punishment. He is a man who would put forward this type of motion rather naturally because certainly he is a family man, a man with a large family, as we all well know. I do not mean that sarcastically, I mean it in a very real sense in regard to this motion. I am sure he has a great sense of value embedded in this motion. There is no question about the need for assistance, or at least understanding and support, in this area.

● (1632)

As the previous speaker stated, in our modern society with all its benefits one of the casualties or the fallouts is the family with its pressures, particularly those on the children. We are

aware of new family problems these days which are costly to our society. There is a need for some adult to stay home and give support to the children a good part of the time. Traditionally that role has been fulfilled by the housewife, the female spouse.

In this day and age due to a change in participation rate in the employment situation, it is becoming increasingly questionable how many housewives wish to stay home. Also it is uncertain how many housewives expect to be reimbursed or compensated for staying at home and playing the role of homemaker. That role is very satisfying to many women. Generally it is agreed that marriage and families are partnerships, which is enough of a reward. Also it is agreed that financial arrangements can be worked out between family members.

We must consider what effect a measure such as this would have on the economy. An adjustment would be necessary if financial remuneration was paid to homemakers remaining in the home, especially on a full time basis. In strict but sincere mechanical and administrative terms, how would these duties be measured? What would be a fair remuneration and compensation for the economic value of homemakers?

Economic activity is only a part of human activity. Our social accounting procedures and rewards should have recognized this. An economic service has been defined as one which may be done by someone other than the person benefiting therefrom. One economist has estimated that the monetary value of the housewife to her family is equal to the sum of her income from work outside the home and the replacement cost of the services she provides in the house, less the value of her personal consumption. Obviously this is a rather complicated subject, especially when the necessary details are considered. Some economists are arguing that the allocation and efficiency of non-working time may be more important to economic welfare than working time. These economists are trying to deal more directly with the sources of utility or well-being by estimating the dollar value of non-market activities.

This is being done in various ways in different centres. As a proxy for the gross national product, one economist has applied the actual costs of domestics for a year to the number of families with two or more members. Some economists have carried out elaborate studies which included the mistaken assumption that full time female employees do no housework. The time budgets of some 30,000 persons on 99 items in 12 countries were studied in 1972. These showed that married women with paying jobs are overworked in comparison with employed men and housewives.

In Canada, Hawrylyshyn of Queen's University, Kingston, has been doing interesting work on evaluating household activities from an economist's perspective for Statistics Canada. From his review of international studies, he concludes in general that it is found that the value of household services is about one-third the size of the g.n.p. which, to say the least, is a very substantial amount. I believe that the current g.n.p. for Canada is approximately $200 billion a year. It may be ranked with agriculture, industry and services. He makes a good argument for including this substantial sector in a complete generalized input-output framework to assist us in understanding the whole system, of which the market is a part.

Walker and Gauger at Cornell University in the United States have studied the potential contribution to the g.n.p. of valuing household work through the market costs of functions, the work status of the wife, the number of children, and the age of the youngest child. Estimates of time use in specific household tasks were used for each category of the wife as noted above. The total annual values of the contribution of the wife were calculated with a value per family unit for their samples and an annual national estimate. Several years ago, Gauger calculated the value of the annual services of a wife whose only child is 12 to 17 years of age at $5,300; while for a wife with four children, the youngest under one year, the value was $8,400. Those facts are technical and complicated, but they are important background information.

I mention these studies to illustrate that recognition of housework in the calculation of national accounts can be done and should be considered. Society would then have better information on the quantity and the relative monetary value of unpaid work which indeed may constitute an important sector. People could make informed choices based on their economic, social and psychic costs and pay-offs. Canadians could learn not to take for granted the tasks performed by millions of unpaid persons who contribute so much to our collective well-being.

I remember a cartoon not so long ago in the *New Yorker* magazine. It showed a woman with curlers in her hair, sipping coffee and reading a magazine. The remains of breakfast were still on the table, the garbage was exposed, and the house was in utter chaos as the husband entered the door. The caption read: "Remember you were wondering what I do all day? Well, today I didn't". There is dirty as well as satisfying work being done by women in the home every day to make our lives pleasant and comfortable. We should not consign this work to women alone, and we should recognize what is being done when it is being done.

My own experience dictates that we are taking a much more enlightened view toward the home situation these days. Certainly husbands do not hesitate to pitch in more that they did in the past. I do not know which social problem the hon. member for Bellechasse (Mr. Lambert) had in mind when he proposed payment of an allowance for housework. I agree with him that every help should be given, all recognition should be given, and security should be assured for persons who are not available to work outside the home because of family responsibilities.

Also I see the need for much greater variety in the organization of our work life. We have begun already successfully to utilize flexible time as an important part of our work arrangements. There are other areas which should be explored more thoroughly. We have not yet reached a stage where part time work has been rationalized as a good working practice which would combine high productivity and fair return to workers. It is difficult to reach a general public consensus on this. Obvi-

ously it is a challenge for our unions, businesses and governments.

Approximately one-quarter of the female labour force currently is employed part time, but many must give up the fringe benefits which the rest of the labour force enjoy simply because a system for part time work has not yet been agreed upon. Regularized part time employment could benefits parents and enable them to utilize their skills and contribute to the family income and activities. In this way they would no longer be part of the isolated, lonely group we are learning about who have few contacts during the day while at home with their children.

● (1642)

Here we are getting down to the nub of the problem in a very social sense, in a personal human sense. Many mental health experts are currently recommending part time work for young mothers to help them overcome the sense of deprivation of not using their education and prior training, and to cope with the lack of contact and stimulation which they experience when they become new mothers. Is it not said that western industrial society has made motherhood a lonely, isolated state? There are efforts that society can make to enhance community life and reduce that isolation and the problems that go along with it, such as the emotional upset, alcoholism, this litany of the social problems we are all familiar with and associate with the problems of mothers or homemakers.

I agree with the hon. member for Bellechasse that many families need more income than the father currently earns, although in many cases it is a question of whether they do need the income or they simply need to rearrange their concept of lifestyle to stay within that particular income. It is no secret that we have committed ourselves to exploring all avenues through our income security and taxation system to ensure that families, who despite their best efforts do not have enough income and experience hardship. We are concerned about the sole-support working mothers, two-fifths of whom have incomes which place them in hardship categories. This is another aspect of the problems posed by an increasingly affluent society, another aspect of the paradox of our present way of life.

It would be ironic for us, Mr. Speaker, to agree with a motion to send women back to that so-called "women's place" because we now have unemployment. This situation was not caused by women. We need women along with men to help solve the problem. We need women in our government as well as in all sectors of society in planning and decision making responsibilities. Women and men of all ages can contribute and benefit our society as responsible family members and workers as well as good citizens. The hon. member has stated that he believes in equal pay for equal work. It is very difficult to enforce that principle if one believes that women do not really belong in the work place.

Labours of love, devotion and care should be rewarded by society, but the question is how and by whom, by what method of transfer? These are important questions this House should debate further. I thank you again, Mr. Speaker, for the opportunity to debate these important matters in this House with my hon. colleagues.

Mr. Paul E. McRae (Fort William): Mr. Speaker, I welcome the opportunity to speak on this subject. It strikes me that it is a subject which is a great deal more important than some of those that have been raised in many of the debates we have had in this House. It seems to me we spend too much of our time dealing with alleged barn burnings and very little time dealing with basic, substantial matters which affect the homes, families and lives of most Canadians. I commend the hon. member for Bellechasse (Mr. Lambert) for introducing this motion.

It is a motion which, of course, has within it an attempt to increase the equity in our Canadian society, and it is very timely in that respect. I believe that most western industrial nations have been moving fairly rapidly over the last 15 or 20 years toward this goal of equity, toward making sure that all members of society occupy a reasonable, equitable position and, generally speaking, toward some kind of guaranteed annual wage. This is a step in that particular direction.

Unfortunately, most countries, ourselves included, ran into some problems in the mid-1970s, from about 1973, 1974 on, whereby most of the western economies were badly affected by a very massive shift in dollars to the OPEC areas, and as a result most of these economies are in very weak shape. Canada at this particular point has a deficit of $11 billion. There has been much talk about this, and about having too many social security measures transferring too many dollars from one pocket to another. I do not support that particular contention. I believe that these kinds of transfers are extremely important and that this debate is important in that respect.

I am surprised to hear the opposition parties, particularly the Tories, talk of the need to cut back in some of these areas; for example, to cut back family allowances. I am also surprised, in dealing with this motion, that no one has mentioned the fact that the cost of this proposal is fairly substantial. However, the motion is certainly worth dealing with and I personally have believed all along that we should be moving toward some sort of guaranteed income.

Mr. McGrath: Mr. Speaker, I would like to ask the hon. member a question.

The Acting Speaker (Mr. Turner): The hon. member for St. John's East on a point of order.

Mr. McGrath: I was just wondering if the hon. member would permit a question, Mr. Speaker. He is a very honourable and reasonable member of this House, and I do not think that he would want to mislead it. This party has never advocated cutting back the family allowance. Our party is firmly committed to the universal concept of the present family allowance program.

Mr. Knowles (Winnipeg North Centre): It is the Minister of Public Works (Mr. Buchanan) who wants to cut back the family allowance.

Mr. McRae: I do not think that I can be corrected on this because I believe in some of the speeches made in the leadership race within the Conservative party these particular issues were raised.

Mr. Paproski: Don't give us that kind of malarkey.

Mr. McRae: I think there are all kinds of people who have said this, but certainly this has been one of the things that has occurred. As a matter of fact, I think it was the subject of debate in this House in the past that some of the leadership candidates did make these proposals.

Mr. McGrath: That is not true.

Mr. McRae: That is to say, it was said by some of the leadership candidates in the Tory party.

Mr. Paproski: That is not true.

Mr. Dick: The Minister of Public Works in your party said it.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Fort William has the floor for the purpose of making a speech, and I suggest we all listen.

Mr. McRae: I would be glad to look back at the references I have, because it did come up, as a matter of fact, before in the connection that there were references to reducing—

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

The Acting Speaker (Mr. Turner): Order, please. The hon. member for St. John's East on a point of order.

Mr. McGrath: Mr. Speaker, I hesitate to interrupt the hon. member, especially in private members' hour when there is the tradition here of non-partisanship which makes this hour so productive, but the hon. member is misleading the House. He has not accepted my word. I tell him now that this party has never advocated a cut-back of the family allowance program; we are firmly committed to the existing program and to the universal concept of it, and nothing to the contrary has ever been advocated in this House by any of my colleagues. He must accept that, but perhaps he is a little confused because his own colleague, the Minister of Public Works, has said just this very thing.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member for St. John's East that that is not a point of order but a point of disagreement between two hon. members. The hon. member for Fort William.

Mr. McRae: At some particular point I would like to debate this point with the hon. member. I do not have the references here, but I do not accept the fact that nobody in the opposition party has advocated this particular position. However, I will be glad to debate the matter with the hon. member at a later date when I have looked up my references. In terms of the—

Mr. Baldwin: Mr. Speaker, on a point of order.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Peace River on a point of order.

Mr. Baldwin: Mr. Speaker, in the confusion and shouting from the other side, perhaps I missed hearing the hon. member say that he accepts the word of the hon. member for St. John's East, which he must do under our rules. I missed hearing him say it, and I wonder if he would repeat it louder so that we could all hear it.

Mr. McRae: I accept the statement of the hon. member. However, I do not accept the notion that at no time has no one in the Tory party advocated, in some way or other, steps to reduce the family allowance. I cannot accept that as a statement. I would be very glad to discuss the matter in this House because I believe I can find some references in this respect.

In terms of this debate, I would like to focus on two separate areas in the very short time that is left. One of them has to do with the nature of the family, and this is a basic area that the hon. member raises in his motion. The other matter, concerns the employment of women and the need for employment. I think these are two relatively important areas.

● (1652)

As someone who spent 22 years in the education field as principal of high schools before coming to this House, I share the great concern about what is happening to the role of the family and the home in society. I think that for a long time schools were victims of society thinking they should take everything on. Family responsibilities tended to disappear into the schools. The schools tended to become bureaucratized to some extent and in many ways they simply were not able to carry out the functions society was loading on to them.

It seems to me there is a traditional role for the family in society but I think there have been some changes in thinking about housekeeping and the role of the mother which should be taken into account in the present day. One of the major changes is that more and more women are getting equal education with men. The level of education is rising and very often full time housekeeping duties are not adequate to meet the desires of a particular person. Due to new gadgets and more equipment, homekeeping is somewhat less onerous than formerly. Family size has decreased considerably since the introduction of the pill.

There is a whole series of reasons why women in the home are looking for some other kind of employment. I cannot accept the notion that the only reason women are working today is that they cannot afford not to work. I think a great many women are working because they enjoy the satisfaction of being independent and because they are able to become involved in activities in which they are interested and for which they are trained. I think it is wrong to assume that we

can return to the kind of family structure we were involved in in the past.

We have to keep some of the foregoing in mind when looking for ways to solve the problem of remuneration for women in the home.

There has been a general feeling that if the participation rate of women in the work force were not so high, we would have many more jobs available for the young people coming into the labour market and therefore we would not have so much unemployment. There may be some truth in that but it is a relatively small factor.

School population in this country has increased from 2.7 million in 1951 to 6.3 million in 1971, or by 230 per cent. This is the shocking figure that leads to the one million people unemployed. It is not the fact that we are not creating jobs at a fast enough rate. In fact, we are creating jobs faster than any other country in the industrialized world. The fact is that there is a tremendous number of young people now in the work force. If you compare, Mr. Speaker, the 230 per cent increase in the number of people going to school with the 30 per cent or 35 per cent increase in the participation rate, you will see that we have a factor which is very serious. School growth in that period was seven times the rate of growth of the population.

I think we ought to consider the possibility of work-sharing, particularly for many married women in the work force who would like to spend more time in their homes and the many women at home who would like to spend time in the work force. Putting the two together you get the interesting notion of work-sharing and perhaps, more specifically, pairing.

There is a good reason why government should be looking at this method of solving some of our employment problems. We should be trying to match the people who want to do both those things. Some studies that have been done on pairing indicate that the productivity of a pair is far greater than that of one person doing the job. When I was a school principal I found that two people sharing a full teaching load did a great deal more marking. There was a great deal more work done and the quality was excellent.

I should like to speak about several other aspects of this problem but I see that time is running out. I think we should look carefully at the idea of some kind of guaranteed annual wage. An aspect that has a good deal to do with women in the home is the notion of a guaranteed annual role. There are people in our society, women at home and people doing voluntary work, who should be supported. The notion of a guaranteed annual role that would have attached to it a guaranteed annual wage is worth looking at.

In the long run I think we have to look more carefully at the whole question of work in our society, at the relationship of the family and—

Mr. Knowles (Winnipeg North Centre): And in the long run you talked it out.

Mr. McRae: I am sorry if I have run out of time, Mr. Speaker. There is another member who is ready to speak.

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business has expired. The Chair would like to suggest that, since we had a very quiet Friday afternoon, all hon. members and all members of the staff have a nice quiet weekend.

It being five o'clock, this House stands adjourned until Monday next at two o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, June 5, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC WORKS

CONSTRUCTION OF LES TERRASSES DE LA CHAUDIÈRE—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, pursuant to Standing Order 43, I rise on a matter of urgent and pressing necessity. In view of the revelation in today's Ottawa *Citizen* that Douglas Fullerton, former head of the National Capital Commission, strongly opposed the construction of Les Terrasses de la Chaudière and accurately predicted that the construction would upset regional priorities and lead to a glut of office space, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That a public inquiry, under the Inquiries Act, be set up to determine the manner in which a decision was reached to proceed with construction of Les Terrasses de la Chaudière and the extent to which the special relationship between the contractor and the Liberal party may have been a factor.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TOURISM

CONSULTATION WITH ONTARIO ON U.S. BAN ON SPORTS FISHING—MOTION UNDER S.O. 43

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to move a motion, pursuant to Standing Order 43, on a matter of most urgent and pressing necessity. In view of the chaos and confusion that currently reigns in the fisheries industry, the concern of many Canadians that a similar atmosphere is beginning to affect sports fishermen, taking into account that the fisheries' conflict has resulted in media reporting in the United States that is adversely affecting travel plans of U.S. tourists to Canada, and a retaliatory move by the Canadian government will have a devastating effect on numerous small businesses and may cost 30,000 jobs and untold millions of dollars in this area, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That the federal government take immediate action and engage in consultations with the Ontario department of industry and tourism to clarify the situation and alleviate current uncertainty which could result in serious adverse economic consequences.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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CORPORATE AFFAIRS

LEGISLATION REQUIRING CORPORATIONS TO DISCLOSE EXECUTIVE SALARIES—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that the federal government's Anti-Inflation Board held back wage increases for working Canadians, in view of the revelation by the U.S. Securities and Exchange Commission that a top Hudson Bay Oil Company executive had his wages increased by $38,000 last year, from $141,000 to $179,000, up 27 per cent, that a Hiram Walker executive had his wages increased by $23,000 last year, up 22 per cent, and in view of the fact that these companies are not required to disclose this information under Canadian law, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House calls upon the government to require the Anti-Inflation Board to roll back these wage increases to the supposed $2,400 annual maximum, and that this House urge the Minister of Consumer and Corporate Affairs to bring forward legislation requiring corporations doing business in Canada to disclose their executive salaries.

Mr. Speaker: Presentation of such a motion for debate would require unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

EXTERNAL AFFAIRS

CONDEMNATION OF USE BY U.S.S.R. OF BUGGING DEVICES—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency pertaining to the recent discovery and use by the Soviet Union of a tunnel and of electronic eavesdropping devices at the United States embassy in Moscow. I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the House deplores and condemns such actions by the Soviet Union which are not at all in keeping with the spirit of détente which that country advocates between the east and west; further, that the House calls upon the Soviet Union to desist from such practices against the United States or against any other country and supports any protest on the matter made to the Soviet Union by the United States; and, finally, the House strongly suggests that the Secretary of State for External Affairs take whatever steps may be necessary to guarantee that no similar situation exists at the Canadian embassy in Moscow, if indeed such steps have not been taken already.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

TRANSPORT

REQUEST FOR INCREASE IN GRAIN SHIPMENTS THROUGH CHURCHILL, MAN.—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent priority. No serious effort is being shown by this government to increase grain shipments through the port of Churchill this season. The reduced rail distance from Yorkton to Churchill, as opposed to Yorkton to Vancouver and Prince Rupert, would guarantee a quicker turnaround time on boxcars, Yorkton to Vancouver being 1,301 miles, Yorkton to Prince Rupert 1,493 miles, and Yorkton to Churchill 722 miles. Therefore, bearing in mind that the port of Churchill is underutilized and that this port is the most efficient grain handling port in Canada, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the government direct the Wheat Board to increase grain shipments by a minimum of five million bushels this season through the port of Churchill to help relieve the intolerable tie-up at Vancouver.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

NATIONAL REVENUE

USE OF TAX FILES BY RCMP—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the dubious legality and propriety of the 1972 memorandum of understanding between Revenue Canada and the Solicitor General's department, which has now embarrassed the RCMP to the extent that, as indicated by the Canadian press last week, quoting RCMP Sergeant Victor Pobran, the force has not yet found a way to close 993 files since special tax investigation units began compiling files in 1972, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That the government immediately use its resources to assist the RCMP in extricating the force from this embarrassing, if not downright ludicrous position, since it is becoming increasingly evident that whatever officials "dreamed up" this agreement did not foresee either the consequences or properly assess the legalities.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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INDIAN AFFAIRS

RETURN OF OIL TAXES TO INDIAN BANDS—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact the federal government has refused to return the oil tax money to Indian bands in Alberta and Saskatchewan which totals approximately $4.5 million, in view of the fact the government's refusal to return these funds has prevented the Indian communities from developing the necessary infrastructure which is desperately needed to correct long-standing social economic problems, and in view of the fact the government policy increases the Indians' dependence on the public purse and a paternalistic government, I move, seconded by the hon. member for Churchill (Mr. Smith):

That the government immediately act on the suggestion of my colleague from Wetaskiwin and establish a tripartite meeting to resolve this important problem.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

HOUSING

REQUEST FOR RENEGOTIATION OF NEW POLICY

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is for the Minister of State for Urban Affairs. It has to do with his new housing program which now appears to be on the rocks, with the new sales tax proposals by the Minister of Finance. Now that another meeting has been called for June 12 and 13 by the provincial minister of housing for Ontario, will the minister advise whether he is prepared to renegotiate his new housing proposals; and, second, why did he not get agreement from the provinces before introducing them in the first place?

Hon. André Ouellet (Minister of State for Urban Affairs): The answer is very simple, Mr. Speaker. First, many of the announcements are exclusively within federal jurisdiction; therefore, the federal government took its responsibility in relation to its own specific programs. Second, in relation to a matter dealt with between the two levels of government, federal and provincial, like public housing, discussions were indeed initiated at a previous meeting in Edmonton and were carried through at the official level. Hopefully, they will be concluded at the ministerial meeting in Toronto next week.

● (1417)

Mr. Whiteway: I have a question for the same minister, Mr. Speaker. I would point out to him that, as he well knows, housing and urban affairs are within the jurisdiction of the provinces, not the federal government. It is clearly an intrusion into provincial rights for this government to initiate housing.

In view of the fact that the Canadian Imperial Bank of Commerce, one of our major mortgage lenders, has indicated that it will not participate in the new guaranteed payment mortgage program of the government, and that the Royal Bank has said it will participate only to a limited degree, would the hon. gentleman tell the House why he proceeded with the program without first obtaining an agreement or assurance from the major mortgage lenders in this country that the program was satisfactory? Indeed, Mr. Speaker, since the Canadian Bankers' Association told the minister in February that the program was unacceptable, why did the hon. gentleman proceed with such a project?

Mr. Ouellet: Mr. Speaker, I do not know where the hon. member finds his foundation for the statement that housing is a matter of provincial jurisdiction. The federal government clearly has a national mandate to ensure that all people living in Canada, whether in one part or another, have a right to decent housing. Throughout the years the Canadian government has been fulfilling its obligation in this respect and will continue to do so despite what the hon. member says or what may be the view of the Conservative party.

In relation to the graduated payment mortgage, I wish to tell the hon. member that we do not ask that all lenders make such loans. We know that some lenders will participate and we expect that other lenders will not. I am not surprised by the conservative approach to the program taken by some of the banks, but I believe credit unions and caisses populaires will support the program—one which has proved very popular and which has been actively supported in the United States. We believe it could be beneficial to many young families in Canada.

Mr. Whiteway: Mr. Speaker, the new graduated payment mortgage program is a replacement of the AHOP program, a program which has already run into serious problems with respect to default of payments in the first two months of this year. Nobody denies the federal government has an interest in housing, but the jurisdiction is clearly the right of the provinces.

In view of the fact that on a $35,000 mortgage, under the new program, a participant would pay an additional $10,000 over the life of the contract—a matter which was of concern to the banks—could the minister explain why he insisted on proceeding with the program? It would now appear that the banks and Anne Murray have more of a social conscience than does the government.

Mr. Speaker: That is essentially the same question as the hon. member first asked. The hon. member for Parry Sound-Muskoka.

CO-OPERATIVE HOUSING PROGRAM

Mr. Stan Darling (Parry Sound-Muskoka): Thank you, Mr. Speaker. I would like to ask the Minister of State for Urban Affairs if he is aware of the concern being expressed by a number of Canadians about the new regulations affecting co-operative housing which will seriously affect the ability of low and medium income earners to gain access to low-cost co-operative housing.

The changes announced will reduce incentives for cost saving, increase rental and operating costs and increase red tape in connection with new projects. Further, income profile requirements may place some co-operatives in violation of co-op legislation requiring open membership. I would, therefore, ask the minister to make the necessary changes and indicate to the House and to the Canadian people whether, in fact, a major shift has occurred in our social housing policy.

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker.

● (1422)

Mr. Darling: Mr. Speaker, to date the minister has not acknowledged a request from the co-operative federation for a meeting and the officials of the federation were not consulted about the change. Why is the minister refusing to meet with co-operative federation officials on this important issue, and will he consider extending the current program to the end of

1978 so that the major drawbacks raised by the co-operative federation can be ironed out in order to have a more orderly transfer to the new program?

Mr. Ouellet: Mr. Speaker, the hon. member has the facts wrong. Indeed, I have agreed to meet the co-operative federation. There were discussions before the annoucement of the new program, and after the announcement of the new program because some of the clauses of the new program were misunderstood by the co-operative federation. After an explanation, the federation realized that the program is a proper step toward helping co-operative initiatives in Canada. We are looking forward to successful activities in this area.

Mr. Darling: Mr. Speaker, can the minister tell the House if the position he will take at the annual meeting of the Federation of Mayors and Municipalities, in Edmonton, will be compatible with the position he will be forced to take when he meets his provincial counterparts in Toronto on June 12, in light of the fact that Quebec has indicated it will not go along with the program, and Ontario has expressed grave reservations?

[*Translation*]

Mr. Ouellet: Mr. Speaker, whatever may be the views of the two central provinces, I must say to the hon. members that it is essential that the Canadian government does not forget the interests of all provinces. I am not surprised at the attitude of the Quebec government which does not want the Canadian government to play a constructive and positive role on behalf of Canadians who live in Quebec. Then again the new Lévesque-Davis alliance strikes me as being rather surprising and even astonishing since in some respects Premier Davis has completely contradictory attitudes in the sense that they change according to whom he is speaking. I will go to that Toronto meeting in a spirit of sincere co-operation. I am prepared to hear the suggestions of the provinces about the program, but one thing remains clear, the Canadian government does not intend to abdicate its responsibilities and wants to continue to play a constructive role in municipal finances.

* * *

[*English*]

FISHERIES

U.S. BAN ON SPORT FISHING IN AMERICAN WATERS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. It concerns the decision of the United States to enforce its fisheries management and conservation act against all Canadian sport fishermen. I understand this will apply not only in the Great Lakes but also in the Pacific and Atlantic regions. Would the minister advise the House what reciprocal action he proposes to take with regard to this United States response?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, we are seeking clarification. We have made it clear from the beginning that the suspension of the agreement was in relation to commercial fishery activities. I am not an international lawyer, nor a lawyer of any kind, but I understand that in the American legislation there is no flexibility comparable to ours. However, we are seeking clarification on this question.

Mr. Leggatt: Mr. Speaker, assuming there is clarification, and assuming the clarification is that the law will be applied as it stands, has the minister had carried out an economic impact study in terms of action by Canadian authorities to end sport fishing in Canada by Americans? Has the minister some figures with which he can demonstrate what the impact on our tourist industry will be in the event of such decision? Has he also had studies carried out in terms of the amount of salmon which would then become available to Canadian sport fishermen in the event that reciprocal action is needed?

Mr. LeBlanc (Westmorland-Kent): Yes, Mr. Speaker, we have some information of the kind referred to by the hon. member. While the hon. member was asking me a second question, I was trying to make it clear to him that Canadian waters are, in fact, open to recreation and sport-fishermen at the moment and for the foreseeable future. We are seeking clarification.

REPRESENTATIONS TO U.S. ON HALIBUT FISHERY IN BERING SEA

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I wonder if the minister would clarify something else regarding the note which was sent to the American ambassador. There was an attempt to exempt the halibut fishery in the Bering Sea from the effect of the Canadian decision. Can the minister advise the House whether he has received any communication from the United States that the halibut fishery will be exempt at the end of the interim agreement? Will we still have a halibut fishery for Canadian fishermen and U.S. fishermen, following the action taken by the minister and the Secretary of State for External Affairs?

● (1427)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, may I answer that question, purely by way of advising the House that I will be glad to table the note at three o'clock? Perhaps the answers will be contained in it at that time.

[*Translation*]

AIRPORTS

REQUEST FOR FUNDS FOR CONSTRUCTION OF AIRPORT IN CHIBOUGAMAU-CHAPAIS REGION

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of Transport. It concerns a question I put to him some time ago about a legitimate request from the isolated population of northwest Quebec, the Chibougamau-Chapais region, for the construction of a regional airport there. The minister then replied that this airport represented a priority for his department and that funds would probably be made available in his 1978-79 estimates. But in these estimates no funds have been provided for the construction of that airport. Would the minister tell the House whether he would consider the advisability of providing a certain amount, no matter how big, for the people of the Chibougamau region who have been waiting for years for the construction of that airport, so that we could at least proceed with the construction work?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will have to refresh my memory on the situation in relation to the proposals for this particular airport. I will do so and inform the hon. member.

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EXTERNAL AFFAIRS

RATIFICATION OF FISHERIES AGREEMENT WITH U.S.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs and it concerns the fisheries dispute. Reports suggest that the next meeting of the negotiators on the fisheries boundaries delineation agreement will not be until June 19. In light of what happened over the weekend, can the minister say whether he has decided to have that meeting updated and called earlier; and if not, why not? Why is it necessary to wait for a fortnight, for example? Does he expect that the U.S. Congress might be forced, as a result of this delay, to ratify the agreement?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, there are a number of elements in the question. Of course, there is nothing to prevent the Congress from proceeding, nor have we heard anything to the contrary, with ratification of the agreement. I said on Friday, in answer to questions here, that it is more the interpretation of the agreement than a willingness to actually endorse it that is at the root of the present problem. Therefore, it could proceed. Whether or not it will, I cannot anticipate.

On the second question of the time delay between the decision to act as we did on Friday and the first meeting, this was discussed prior to the actual introduction of the measures and the conclusion was that this was, first of all, I think, the earliest practical date on which the two negotiators could get together. I might suggest, without going too deeply into it, that it may be useful to let a little time go by before the negotiators get back to the table, so as to perhaps get some evidence of what the public reaction is going to be.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my question is related to the ratification procedure in the U.S. If, for example—this might sound hypothetical—the Congress were to ratify the agreement, would the agreement be in effect and would we be going back to the discussions on the long-term agreement; or is it a matter of implementation? I think the House and the country should have clarification on that point.

Mr. Jamieson: Yes, Mr. Speaker. It is not at all hypothetical. There is, I repeat, some possibility that the U.S. Congress might wish to do so, if for no other reason than, for example, there were to be a permanent agreement put into place. As I understand it, there would be an interregnum period during which there would be no mechanism through which the U.S. authorities could act. It is complicated, and I would be glad to have a written answer given to the hon. member's question. If the written agreement were to be ratified by the United States, it would not be our intention, nor that of the United States, I suspect, to go back to negotiating the interpretation of that agreement for the next few months.

It is possible that something might be developed rather quickly, but it is the joint view of both countries that the negotiators should now proceed directly to negotiation of a long-term agreement and they will be concentrating their efforts on that. But if the agreement were in place in the U.S. and if there was a disposition, as a result of the actions of the past weekend, to put an end more formally to any tensions, then of course the means would be there by which it could be done.

● (1432)

TARIFFS ON FISHERY PRODUCTS EXPORTED TO U.S.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Secretary of State for External Affairs. As Senator Kennedy and some of his colleagues in Congress apparently were calling for retaliatory tariffs against the imports of Canadian fishery products into the United States because of this recent impasse, has any word reached the minister's department that such action might be contemplated by the United States which is raising tariffs on Canadian fish exported to the United States?

What steps are being taken to overcome any such threat, particularly considering that 80 per cent of our fishery exports go to the United States, or about $450 million a year? Can the minister let us know about that?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, there is no evidence whatever that the administration in the United States would be in any way disposed to introduce or to contemplate tariffs as part and parcel of this particular disagreement which we are having

over boundaries. I think they will wish, as we will, to keep it very much on the boundary issue and not to bring in what are essentially extraneous arguments.

However, there is an overhanging action in the United States, of about six months' standing now, under the trade act. This was as a result of action taken by some United States fishing interests on the west coast, but it was related to groundfish. Strong representations have been made to us under that particular action with regard to the subsidies which are now being paid on some east coast catches. There have been discussions on this matter. My colleague, the Minister of Fisheries and the Environment, and I are seeking a means through which we can arrange a satisfactory undertaking with the United States which will phase out these particular subsidies but will not invite countervailing in the foreseeable future.

GATT NEGOTIATIONS RESPECTING TARIFFS ON FISHERY PRODUCTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my supplementary question is directed to the Deputy Prime Minister and President of Privy Council, the gentleman who is in charge of the GATT negotiations. Will he tell the House whether the government is taking steps to find other markets for our fish products in case this becomes an issue, in case this threat is made? For example, I am thinking of the Department of Fisheries and the Environment and the Department of Industry, Trade and Commerce looking for other markets.

In that connection, can the Deputy Prime Minister tell us what progress is being made at the GATT negotiations, where Canada is supposed to be making special efforts to get tariffs on our fishery products reduced, particularly in the European Common Market which would be a very good market for us if we could get the 15 per cent tariff reduced or eliminated? What action is the government taking so that we will not be caught with our pants down if this threat is made or if this threat is carried out?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, quite apart from the current dispute with the United States on the boundaries, the Canadian delegation at the negotiations in Geneva is pressing forward the Canadian case for greater access, not only for our fishery products but for our agricultural products in the European Community and other markets in which we are interested, including Japan.

We have not yet had the results we would like, not because of any final decision taken by our partners but because the negotiations have not reached the stage where final decisions have been taken and offers have been settled upon. But we are still pressing ahead.

DISCUSSIONS WITH U.S. ON FISHERIES AGREEMENT

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Given the influence of members of Congress, both House and Senate, who are calling for tariff retaliation respecting Canadian fishery products, and the potential they have to succeed not only with the United States Congress but with the United States administration, what steps has the minister or the government taken to meet with these congressmen and senators, at least to sit down and have some useful discussions before we are faced with a resolution of both Houses?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, of course, there have been a number of both formal and informal representations made. Once again, the subject is complex in the sense that the trade act to which I referred enables any aggrieved party to take an action on which the administration must act. That is the situation I was referring to in relation to the question asked by the hon. member for St. John's West.

In connection with representations to congressional leaders, the hon. member's colleague, the hon. member for Esquimalt-Saanich, on Friday proposed, or suggested, that a meeting of the Canada-United States parliamentary association might be useful. I believe the chairman of the Canadian section of that association, the hon. member for Gloucester, now is making moves in that direction. I would welcome, for instance, having members of parliament from both sides discuss this matter specifically with the congressmen in question.

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FISHERIES

PROTECTION FOR CANADIAN FISHERMEN OPERATING ON GEORGES BANK

Mr. James A. McGrath (St. John's East): Mr. Speaker, my final supplementary question is directed to the Minister of Fisheries and the Environment. Now that the interim agreement is out on Georges Bank, I should like to ask the minister what instructions have been given to Canadian fishermen and what degree of protection we are prepared to provide to our fishermen. Of course, this speaks to the very dangerous course which we have set out for ourselves in this regard.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the instructions are that nothing has changed in the sense that Canadian fishermen will continue to fish under Canadian regulations. They will be patrolled, and surveillance will be carried out by Canadian vessels. The Americans in the disputed area of Georges Bank will patrol and have surveillance of their own fleets. Nothing has changed, and that is what the notes which were exchanged set out very clearly.

ADMINISTRATION OF JUSTICE

OBTAINING OF CONFIDENTIAL MEDICAL INFORMATION BY PRIVATE INVESTIGATORS

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is directed to the Minister of Justice. In light of the fact that an Ontario provincial police officer has admitted that the force was aware of private investigators having obtained confidential medical information from hospitals and doctors' offices on false pretences, can the Minister of Justice prevail upon his provincial counterparts to crack down on such invasions of privacy of Canadian patients and protect the confidentiality of health records?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, in so far as it is within federal jurisdiction, that aspect is being examined by the McDonald commission. In so far as it is within provincial jurisdiction, I think it is a matter which provincial attorneys general have in hand.

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EXTERNAL AFFAIRS

DEPLOYMENT OF NEUTRON BOMB

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is directed to the Secretary of State for External Affairs, or perhaps the Deputy Prime Minister and President of Privy Council would like to answer it. In addressing the special session of the United Nations General Assembly on disarmament, the Prime Minister developed what he called a strategy of suffocation which he illustrated by commenting on the President's farsighted wisdom in the postponement of the decision to produce the neutrom bomb. Also, he expressed the hope that the Soviets would enable this postponement to become indefinite, thereby indicating his lack of support for the production of the neutron bomb.

Apparently a different opinion was expressed before the Standing Committee on External Affairs and National Defence by Admiral Falls, Chief of the Defence Staff. In view of these facts, will the appropriate minister state definitely where Canada stands on this question of the neutron bomb? Is it for, or against, in light of the widely held view that the bomb is not only the last word in inhumanity but that militarily the bomb is, at best, dubious and, at worst, dangerous to world peace?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, with the greatest respect to the hon. member, my very good friend, I am afraid that I really cannot answer without looking at the long preamble to his question. Also, may I suggest to him that I have agreed to appear before the committee this week as a result of discussions in the House last week. Perhaps that would be a more appropriate occasion to give a reasoned answer to what I know is a very important problem. I am not sure if I understood the hon. member's question.

NATIONAL DEFENCE

DEPLOYMENT OF NEUTRON BOMB—STATEMENT OF CHIEF OF DEFENCE STAFF

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to direct my supplementary question to the Minister of National Defence. If I may, in doing so, pass a comment, the Secretary of State for External Affairs will have no trouble whatever understanding my question if he looks at it, and I think the House wants an answer on this matter.

My supplementary question is this: Admiral Falls, Chief of the Defence Staff, has made statements of policy before the Standing Committee on External Affairs and National Defence with regard to the deployment of the neutron bomb. In view of the fact Canada has not expressed any position on the matter, will the Canadian government or the minister inform Admiral Falls that it is not his task to lay down policy for the Canadian government, but to carry out policies determined by that government?

● (1442)

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I should like to point out to the hon. gentleman, knowing his sincere interest in matters of this nature, that Admiral Falls did not, indeed, express policy but I think went to great pains—I have read the transcript of the committee meeting—to indicate it was strictly a military opinion and not government policy. It is a military opinion which is held largely, but not unanimously, by military people about this particular weapon.

The hon. gentleman indicated that this was a particularly evil weapon. I agree with him that it is, as are all weapons. I wish the opposition here would consider the evil weapons that are being deployed at an even higher level by those who could potentially be our enemies, as they are far more destructive, in the view of any observer, than is the so-called neutron bomb. Unfortunately, the oppositions in their parliaments do not have a chance to raise this matter.

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TOURISM

ADVERTISING IN U.S. TO ASSURE TOURISTS CANADIAN SPORT FISHING OPEN TO THEM

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I want to discuss a matter with the minister in respect of fisheries. I understand that the Minister of Fisheries, in reply to the hon. member for New Westminster, clearly indicated to the House and the Canadian people, as well as the tourist industry in Canada, that the federal government had not issued any directives, orders or anything of that kind, and does not plan to do so, banning American tourists from sport fishing in any waters under Canadian jurisdiction.

Would the Secretary of State for External Affairs or the Minister of Fisheries indicate, because of the great amount of media comment in the United States that is quite to the

contrary, whether the federal government or the Canadian travel bureau, or perhaps together, in consultation with the provinces, will advertise in the United States to assure tourists that they are welcome in Canada and will be able to make full use of our normal sport fishing facilities as in the past?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Obviously, Mr. Speaker, if the situation were to develop to the point where that kind of ban was necessary, it would be considered. I am very hopeful, however, that within a matter of hours, and certainly within a day or two, that whole question will be resolved.

I have the impression—and it is purely that at the moment—that no one on either side wishes to seriously obstruct the tourist business, least of all we in Canada. I hope that statement on my part, coupled with that of the Minister of Fisheries, will be enough reassurance at the moment. The real answer is to eliminate this particular irritant, and I hope that will be the result.

Mr. Dick: Mr. Speaker, I appreciate that comment, which would again indicate that Canadian sport fishing is completely open to tourist fishermen from the United States. Could the minister confirm whether the United States ban on sport fishing is in respect of Great Lakes and salt water fishing for Canadian tourists going to the United States? Would they be prohibited from fishing off Florida, or perhaps even on the other side of Lake Ontario?

Mr. Jamieson: Mr. Speaker, it is to get answers to exactly that kind of question that our officials are now in touch with the United States. I will venture a speculative answer to the hon. member by saying that as I understand it, it has to do with licensed boats, not with fishermen. In other words, if a Canadian wished to go on a U.S. licensed boat to fish, there is no prohibition or anything of that nature.

As I understand it, neither does it apply to someone going across the border with his fishing pole, wanting to do some fishing. It is pegged squarely on the fishing vessels. There is even some question as to whether it is in respect of commercial fishing vessels or vessels for recreational purposes. These are some of the questions being considered, and I remind the hon. member of the statement of my colleague, the Minister of Fisheries, that no such restriction is presently in force or is contemplated on our side of the border.

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ADMINISTRATION OF JUSTICE

TABLING OF DOCUMENTS IN CASE OF PETER TREU

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Minister of Justice. On May 15, almost three weeks ago, I asked the hon. gentleman if he would look at the restrictions which appear to have been placed on the right of Dr. Alexander Peter Treu in respect of commenting on the matter on which he was tried, convicted and sentenced to two years, during the time he is awaiting appeal. The minister indicated he would look at this and also some other documents, and have them tabled. So far they have not been tabled and I understand they may not be until this fall.

Is the minister prepared to instruct counsel on his behalf to appear before the appeal tribunal or the judge who granted bail, requesting that the bail order be varied to permit Dr. Treu to discuss with myself or any other member of parliament those aspects of the case which appear to us at this time to be repugnant to human rights and natural justice?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, there are two points involved. The first concerns tabling the documents. I indicated in the House the other day that I was endeavouring to table those documents which I could. Some of them are impressed with the order of the court that they be secret, and I am considering what application I might make in order to free myself to table them.

In answer to the second part of the question, I have examined the bail conditions involved in public documents, which I will table very quickly. As I read them, Dr. Treu is free, through counsel, to communicate with anyone he wishes. Therefore, if Dr. Treu, through his counsel, wants to raise any matter with the hon. member for Peace River or any other member, he is perfectly free to do so.

Mr. Baldwin: Mr. Speaker, do I, then, understand from the Minister of Justice that it is necessary for myself or any other member to go through counsel and that Dr. Treu is prohibited from discussing personally with myself, or with the minister, for that matter, those aspects of the trial which I have mentioned?

Mr. Basford: Mr. Speaker, as I read the bail conditions, the prohibition on Mr. Treu is that he is not to communicate with anyone in respect of the case except through counsel. Therefore, as I read it, if Mr. Treu wishes to communicate with the hon. member—and I have no evidence that he does—he is free to do so through counsel.

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EXTERNAL AFFAIRS

GARRISON DIVERSION—U.S. NOT PROCEEDING PENDING REPORT OF IJC

Mr. Jack Murta (Lisgar): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Notice was sent to him earlier this day. President Carter has requested the United States Congress to postpone spending funds for the construction of the Garrison diversion unit until the report on the project by the International Joint Commission can be evaluated and potential modifications considered.

We have received word that if either the Senate or the House of Representatives refuses the request of the President, that government may be obliged to spend the funds appropriated for the construction of the Lonetree reservoir. Because

of the urgency of the situation, and the potential damage that a continuation of the construction of the Lonetree reservoir could have on Manitoba waters, would the minister make every effort to alert the United States Congress of Canada's concerns in this matter, making sure that the U.S. Congress is aware of our strong objection to any further construction?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for giving me notice of his question. The only hazard, as a result, is that I have a reply that is much longer than your Honour would permit me to make. I will read one paragraph, however, which I think will answer the question, and then transmit the remainder to the hon. member.

Our ambassador approached the State Department on Friday, under instructions. He reiterated Canada's concern over the potential dangers to Canada of the project as currently authorized, and expressed the hope that any decision taken by the United States government would not be of such a nature as to prejudice intergovernmental consultations on the question, Canadian interests, or the recommendations of the International Joint Commission. I repeat, I will send the remainder of the answer to the hon. member later.

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● (1452)

POST OFFICE

UNFILLED ORDERS FOR OLYMPIC COINS

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is for the Postmaster General. With reference to the reply of the Postmaster General to my question concerning unfilled, prepaid Olympic coin orders, reported at page 3831 of *Hansard,* March 16, when he said he thought a way should be found to help those who seem to have been cheated, and to assist them, and in view of the fact that the Olympic coin program will continue until December this year, that a balance of $18 million is being reserved for committed and winding-down costs, that the customer relations group is in the final stages of resolving customer problems, although all cheated customers have not yet received coins, can the minister inform this House whether or not a decision has been made as to how unfilled coin orders are to be handled, especially since some of these orders are in the $500 bracket.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, we are very sympathetic towards those who do not seem to have been dealt with fairly as far as this Olympic program is concerned, but we are actually reviewing the whole question to try and find a way to do them justice, as the hon. member of the opposition requests. This question is exceedingly complex because of the legalities involved and because the Olympic coins corporation has no legal responsibility whatsoever towards its distributors. However, I can assure the hon. member that we are doing everything we can to do them justice, as he asks. As I indicated, it is a law issue, and I may contact the Treasury Board to try to get the necessary funds to solve this matter fairly.

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[*English*]

FINANCE

SALES TAX LEGISLATION, BILL C-56—INTENTION OF GOVERNMENT TO TERMINATE DEBATE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Minister of Finance. Last week the minister indicated that he intends to back down from the sales tax measure that is now before us in the form of Bill C-56 and that, indeed, he has discussed some of the particular changes he is prepared to consider with the government of Quebec.

We now understand that the minister is considering closure to force parliament to approve in principle a bill that the minister intends to amend fundamentally. I wonder if the minister would tell the House how he intends to amend this bill before he uses closure to try to force us to accept it.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will have the motion later on, not for closure but for time allocation. I said there are two possibilities in view of the so-called Ryan formula and what I have in the bill, and both are included in section 30. I can only operate within what is in front of the House already.

Mr. Clark: Mr. Speaker, this is a most extraordinary situation, probably—I say this quite sincerely—unparallelled in the use of closure in the whole parliamentary system.

Mr. Knowles (Winnipeg North Centre): Oh?

Mr. Clark: The hon. member for Winnipeg North Centre dissents. I certainly accept his knowledge in the matter and respect it more than the minister's.

What the minister is asking the House of Commons to do is to allow us to be forced to move through quickly, without adequate debate, a bill whose nature might be changed fundamentally. Surely, if he wants to force something through, he has an obligation to the House of Commons to tell us precisely what it is he is trying to shove down our throats.

Mr. Chrétien: Mr. Speaker, we have already debated this bill for nine days in the House of Commons. The hon. member is always saying that he has an amendment, but he has not laid out any indication of it. I just explained to the hon. member some lessons in procedure—that, first, time allocation is not closure. Perhaps he should talk to the hon. member for Winnipeg North Centre, who will give him a little lesson. We are doing nothing that is not included in the bill so far.

Mr. Clark: To clarify this matter, Mr. Speaker, will the Minister of Finance tell the House, absolutely clearly, without any kind of equivocation, precisely what he intends to have the

House of Commons adopt; how he intends to amend Bill C-56, not giving us a choice of possible amendments, but telling us the amendment he intends, precisely, before he uses a form of closure to force that bill through the House of Commons?

Mr. Chrétien: Mr. Speaker, I think the best way to know will be for us to vote right away on second reading today and go right away, with the consent of the House, to clause 30. Then the hon. member will know.

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ENERGY

SALE OF URANIUM BY CROWN CORPORATION—APPLICATION OF GOVERNMENT SAFEGUARDS

Mr. Arnold Peters (Timiskaming): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Recently, a new company was established, Eldor Resources Limited, a wholly-owned subsidiary of Eldorado Nuclear Limited and was authorized by the federal cabinet to borrow four million pounds of uranium from another federal Crown corporation, Uranium Canada. Eldor was authorized to borrow up to four million pounds of uranium and to sell the uranium, which was to be replaced from the Key Lake project in Saskatchewan, by the year 2010.

Is it the intention of the minister to have the right to set the price and have a guarantee by the recipient country that all the safeguards are in place before approval is given to Eldor Resources Limited to sell?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I dealt with this question last week before the standing committee. If the hon. member would look over the transcript, he might find answers to some of the questions he has put. Generally speaking, this was a conditional agreement on the part of the federal government. It was conditional on the deal going through, which in turn is conditional upon the Bayda commission and the actions of the Saskatchewan government being conducive to the development of the Key Lake property.

It is also the kind of deal which I think hon. members would applaud, because it turns a non-revenue producing asset, that is to say, the stockpile of UCAN, into a revenue-producing asset.

Mr. Peters: A supplementary question, Mr. Speaker. What safeguards is the minister putting on the borrowing by a government corporation or private enterprise for Uranium Canada of uranium stock in a similar manner, to protect the rights of workers who may find the company using this borrowing to supply their customers during the period of a labour dispute? What protection is he providing against that eventuality?

Mr. Gillespie: Mr. Speaker, it is not anticipated that any labour dispute will be involved in this question. The safeguard issue is addressed by government policy. There would be no export by Eldorado, for example, to foreign customers of Canadian uranium unless that customer fully met Canadian safeguards policy and the contract fully met Canadian exporting policy.

* * *

PUBLIC WORKS

CONSTRUCTION OF LES TERRACES DE LA CHAUDIÈRE—CALL FOR PUBLIC INQUIRY

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I had a question for the Minister of Public Works, but I see he is not in the House so I shall address it to the government House leader. The question concerns a statement reported today and attributed to Douglas Fullerton, the former chairman of the National Capital Commission, that the project Les Terrasses de la Chaudière proceeded to tender without the usual competitive matters on development of land under federal policy and that it proceeded on the basis that someone had an "in" with the Liberal party, that someone being Campeau, the developer of Les Terrasses de la Chaudière. This charge has been around for some time: the former chairman of the National Capital Commission has made it publicly outside this House of Commons.

In face of this authoritative statement, will the government House leader arrange to have a public inquiry with respect to this matter, which is long overdue?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I understand that Mr. Fullerton stated the decision had been taken against the advice of the public service. That often happens, and will continue to happen. I am not aware that Mr. Fullerton has stated that the contract was awarded because Mr. Campeau had an "in" with the Liberal party. Mr. Fullerton is not an authority on the Liberal party, and I suggest his comments are quite unjustified.

REFERENCE TO STANDING COMMITTEE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, a supplementary question for the Minister of Public Works. The comment of Mr. Fullerton with respect to the matter, as reported in today's Ottawa *Citizen,* is as follows:

> I have found that Mr. Campeau with his first-class political connections is a very persuasive fellow.

It has been common knowledge that, contrary to the advice of the public service, contrary to ordinary tender practices, contrary to a host of other things, this matter has proceeded. If the ministry will not agree to a public inquiry, will they agree to a reference of this whole matter to a standing committee of the House of Commons? As another approach, would the minister arrange to call in Mr. Fullerton to discuss with him the series of comments he has made as reported in the public press today, so that if the government has a case with respect to respectability in the matter, that case can be laid to rest?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I will be happy to discuss the matter with Mr. Fullerton. Let us make it clear, however, that there were reasons why this arrangement was entered into. The land in question was partially owned by Mr. Campeau's corporation. The question really is, are you going to expropriate the land of a developer and then offer it to other developers? There was some question of ethics involved in the matter as well, since he owned part of the land which is in play and which is, in fact, being used for this development.

● (1502)

The matter was looked at extremely carefully when I first entered this portfolio. We compared it with the possibility of a Crown construction as opposed to a lease-purchase arrangement. We were satisfied that it was a judgment call and it was, in fact, a reasonable decision to take.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there has been an undertaking, now, by the Minister of Public Works and Minister of State for Science and Technology that he will call in the former chairman of the National Capital Commission, generally speaking. Can I have an undertaking from the minister that he will arrange for that meeting forthwith, and that if Mr. Fullerton is available the meeting will be held some time this week; and will the minister report to the House thereon?

Mr. Buchanan: Mr. Speaker, I will be happy to arrange to get together with Mr. Fullerton just as soon as it is convenient for both of us.

* * *

POINT OF ORDER

MR. D. MUNRO—FISHERIES—CANADA-UNITED STATES 1978 INTERIM AGREEMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a point of order because of what happened last week in the fisheries area. The Standing Committee on Fisheries and the Environment was not one of those which was included last week in the statement made by the government House leader to extend the life of certain standing committees so that they might examine estimates. Can the government House leader see his way clear to providing a reference for that particular committee to meet? I do not know the exact wording, but I suggest something along the following lines: "To examine the implications of the decision to suspend the implementation of the 1978 Interim Reciprocity Agreement on Fisheries and Boundary Delineation" so that we can have several meetings to explore this whole matter and clarify it for everyone.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the chairman of the relevant committee has already spoken to me about the desirability of providing such a reference. That is quite agreeable to the Minister of Fisheries and the Environment (Mr. LeBlanc) and the Secretary of State for External Affairs (Mr. Jamieson). Just as soon as the motion is ready, I will be pleased to put it before the House so that the committee can meet at an early date.

* * *

[*Translation*]

PRIVILEGE

MR. BALDWIN—STATEMENT ISSUED BY JUDGE MAYRAND OF MONTREAL

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I would like to comment shortly on the question of privilege raised last week by the hon. member for Peace River (Mr. Baldwin). You have allowed me to wait until today to verify the French text of Judge Mayrand's statement. With your permission, I would be prepared to make a few comments.

As regards parliamentary procedure in this matter, the question consists in deciding whether, at first sight, the facts relating to the request of the hon. member for Peace River allow us to believe there was interference with the privileges of that hon. member or with those of all hon. members and whether, consequently, the Speaker must ask the House to refer the matter to the appropriate committee of the House, that is the Committee on the Rights and Immunities of Members. It is therefore important, Mr. Speaker, to scrutinize the facts which resulted from statements made in the House by the hon. member for Peace River as well as from Judge Mayrand's alleged statement.

Let us note first of all the discrepancy which you indicated during last Thursday's debate when you said that the original document in French indicated that "some members of parliament *s'étaient permis* of questioning . . .", which means "have allowed themselves to" and which was rendered by "have taken the liberty to". There is of course a significant difference which indicates that the tone of the statement made by Judge Mayrand was a lot more sober than that which the translation implies.

Mr. Speaker, while reading the original text of the judge's statement, I noticed a major difference between the French and English versions in connection with the following basic fact: in the French text, it seems that the lawyers had agreed to this trial and preliminary hearing in camera, while the English version does not give this impression at all. In the French version, in the third paragraph before the end of the statement purportedly made by Judge Mayrand, and which is appended to *Hansard* for Thursday, June 1, 1978, it is said, and I quote:

Le député Baldwin n'a pas à s'ériger en Cour d'appel pour étudier la conduite du juge présidant le procès, d'autant plus qu'il est dans la plus complète

ignorance des faits mis en preuve et du consentement des avocats, tant de la défense que de la poursuite, à ce que le procès se déroule à huis clos, comme le fut l'enquête préliminaire.

That clearly means, Mr. Speaker, that there was—and it is contained in the judge's statement—consent from Mr. Treu's lawyer to have the preliminary hearing and the trial held in camera. If you read the English version of that statement, it does not say at all that there was consent from the lawyers to have the trial held in camera. Here is what the English version says, and I quote:

[*English*]

—since he is totally ignorant of the facts presented as evidence and of the consent of the lawyers, both for the defence and for the prosecution, since the trial as well as the preliminary hearing were held in camera.

It should have said:

—and the consent of the lawyers—to the effect that the trial be held in camera.

[*Translation*]

Now, the translation was extremely poor and did absolutely not convey the meaning of the French text which proves a fundamental fact, namely that the lawyer for Mr. Treu himself agreed that the trial be held in camera. Now, what the hon. member for Peace River in his motions under Standing Order 43 of May 12 and May 23, and his question of privilege, complains about is precisely the secret nature of the trial; he expresses doubts about the fashion in which the judge may have presided over that trial; when the hon. member for Peace River, on May 12, in his motion under Standing Order 43 says "... that judicial and bureaucratic officials shall not make improper or unexpected use of laws enacted by parliament", when he says in the same motion that "the committee be required to consider the provisions of the Official Secrets Act which permit this kind of Star Chamber proceedings"; and when the hon. member for Peace River, still under Standing Order 43, but on May 23 this time, refers to a motion of the hon. Leader of the Opposition (Mr. Clark) who deplores the procedure followed for some trials in the U.S.S.R., which violate the principles of natural justice and the rules observed by Canadian courts of justice, and the fact that the hon. member for Peace River uses that motion to say, and I quote:

That this House deplores the dangerous form of secret trial and the continuing restrictions involved in the case of Alexander Peter Treu which are contrary to the usual practice of Canadian justice.

I have the conviction, Mr. Speaker, that the hon. member for Peace River, with all his experience as a lawyer and parliamentarian, could not have made those statements had he known that Mr. Treu's lawyer had agreed to both the preliminary hearing and the trial being held in camera, which can be deduced from the statement issued by Judge Mayrand, and I cannot blame the hon. member for Peace River for not having understood it, since the translation of that part of Judge Mayrand is very poor.

[Mr. Pinard.]

● (1512)

Well, those facts I just summed up and which are alleged by the hon. member for Peace River are exactly reproduced in the statement made by Mr. Justice Mayrand, who merely criticize the way in which the trial has been conducted, and here I quote Mr. Justice Mayrand:

Some members of parliament, under the protection of parliamentary privilege, have taken the liberty of questioning and criticizing the way in which the trial was conducted before Justice Luc Trudel of the sessions court.

There is nothing reprehensible in this fact, Mr. Speaker; it simply confirms the remarks made previously in the House by the hon. member for Peace River.

There is a second fact in Judge Mayrand's statement. It says: "Mr. Gerald Baldwin, M.P., ... was wondering whether the law had not been well understood or had been wrongfully applied by the judges." Once again, it merely reflects the facts, it reflects the very words of the hon. member for Peace River.

Finally, the judge said that the hon. member for Peace River, and I quote,

... should not pose as an Appeal Court to study the conduct of the Judge of this trial, especially since he is totally ignorant of the facts presented as evidence and of the consent of the lawyers, ... since the trial was held in camera.

Mr. Speaker, those facts do not in themselves constitute prima facie evidence that allows you to conclude that the privileges of hon. members or the privileges of this House were affected or are in any way jeopardized. Those facts merely reflect reality, they only state things as they are, and judge the attitude of the hon. member according to his statements in the House.

That being the fact, one must also ask oneself, Mr. Speaker, if the principles contained in the judge's statement lend themselves to a question of privilege. Now, there are two of these principles which are unequivocal and which, I believe, contain nothing irregular or reprehensible. The first principle set out by the judge is as follows, and I quote:

Although it is admissible to make comments about a judicial decision and to disagree with the Official Secrets Act or with the fact that authorities do not use the notion of national security with enough reservation, the judge himself cannot be blamed for his obligation is to apply such a law.

That is the first of the two principles set out by the judge in his statement. It is a principle that is absolutely true, there is nothing wrong to that and it does not in any way interfere with the privileges of the hon. member.

The second and last principle set out by the judge in his statement is as follows, and I quote:

In any circumstances, public interest and the preservation of individual liberties demand that we strictly adhere to the principle of separation of the three powers, that is the executive, the legislative and the judiciary; each citizen must respect their rights and privileges and especially those who hold a position with great responsibilities as is the case for a Member of Parliament.

Here again, Mr. Speaker, this is a very valid principle which does not in any way interfere with the privileges of the hon. member and those of the House.

What I just summed up are the main facts contained in the statement purportedly made by Judge Mayrand and what I just summed up, in addition to the fact, are the principles set out by Judge Mayrand in the same statement and in both cases—the facts and the principles—one realizes obviously that they do not interfere in any way with the privileges of this House.

In concluding, Mr. Speaker, the issue remains whether in its form that statement interferes with or could be a threat to the privileges or the rights of the hon. member for Peace River or, generally speaking, hon. members of this House. In that respect, the hon. member for Winnipeg North Centre (Mr. Knowles) referred to three sentences contained in Erskine May and I want here to refer to that allegation made by the hon. member for Winnipeg North Centre last Thursday, as reported at page 5956 of *Hansard*, where he refers first to May's nineteenth edition, page 150, as follows:

> To attempt to influence members in their conduct by threats is also a breach of privilege.

Mr. Speaker, there is absolutely nothing in Judge Mayrand's comments that is a real threat to the hon. member's privileges or rights. There is no threat of steps to be taken against the hon. member, there is no threat that the judge adopt any behaviour or take any measure to limit the privileges or the rights of the hon. member or of members of this House.

So this fine principle of Erskine May could not be applied here because the facts do not justify it. Nor do the other two fine principles of Erskine May at pages 151 and 153, as referred to by the hon. member for Winnipeg North Centre (Mr. Knowles). The second principle was, and I quote:

> It is a breach of privilege to molest any member of either House on account of his conduct in Parliament.

What molestation is there in this statement by Judge Mayrand? Obviously, Mr. Speaker, there is absolutely no molestation involved.

And the third principle raised by the hon. member for Winnipeg North Centre, still based on Erskine May, was, and I quote:

> Wilful misrepresentation of the proceedings of members is an offence of the same character as a libel.

Here again, Mr. Speaker, it is obvious that the facts contained in this statement as well as the principles and their form do not constitute in any way a wilful misrepresentation of the proceedings of members of this House.

These worthy principles which do not have any reference to the facts contained in the statement of Judge Mayrand cannot be applied here and give ground to the question of privilege raised by the hon. member for Peace River. On the contrary, the only passages which might be interpreted as indicating to that member a line of conduct, these only passages, I repeat, are literally reverential. You just have to take a look at what is suggested by the judge: First he says

> We respectfully advise him to content himself with doing his own work,—

And the second passage where the judge might be interpreted as giving a piece of advice to the hon. member is, and I quote:

> It seems to us that it would be preferable to leave to the courts the delicate task of drawing the line between the rights of the individual and the rights of a nation in the application of the law.

So when the hon. member is respectfully being advised about something and when the judge says:

> It seems to us that it would be preferable . . .

I respectfully submit this was suggested in a reverent fashion, to say the least, and there is nothing in the nature of a threat to the hon. member, neither in the comments nor in the form of the statement by Judge Mayrand.

Mr. Speaker, I would note further that this is neither a judgment nor an order, but a mere comment, a mere criticism. Since there is nothing in the statement made by the sessions court deputy chief judge, either in fact, in principle or in form, that might be considered even a beginning of an infringement on our privileges, it would be surprising if the title or function of the originator justified the proposal made by the hon. member for Peace River. Whether he is a judge or a private citizen, because this has been raised, is not relevant in the circumstances. And therefore the distinction made by certain speakers, including the hon. member for Winnipeg North Centre, for the reason that a judge may or might hold the hon. member for Peace River for contempt is groundless. The hon. member for Peace River has enjoyed and still enjoys parliamentary immunity. Therefore, the danger that some high-tempered member of parliament be held in contempt by a judge he criticized is no greater than that of his being sprayed with water by some fireman he might criticize. Whether it be a judge or a fireman, or anyone for that matter that the hon. member may criticize under his parliamentary immunity, there is absolutely no danger for the member.

As I said earlier, Mr. Speaker, the judge's statement is neither a judgment nor an order, but a mere comment included in a release. It is not even an *obiter dictum* in the body of a judicial decision. Indeed, Mr. Speaker, may I refer to a decision made by yourself on December 5, 1977, in the matter of a judgment by Mr. Justice Evans, Chief Justice of the Supreme Court of Ontario, on the motion by the hon. member for Grenville-Carleton (Mr. Baker):

> That the portions of the judgment of Chief Justice Evans of the Supreme Court of Ontario, given November 9, 1977, which appear to restrict the right of members of parliament to full and accurate reporting in the press, be referred to the Standing Committee on Privileges and Elections.

Mr. Speaker, you stated in your ruling, and I quote very briefly from that decision on page 1541 of *Hansard* for December 5, 1977:

I understand the reasoning of the Chief Justice in having to do so, and in the generalized way in which he dealt with matters outside Parliament. In my opinion, he created no addition to the law which in any way lessens the privileges of members of this House.

Finally, even if he had done so, his pronouncement is *obiter dicta* clearly, by any understanding of any lawyer who examines his reasoning and is entirely theoretical in nature.

Mr. Speaker, may I remind the House of the merits of your own remarks which were made before the House last Thursday, as shown at page 5953 of *Hansard*, and I understand that it was not a formal decision, but I want to conclude with the following remarks, Mr. Speaker, and I quote:

Of course my obligation may be to find whether the matter does in fact come within the strict and classic definition of privilege that we have followed in the past, whether there has been an affront or contempt of parliament, or whether there has been a molestation or interference in some way with the hon. member in carrying out his duty.

And you added further, and I quote:

. . . and since language has often been set aside as an actual molestation and interference, and since obviously the hon. member and other hon. members are not in the slightest intimidated in their desire to pursue this matter, by whatever language was used . . .

. . . but it may be difficult to fit them into the specific and classic definition of privilege . . .

Finally, I would to remind the limit of our privileges as it is very clearly prescribed in the fourth edition of Beauchesne's Parliament Rules and Forms, page 94, and I quote:

. . . the only privilege remaining to members beyond the walls of St. Stephen's were freedom from arrest, assault, insult or menace in their coming and going from the House, and inviolability, so far as the outside world was concerned, for their utterances within the Chamber; and these are the only privileges enjoyed to-day by the Canadian Parliament under section 18 of the B.N.A Act . . .

Therefore, if under the cover of parliamentary immunity a member of parliament can say anything or almost anything without running the risk of being sued, we cannot extend the present scope of our privileges to the censorship of what has been said by people from outside who comment honestly on the use which has been made of these privileges. As to knowing, Mr. Speaker, whether the statement issued by Judge Mayrand was timely or not, and whether judges should make declarations at all on highly political questions, to debate this matter here would not help whatsoever in solving the question of determining the privileges of hon. members.

● (1522)

[*English*]

Mr. Speaker: Order. The discussion on this matter is closed. I would not want to recognize other hon. members whose intention it might be to get into the argument on the general question of privilege. However, a somewhat unusual situation arises here in that the foundation for the question of privilege was a text, the best one available to the hon. member for Peace River (Mr. Baldwin). He attempted to get a rapid translation of it; he admitted the translation was not necessarily an official translation, but it was the best he could obtain in the circumstances. The Parliamentary Secretary to President of Privy Council (Mr. Pinard) asked for an opportunity to examine the original French text and to make his argument after he had done so, which was only reasonable.

I am not disposed to hear further argument, but I will hear the hon. member for Peace River in these circumstances if he has anything to add with respect only to the text. I will then take the matter under reserve and try to render a decision either tomorrow or Wednesday.

Mr. G. W. Baldwin (Peace River): Obviously, Mr. Speaker, I should not comment on the views expressed by the parliamentary secretary; they will be the subject of discussion if we ever get into a committee or further consideration of the issue. I would, however, compliment him on his ingenuity in rewriting the words of the learned Acting Chief Judge. Now that the Acting Chief Judge is in Greece he may have had a chance to consult the oracle and wish he had written what the learned parliamentary secretary has suggested he did write.

Some hon. Members: Oh, oh!

Mr. Baldwin: Be that as it may, I have now had an opportunity to read the French. Judge Mayrand did ultimately comply with his undertaking, and I had an opportunity this morning to see the French text which came in very good form. I sent a copy to Your Honour which you should have by now. I have consulted those in my party who are experts in French—

Mr. Blais: That would not take very long!

Mr. Baldwin: The Solicitor General (Mr. Blais) says that would not take long. Well, it wouldn't take very long for him to tell us what his knowledge of justice is in this House.

An hon. Member: Or law!

Mr. Baldwin: Or law. I would make this point to Your Honour—it will not take me more than a few seconds to do so. Go to the deep wellsprings of the law of privilege which, of course, is the Bill of Rights of 1688. There, it is very simple. The freedom of speech of members of parliament in debates and proceedings of parliament "shall not be impeached or questioned." I draw attention to the words "or questioned".

I have read the French text as well. It is not all that different in what I consider to be the offensive parts of the English text which was tabled by agreement, and which Your Honour ordered to be appended to *Hansard*, I think it was June 1. I suggest that any ordinary individual with knowledge of the rights of parliament could not but say that it falls within the four corners of the statement of Judge Mayrand. He has, in fact, questioned my right to speak in this House. That is what I complain of.

* * *

POINT OF ORDER

MR. COSSITT—RECOGNITION DURING QUESTION PERIOD

Mr. Tom Cossitt (Leeds): On a point of order, Mr. Speaker, I rose about a week ago on a point of order to request guidance from the Chair in regard to the manner in which members of this House are recognized during the question period.

I did so at that time because it was almost two months since I had been recognized for a question, and like many other members who do not sit on the front benches we are forced to indulge in the use of motions under Standing Order 43, points of order, questions of privilege and so on, in order to get our views before the House.

It is now two months today since I was last recognized by the Chair for a question, if my records are correct. If that date is wrong, I stand to be corrected, but I think it is not very far out. I would ask guidance of the Chair because—

Mr. Speaker: Order, please.

Mr. Cossitt: I have a right to finish my point of order.

Mr. Speaker: Order. The hon. member is not raising a point of order. The day after he raised this point the last time, he was in the House and was not seeking to be recognized. Since that time he has not been here. Or, if he has been here, he has not attempted to be recognized.

I am very conscientious in trying to share the question period equally. But I have no intention, regardless of how that distribution may work out on any given day, of accepting, by way of a point of order from any member who is not able to be recognized, questions with regard to it. I will be glad to send to the hon. member for Leeds (Mr. Cossitt) the list which I carefully maintain each day of the name of every one of his colleagues who is not able to be recognized—some of them are sitting around him right now; they were not able to be recognized yesterday or the day before. I carefully keep track of those who endeavour to be recognized and, when they are not recognized on any one day, I do everything to ensure they are recognized the following day, if they are here and if they are seeking the floor.

If the hon. member for Leeds wants to discuss this further in private I would be glad to show to him his own record of attendance and his own record of effort to be recognized, and he will have the opportunity to compare that record with the remarks he has made. However, I have no intention of allowing a point of order every time an hon. member cannot share in the question period. To do so, in my opinion, would grossly and unfairly hold up the proceedings of the House on matters over which the Chair has absolutely no control. I do not propose to hear further from the hon. member on this point, but if he wishes to discuss the matter privately I am prepared to do this with him.

Mr. Cossitt: On a question of privilege—

Mr. Speaker: Order. The tabling of documents.

Mr. Cossitt: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: The Minister of Energy, Mines and Resources.

Mr. Cossitt: On a question of privilege—

Mr. Speaker: Order, please.

Business of the House

ROUTINE PROCEEDINGS

[*English*]

HAZARDOUS SUBSTANCES

RADIOACTIVE WASTE MANAGEMENT PROGRAM

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, under Standing Order 41(2) I would like to table, in both official languages, two copies of a document entitled Canada—Ontario Radioactive Waste Management Program, and a supporting background document.

* * *

FISHERIES

TABLING OF UNITED STATES DIPLOMATIC NOTE ON 1978 INTERIM FISHERIES AGREEMENT

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, on behalf of my colleague, the Secretary of State for External Affairs, I wish to table a note received from the Department of State of the United States on the 1978 interim reciprocal fisheries agreement.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

MOTION TO LIMIT SECOND READING DEBATE ON INCOME TAX BILL

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to Standing Order 75C, I wish to advise the House that the representatives of parties have been unable to reach agreement under Standing Order 75A or 75B on the allotment of time on second reading of Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions.

[*English*]

Therefore I wish to give notice that the minister will move, at the next sitting of the House, that one additional day be allocated to the second reading stage of the said bill.

Some hon. Members: Hurray!

An hon. Member: One day!

Mr. Baker (Grenville-Carleton): Unprecedented!

* * *

FISHERIES AND FORESTRY

1978 CANADA-UNITED STATES INTERIM AGREEMENT ON FISHERIES—REFERENCE TO STANDING COMMITTEE

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like the

consent of the House to move a motion authorizing the Standing Committee on Fisheries and Forestry to hold two meetings this week on the interim fisheries agreement.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Donald W. Munro (Esquimalt-Saanich): I would certainly give my agreement on condition that, should developments occur which would warrant more than two meetings, further meetings could be held. We have just heard we are to have one more day for the debate on Bill C-56. Now we are to be allowed just two meetings of the fisheries committee to deal with a most important matter. If circumstances warrant, I do hope that there will be flexibility on the government side too.

Mr. Speaker: Does the House give its consent for the presentation of the motion?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, I move:

That the Standing Committee on Fisheries and Forestry be authorized to hold not more than two meetings on Tuesday, June 6, and Thursday, June 8, 1978, to hear witnesses on the subject of the 1978 United States-Canada interim agreement on fisheries.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 1,309 to 1,313 inclusive, and 1,482.

[*Text*]

NATIONAL DEBT

Question No. 1,309—**Mr. Lambert (Bellechasse):**

1. On July 1, 1867, was Canada in debt and, if so (a) in what amount (b) what did the debt consist of (c) who were the creditors?

2. What percentage of the Budget was appropriated to the service of the debt?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. As at July 1, 1867 the total liabilities of the federal government amounted to $93 million, the excess of liabilities over recorded assets amounted to $75.7 million. The first Public Accounts statement was for fiscal year ending June 30, 1868, at which time the debt consisted mainly of debentures of Canada and the provinces. The distribution of the debt outstanding is not available through the Public Accounts of Canada.

2. Not applicable.

[Mr. MacEachen.]

Question No. 1,310—**Mr. Lambert (Bellechasse):**

1. On March 31, 1914, was Canada in debt and, if so (a) in what amount (b) who were the creditors?

2. What was the amount owing to (a) chartered banks (b) taxpayers?

3. What percentage of the budget was appropriated to the debt?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. As of March 31, 1914 the total liabilities of the federal government amounted to $544.4 million, the excess of liabilities over recorded assets amounted to $336.0 million. The distribution of the debt outstanding is not available through the Public Accounts of Canada.

2. As noted above distribution of the debt outstanding is not available through the Public Accounts of Canada.

3. Gross public debt charges for fiscal year ending March 31, 1914 were equal to 7.0 per cent of budgetary expenditures, public debt charges net of return on investments were equal to 5.9 per cent of budgetary expenditures.

Question No. 1,311—**Mr. Lambert (Bellechasse):**

1. On March 31, 1939, was Canada in debt and, if so (a) in what amount (b) who were the creditors (c) what was the average interest rate?

2. What percentage of the budget was appropriated to the debt?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. As at March 31, 1939 the total liabilities of the federal government amounted to $3,711 million, the excess of liabilities over recorded assets amounted to $3,153 million. The distribution of the debt outstanding is not available through the Public Accounts of Canada. The average interest rate on the unmatured debt was 3.52 per cent.

2. Public debt charges for fiscal year ending March 31, 1939 were equal to 24.1 per cent of budgetary expenditures.

Question No. 1,312—**Mr. Lambert (Bellechasse):**

1. On March 31, 1968, was Canada in debt and, if so (a) in what amount (b) to whom (c) what was the average interest rate?

2. What percentage of the debt was owed to (a) taxpayers (b) chartered banks?

3. What percentage of the estimates was allocated to the debt?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. As at March 31, 1968 the total liabilities of the federal government amounted to $32,924 million, the excess of liabilities over recorded assets amcunted to $16,760 million. The average interest rate on the unmatured debt was 5.06 per cent.

2. The distribution of the debt outstanding is not available through the Public Accounts of Canada. However, the Bank of Canada Monthly Review (table 21) shows the following distribution of Government of Canada direct and guaranteed securities as of the end of 1967 and 1968:

	Distribution of Holdings			
	Bank of Canada	Chartered Banks	General Public (Estimated) Residents	Non-Residents
	($ Millions)			
1967	3,807	4,630	12,065	695
1968	3,942	5,573	12,099	958

3. Gross public debt charges for fiscal year ending March 31, 1968 were equal to 12.9 per cent of budgetary expenditures, public debt charges net of return on investments were equal to 6.7 per cent of budgetary expenditures.

Question No. 1,313—**Mr. Lambert (Bellechasse):**

1. On March 31, 1977, was Canada in debt and, if so (a) in what amount (b) to whom (c) what was the average interest rate?

2. What percentage of the debt was owed to (a) taxpayers (b) chartered banks?

3. What percentage of the estimates was allocated to the debt?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): 1. As at March 31, 1977 the total liabilities of the federal government amounted to $67,075 million, the excess of liabilities over recorded assets amounted to $29,586 million. The average interest rate on the unmatured debt was 7.53 per cent.

2. The distribution of the debt outstanding is not available through the Public Accounts of Canada. However, the Bank of Canada Monthly Review (Table 21) shows the following distribution of Government of Canada direct and guaranteed securities as of March 31, 1977:

	($ Millions)
Bank of Canada	8,665
Chartered Banks	8,603
General Public (Estimated)	
Residents	22,670
Non-Residents	2,293

3. Gross public debt charges for fiscal year ending March 31, 1977 were equal to 12.1 per cent of budgetary expenditures, public debt charges net of return on investments were equal to 5.7 per cent of budgetary expenditures.

PSC—OFFICIAL LANGUAGES' TRAINING IN N.B.

Question No. 1,482—**Mr. Howie:**

Did the government make any payments to the province of New Brunswick for second language training of federal public servants and, if so, what was the amount?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: The Public Service Commission has up to now reimbursed the province of New Brunswick in the amount of $202,737.70 for the period between April 1, 1977 to February 28, 1978, for second language training of federal public servants under the terms of the existing contract, which was due to expire on March 31, 1978. The above sum is for services rendered between April, 1977 and February, 1978. Still to come under the same contract which has now been extended from March 31, 1978 to June 30, 1978, will be an estimated amount of $88,000 for the four months remaining (i.e. March, April, May and June, 1978).

[*English*]

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

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

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—RECOGNITION OF HON. MEMBER FOR LEEDS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, just a few moments ago the hon. member for Leeds (Mr. Cossitt) attempted to get the floor on a question of privilege. He was not recognized by the Chair. That may have been in some anticipation of what the hon. member for Leeds intended to raise but, as I understand it, a member is entitled to rise on what he believes is a question of privilege. It is, of course, the responsibility of the Chair to say to the hon. member that what he raises is not a question of privilege or that he is mistaken, but I hope we are not adopting the practice of anticipating questions of privilege.

I merely rise to support the right of any hon. member—and I would do so whether it was the hon. member for Leeds or anyone else—to raise a question of privilege, even if it might be regarded in the eyes of some as a frivolous question of privilege. An hon. member still has the right, as I have always understood the rules—and I could be wrong—to raise a question of privilege, and this takes precedence over other matters. I merely want to raise this matter as a caveat. I suppose that is the best way to put it, sir.

Mr. Speaker: I made the assumption from the chair that the question of privilege to be raised by the hon. member was directly connected with his point of order, which I said was not a point of order. If I am mistaken in that, the hon. member for Leeds (Mr. Cossitt) is welcome to the floor now.

* * *

PRIVILEGE

MR. COSSITT—ALLEGATION RESPECTING ATTITUDE OF CHAIR

Mr. Tom Cossitt (Leeds): Mr. Speaker, I do not intend to do anything which would go beyond the rules of the House in raising a question of privilege. I intended to say that I felt that one aspect of this matter was a question of privilege, namely, that if my right to ask questions in the House is being

interfered with, my privileges are being interfered with. I therefore accept Your Honour's suggestion that we confer on the matter but not having been permitted a question in the House for two months, I feel that that in some way reflects on my privileges as a member of parliament and makes me wonder what purpose might be served by continuing in this place if the attitude of the Chair continues to be exercised against me.

Mr. Speaker: Order, please. If the hon. member is going to discuss the matter, he must put it on an accurate basis. To describe it accurately, what he should indicate is that on a number of occasions during whatever period it is in which he may have been in the House and attempting to be recognized, he was not. That is quite different from failing to be recognized for a two-month period. However, I keep a very careful record. When a member attempts to be recognized I carry it forward, and on a day on which a member who has for the second time not been recognized, under almost any circumstances and being given precedence over any of his colleagues, he is given the floor at some time or another during the question period. That is within certain limitations, of course, depending on the subject matter on any day.

However, the hon. member will want to address himself to the situation, for example, which arose today toward the end of the question period when, although the hon. member might have been scheduled for recognition toward the end of the question period, his leader and his House leader sought the floor. That is a situation which arises quite frequently. I do not say that in any prejudicial way, obviously, but when that happens, it is not easy to carry on with a plan I may have set out at the original part of the question period.

A priority must obviously be accorded to the Leader of the Opposition (Mr. Clark) and to the hon. member's House leader. I think that is only appropriate. Therefore, the mix between those who have been endeavouring to get recognized can be complicated when, on a day on which one who had been attempting to get recognized on a previous day is scheduled for recognition, something like that happens at the end of the question period.

In addition, I can say that some of the hon. member's colleagues who were recognized today were attempting to get recognized, yesterday or the day before, and that is a list which I do keep. Certainly the hon. member last day, which was Friday, was not among those who were here and endeavouring to get recognized. That is a factor which ought to be noted. I am prepared to discuss that with any hon. member at any time privately, as I think it ought to be done.

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we proceed to the main order of the day, I should like to indicate that there have been some discussions amongst the parties about speaking time today. In view of the fact that we have lost some time already and that many hon. members would like to take part in the debate, I believe Your Honour will find that there is agreement amongst all parties that no one should ask for or be given any extended time.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—MOVEMENT OF GRAIN

Mr. Les Benjamin (Regina-Lake Centre) moved:

That, in the opinion of this House, the government has failed to expand Canada's capacity to move grain to export position thereby jeopardizing the Canadian Wheat Board's ability to compete successfully for expanding grain sales opportunities, and has failed to implement fully the major recommendations of the Hall commission report, and this House therefore calls on the government to take the following action:

(*a*) to implement the Hall commission recommendations to maintain the statutory grain rates for producers and pay directly to the railroads the actual difference between statutory and compensatory rates for grain transport;

(*b*) to implement the Hall commission recommendations on economic development by extending the statutory freight rate to other commodities in the prairies and to other regions;

(*c*) to require the railways to purchase four thousand hopper cars and to repair and return a minimum of five thousand box cars to grain movement;

(*d*) to reimburse the Canadian Wheat Board for costs of demurrage charges on ships delayed in loading through no fault of the producers or grain companies;

(*e*) to increase immediately and substantially the amount of grain to be moved through the ports of Prince Rupert and Churchill; and

(*f*) to strengthen the principles of orderly marketing by returning the marketing of feed grains to the sole jurisdiction of the Canadian Wheat Board and to include as well the marketing of flax, rye and rapeseed under the said board.

Mr. Speaker: Hon. members will recall that proceedings on this motion will expire at the ordinary hour of adjournment later this day, in accordance with Standing Order 58(11).

Mr. Benjamin: Mr. Speaker, I have tried to make this motion an all-encompassing one. Your Honour probably realized that when reading it. I will not belabour the House with that again. However, I want to deal with the motion section by section. I want to begin by saying, for the benefit of the Minister of Transport (Mr. Lang), who is in charge of the Canadian Wheat Board, that all sides of this House have always approved of the acquisition of hopper cars. It has received the support not just of members of parliament but also of grain organizations, grain producers and, I think, the public generally.

We recognize and applaud the amount of grain that is being moved, and that we may obtain a record grain movement, or close to it, this year. We say thank you. We will even give some credit to the minister. I hope he will not use up any time in his speech repeating what he has been saying to us in this House ad nauseam, and what we already know.

I want the minister and the government to address themselves, in spite of the fact that the taxpayers of Canada have provided 8,000 hopper cars since 1972, to the fact that our capacity to move grain by rail is less now than it was prior to the time we started providing hopper cars for the railroads.

The Minister of Transport, the government, this House, and the people of Canada have been misused and abused by the two national railway companies. In 1972 there were in excess of 26,000 railway cars available for grain movement. Since then we have provided 8,000 hopper cars, which is equivalent to 12,000 boxcars in grain movement; while the railways have taken 13,000 cars out of grain service; half of what there was in 1972. In other words, our capacity for moving grain by rail is not only no greater than what it was before we started supplying hopper cars but, I submit, our capacity is reduced. We have not increased the capacity of the grain handling system so far as rail transportation is concerned. We have not increased it to meet the expanded grain export objectives that the minister wants, the Wheat Board wants, and all of us want.

● (1542)

Why is there a backlog of 17 ships waiting to be loaded in Vancouver again this week? There is certainly no bottleneck in our country elevator system, and certainly our efficient farmers cannot be blamed for it. There is certainly no backlog in terms of the job which the Canadian Wheat Board is doing. It is doing the best job it can possibly do in the circumstances under which it has to operate, and the farmer-owned grain terminals are doing the best job they can, particularly on the west coast. In fact, west coast terminals could handle more grain to fill the boats than they are getting if the railroads were not dragging their feet.

I am sure the minister will tell us of the number of cars loaded and unloaded at Vancouver in March, April, and May. These are pretty good figures, but all they are doing is making up what they did not get done in November, December, January, and February. There are not enough railway cars to move the grain that we need in order to reduce, if not eliminate, the amount of time the ships wait in the ports. I do not suppose we could ever totally eliminate the waiting, but we could certainly substantially reduce it, this in spite of the fact that the taxpayers have provided the railways with 8,000 hopper cars.

As the federal government buys hopper cars for grain movement, the railways phase out their boxcars, so our capacity to move grain has not increased. We have "been had" by our two major railways, one publicly owned and one privately owned, and they are both guilty.

I will give you the exact figures, Mr. Speaker. Over 26,000 cars were available for grain movement at the end of 1972. By April of this year the number dropped to 15,200. By July 1 it will drop even further to 13,319 as a result of more cars which the railroads will remove from the grain service, which they are doing right at this moment.

By the end of this year the number of boxcars which the railroads have will be reduced to 12,083, and the projection of the railroads is that by 1981 they will only have 6,000 boxcars in grain movement. That might be a good deal for the railroads, but it is no bargain for the taxpayers, no bargain for the farmers, and certainly no bargain for the people who wish to buy our grain. What we need is a lot more control over the railroads to require them to provide adequate service.

The railroads cannot justify this, and I hope the minister will agree, because not only am I saying it but so are others outside of this place. The railways cannot justify refusing to supply adequate service to the grain industry because they claim to lose money on hauling grain. They, as utilities, are expected to provide service to all customers and to make money on an over-all basis. The valuable concessions and the large amounts of money, including the land grants that were given to the railroads at the beginning and the funds that have been given to them since then, are in exchange for the obligation that the railroads have to maintain sufficient rolling stock and locomotive power to meet the requirements of transportation in this country.

I hope the minister will not again try to make the excuse for the railroads that, because they are losing money on the movement of grain, they evade an obligation which they have to this country. It is not an excuse that we or anyone else can accept. We have provided tax write-off improvements in the last budget for the railroads, an additional 6 per cent on their rolling stock so that they can increase the amount of rolling stock they have.

What do the railroads do? Canadian Pacific Limited can spend $20 million on buying Syracuse China Corporation, in Syracuse, New York. Why did the minister or somebody else not direct them to put that $20 million into the purchase of more rolling stock? According to CPR's own statement, they are going to spend $50 million repairing 6,000 railway cars, but none of those cars are for grain movement. The minister is aware of this as much as I am or anyone else is.

I want to say that this does not apply to grain cars only. This is not a new problem. In 1947 there was a shortage of railway cars to move grain, but there was also, and there is still now, a shortage of stock cars. The hon. member for Medicine Hat (Mr. Hargrave) can tell you about that. The problem is chronic and continuous. In fact, when I attempted to move a motion under Standing Order 26, in ruling out the motion you said, Mr. Speaker, that the situation was chronic rather than acute, and you were perfectly right, sir.

Every year there are not enough cars to move potatoes out of the Atlantic provinces, not enough cars to move lumber out of British Columbia or northern Ontario, not enough stock cars to move livestock, and, most of all, not enough cars to move grain.

We say in our motion that the government has failed to expand Canada's capacity to move grain to export position, and while I recognize the contribution that the government and the people of Canada have made in their efforts to increase that capacity, it has been subverted and nullified by

the actions of the railways, because the minister and his government have failed to prevent the railroads from taking the wrong actions, and the minister and the government have thereby failed to expand our capacity, and that jeopardizes the ability of the Canadian Wheat Board to compete successfully and to expand our grain sales opportunities.

The U.S. Department of Agriculture is predicting that China in particular, and possibly the Soviet Union, will want additional grain over and above their present contracts, and the U.S. questions Canada's capacity to apply for, and successfully get, additional contracts because of the record of our railroads in the movement of grain.

We say in our motion that the minister and the government have failed to implement fully the major recommendations of the Hall commission report. I hate to say this because I do not mean it personally about the minister, but he is giving failure a bad name. If he will act upon the six items that we list in our motion, and if he will act on two or three others that I know my colleagues in my party and my colleagues to my right in the official opposition will point out, he will have the full support of this House. It will cost money, it will not be easy, and it will certainly require the government and parliament to make the two railroads perform better.

First, the minister should implement the recommendations of the Hall commission to maintain the statutory grain rates for producers and to pay directly to the railroads the actual difference between statutory and compensatory rates for grain transport. The minister bandied around the figure of $200 million to $250 million a year in the debate on this subject which took place approximately two or three weeks ago. I imagine he arrived at those figures by basing them on what Mr. Snavely recommended.

● (1552)

On behalf of my colleagues, I should like to indicate that what Mr. Snavely recommended was ridiculous and overly generous. Mr. Snavely proposed to build into compensatory rates for the railroads a 30 per cent return on equity investment or 20 per cent on the cost of capital. No self-respecting businessman or banker would ever talk in terms of a return of that nature. Not only is it greedy, but it is unconscionable. It sounds like something Household Finance or the lovey-dovey finance company would want. It is not a compensatory rate, it is a gift. The minister does not need to rely on the recommendations of Mr. Snavely in that regard.

If the Snavely formula were adopted, the railroads would receive 15 per cent more for hauling grain on an average than they would for hauling non-competitive other bulk commodities in the west. They would receive 27 per cent more per ton mile for hauling grain than they would receive on the average for hauling all other commodities in western Canada. I hope the minister is not considering allowing a compensatory rate for the grain companies on the basis of what Mr. Snavely recommends.

In our motion we refer to the actual difference between statutory and compensatory rates for grain transport which should be paid directly to the railroads. Paragraph (b) reads as follows:

to implement the Hall commission recommendations on economic development by extending the statutory freight rate to other commodities in the prairies and to other regions;

Particularly we are referring to the Atlantic region. Then the same principle should apply. It takes into account our geography and climate. It takes into account where we can produce, manufacture, and process commodities in our respective regions. It takes into account the markets of the world and the need for an opportunity to compete in those markets.

Paragraph (c) is a follow up to paragraph (a). I hope the minister will take this paragraph into account. It reads as follows:

to require the railways to purchase 4,000 hopper cars and to repair and return a minimum of 5,000 box cars to grain movement;

We all know of the removal of thousands of boxcars from grain movement by the railroads, many of which were scrapped. Some of them were repaired and put into the movement of other kinds of merchandises such as furniture, newsprint or whatever. The minister was had. As and when hopper cars came on stream, railroads moved boxcars normally used for the movement of grain into the movement of other commodities. That was not good corporate citizenship on the part of CP or CN.

As the Premier of Saskatchewan and I have said, railroads cannot justify refusing to supply adequate service to the grain industry because they claim to be losing money. After the gifts, concessions, subsidies, funds and assistance from the federal government, as well as from the provinces and municipalities, they have no excuse.

Paragraph (d) reads as follows:

to reimburse the Canadian Wheat Board for costs of demurrage charges on ships delayed in loading through no fault of the producers or grain companies;

Since our grain exports, whether a record or a near record is set, are of benefit to the nation as a whole, and do wonders for our foreign exchange situation, our balance of payments, and our export situation, surely that paragraph in our motion is reasonable. Since grain exports are of benefit to the entire nation, surely the nation as a whole should pay this cost which is incurred through no fault of grain producers or grain companies. Not only are ships being delayed because of the inadequate number of railway cars, they are being delayed because of the inadequate use of facilities already in place. This morning I had a telephone conversation with the manager of a grain terminal in Vancouver. That terminal is cleaning and drying grain 24 hours a day. Also 16 hours a day are being spent unloading cars and loading ships.

The prairie provinces have five government elevators with a capacity of 17,100,000 bushels. As of today, slightly under four million bushels are stored in those terminals at Moose Jaw, Saskatoon, Edmonton, Calgary, and Lethbridge. Those five government elevators could be drying 50 to 100 carloads of grain a day. That grain could be delivered to Vancouver and would be ready for onship loading, unless it had to be cleaned.

In any case, there are facilities in the prairies which are not being used.

Mr. Justice Hall and his commission recommended the abolition of stopoff charges. Grain companies are not anxious to pay extra charges to stop cars off at Moose Jaw, Saskatoon or Edmonton. These charges, of course, come out of the pockets of farmers. They are not anxious to unload the grain at those points, dry it and reload it. Thus the grain is sent on to their own terminals which have limited drying capacity. At the moment large volumes of tough grain are arriving in Vancouver where it has to be dried before being loaded on to ships. Approximately 10 per cent or 15 per cent can be mixed with dry grain, but the rest of it is delayed in the terminals for the purpose of drying. The capacity for drying at the government elevators is not being used. I hope the Minister of Agriculture (Mr. Whelan) will have something to say about that matter before this day is over.

Paragraph (e) of my motion reads as follows:

to increase immediately and substantially the amount of grain to be moved through the ports of Prince Rupert and Churchill;

For years we have known that the amount of grain going through Prince Rupert could be doubled with the existing facilities in trackage, storage space, loading and unloading capacities. The CN line to Prince Rupert is being used to about a 25 per cent capacity. Why are we not diverting some ships from Vancouver to Prince Rupert? Why are we not diverting rail cars of grain to Prince Rupert which are otherwise destined for Vancouver? A similar argument can be made in respect of Churchill. With the present facilities, the movement of grain through Churchill could be increased by at least five million bushels. The capacity at Prince Rupert could be increased by at least 20 million bushels with its existing facilities.

Why are not the Vancouver terminals operating three shifts a day, seven days a week? If that were done, those terminals would be faced with the same situation which occurred three or four years ago. The minister knows about that situation, as does the hon. member for Vegreville (Mr. Mazankowski) and myself. If the terminals called in shifts to work at midnight, enough cars are spotted to keep them working two or three hours, and then the workers must be sent home. Three shifts a day for several days a week are not feasible, unless and until a sufficient number of railway cars are spotted to keep them working.

I give credit to the minister, the government, the grain companies, and the Canadian Wheat Board for the efforts which have been made to date. But we are not keeping up, and we will not be able to make further gains unless the government or the minister requires the railroads to carry out the responsibilities and obligations that belong to them and to no one else.

● (1602)

I never thought for one moment that the railroads would use the provision of hopper cars as a means of reducing their own efforts. It was my belief they would remain good corporate citizens and carry on to the capacity they had before we started providing hopper cars. I am not aware of any purchases by the railroads of rolling stock for grain movement as a result of the new budget provisions. I know of no railway funds that are to go into the purchase of cars for hauling grain.

When I mentioned this chronic shortage of rolling stock for a number of commodities, and the minister knows this as well as I, I had in mind that hopper cars for grain had helped the situation, but there was also a problem in respect of a shortage of hopper cars for the movement of potash. At one point in time the railways were running a thousand cars per month behind for the movement for potash.

On the other hand we have heard reports, and one or two of my colleagues will be going into this in greater detail, that hopper cars suitable for the movement of potash are sitting idly on sidings. They could be cleaned and used for grain. Many of these cars are owned by private companies for leasing. The minister should give the Canadian Wheat Board the money to clean these cars up and put them into the movement of grain. We have only one and a half months left of this crop year in which the minister can take further action.

If the projections of the United States Department of Agriculture are accurate, we are going to be in real trouble by November. That country will be picking up additional sales that we could otherwise have obtained if we had increased our capacity to move grain by rail.

I have tried not to harp at or nag the minister on the subject of arguments we have had on many other occasions. We have tried in this motion to make some positive proposals and suggestions. We have said to him that we support his efforts, the efforts of the government and of the Canadian Wheat Board, particularly in the provision of hopper cars and the job the Board has done in obtaining grain sales. Surely the minister should listen to and accept what we are saying in a positive manner about increasing our ability to transport grain to our export positions. This really should be done by the railroads.

The situation would improve if the minister implemented the Hall commission recommendations regarding rates. Never mind buying all the recommendations of Snavely. This would not cost much more, and perhaps not as much as it is presently costing the government in the purchase of hopper cars, as well as the funding for other purposes. By implementing the Hall recommendations the railroads would be required not only to purchase the rolling stock and repair what they now have, it would require them to do their own rebuilding of the branch lines, instead of the taxpayer having to put up the money in a different way. Given the difference between the statutory rate and a reasonable compensatory rate, they could be required to do the job which, after all, is theirs to do. It is not up to the minister or an agency such as the Canadian Wheat Board to bail the railroads out of trouble continually, while the railroads run off into other more lucrative fields, both in and outside this country.

It is time we required the railroads to accept their responsibilities and carry out their obligations. They have been unfair to the Minister of Transport, who is also in charge of the

Wheat Board. They have misused and abused him, as well as the grain producers of this country. They have misused and abused the Canadian Wheat Board. They have placed our dealings with nations which are considering buying more grain from us in jeopardy. Surely it is time for the minister and the government to kick those two outfits around and make them produce. If the minister does that he will have the support of members on all sides of this House, as well as of the farmers, farm organizations, and the Canadian Wheat Board.

An hon. Member: And even the NFU.

Mr. Benjamin: Yes, and even the NFU. They might even starting talking again.

I appreciate that the final paragraph of this motion contains a bone of contention so far as this party, the government, and the official opposition are concerned. However, if the minister would accept and implement the other points, this would improve the situation immensely.

I hope the minister will accept my suggestions to increase grain movement capacity. In this way the terminals in Vancouver would receive less tough grain because more of it would be dried in government elevators on the prairies. We could enable the terminals to go on three shifts a day, six or seven days a week, unloading grain cars and loading ships. Some of the ships could be diverted to Prince Rupert where they could be loaded. I am sure some of this would not make the Wheat Pools and the grain companies happy, but that is just too bad. We have to get the job done. I hope the minister will accept and consider these positive and objective proposals, and will act accordingly. He does not have much time. We have been arguing about this since last November.

The hon. member for Assiniboia (Mr. Goodale) made an announcement last Friday that there is to be a special investigation into grain movement. I do not know why the minister did not make the announcement. Good God, how many more do we need? The minister has access to more figures than do I, and he knows the ones I have given him. He does not need another investigation. I hope he will take hold of this in a stronger way than he has in the past. He need not argue with myself or the hon. member for Vegreville. He can, if he wishes, and we will enjoy it. He should get into a winning fight with management, the board of directors and the operating personnel of the railroads so that we can accomplish what we are aiming for in the motion.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I should like first of all to begin by dealing with one of the last paragraphs included in the motion of the hon. member for Regina-Lake Centre (Mr. Benjamin) because it does not really fit consistently with the picture created by the other parts of his recommendations dealing with transportation and the Hall commission report. I refer to his suggestion that marketing of certain feed grains rapeseed, flax, and rye, be placed under the board.

When referring to this paragraph the hon. member acknowledged that he was reaching a little beyond the scope of the rest of his motion. He said it probably would not sit very well with the government or the official opposition, at which point the critic of the official opposition across the floor was heard to say "nor with the farmers". This is because included in the motion is a reference to rapeseed, in respect of which a plebiscite was held among farmers to determine their wishes. In allowing rapeseed to be marketed as it had been marketed before the plebiscite, we are simply following the expressed wishes of the farmers. At the very most I might have thought the hon. member would suggest that the time was ripe for further consultation with the farmers, rather than simply to presume to override their wishes recently expressed in a plebiscite.

I was delighted to get the advice from the hon. member for Regina-Lake Centre that I should not refer to the fact that we are having a record year for export, with improved prospects for meeting the transportation challenge with which we are faced at the present time. I am sure he would like me to avoid any reference to that, because for some days he and some of his negative friends have managed to leave the impression about the country that everything is in a disastrous state. The fact of a record being moved does not exactly fit into that picture, so he would prefer me to be silent about it.

● (1612)

In the same way, the second last paragraph of the motion contains the following suggestion:

to increase immediately and substantially the amount of grain to be moved through the ports of Prince Rupert and Churchill:

I presume he includes that paragraph by way of congratulations to the government for doing exactly that, although being in the New Democratic Party it would not be his ordinary practice to extend congratulations—so he puts it in the negative form.

Just today a telegram came to my hand from Dr. Hick, chairman of the grain co-ordinating committee in Prince Rupert containing congratulations for the government. He says that our continued commitment to the port is much appreciated, and he notes a tremendous volume of grain being moved through Prince Rupert this year.

In the same way I have said to the hon. member for Churchill (Mr. Smith)—who continues to sound off negatively about that port when he asks questions with dismay—that once again this year, and likely for the third year in a row, we will notch up the amount of grain moving through Churchill. It may not seem to be a great deal when we just edge up the volume, but it means that in each of these last three years, and this year again, I predict, if things go at all half decently, we will set another record in Churchill. That will be the third record in a row.

In the case of Churchill, previous to this we have announced various expenditures of $5 million to $7 million for improving to capacity the state of the elevator and the state of the harbour, in our continued commitment to the port. We have also announced, as part of our rebuilding program of rail lines, the commitment of the money to add a couple of sidings to the

Herchmer subdivision and, in effect, to increase greatly the capacity of that line to carry grain to Churchill. This would mean that we could go after a further record in the following years, although the construction itself will take some time.

There we have our commitment and our constant improvements in the way in which we use these two important northern ports.

In Prince Rupert, of course, in addition to setting very high levels of exports this year, we have indicated our willingness to support, financially, the improvements in the port. My colleague, the Minister of Agriculture (Mr. Whelan), is at work on improvements to the existing grain terminal there to increase its capacity and ability to handle grain. Along with a variety of elevator companies, we are hoping to be in a position to ensure the construction of a major additional terminal facility in the port of Prince Rupert designed to handle the increased volume of grain which we see, in our optimism, in the years ahead.

I say in our optimism, Mr. Speaker, because when I say that this is a record year for the movement of grain into export, and that we expect to set another record and surpass the other two times in our history when we exceeded 800 million bushels of exports of grain and grain products, the significance is not just in the fact that it is a record on its own, but that in this volume of 810 million to 850 million bushels of grain—and with the lower figure plus grain products—we are moving into export effectively more than a mere record or record crop or the part of that crop which is available for export.

In 1976 and in 1977 prairie grain farmers produced the best two crops in our history, yet with the 1977 crop which is close to the record of 1976, when we export 800 to 850 million bushels, we will be moving the whole of the available grain from that crop plus a significant amount from the previous crop, and that was available because it also was such a record.

I am optimistic about the future, and about these production levels being repeated more frequently and not simply standing as records for a long time. For that reason we want to build and expand the system. We will be looking to every technique we know to improve the system and its capability of handling grain to export.

The development of Prince Rupert, eventually to be able to handle perhaps 150 million bushels of grain in a year by 1982, in my view is consistent with a target of perhaps one billion bushels of export within a year or so of that time.

The problem we have in finding enough equipment and terminal capacity to handle grain is the problem of finding that capacity when we are moving an amount we never moved before. How much capacity should we have on hand to move a crop or handle a product? I know that no one would be satisfied if we only had enough capacity to move an average crop in a year. That would mean that any year we were above average we would be restrained from seizing markets by moving that additional production.

It is also obvious that as you have capacity, whether in railway cars, freight lines or terminals, to move more than the average amount of grain being produced, then you have some of that equipment sitting idle in a certain and significant number of years. The economic question that always has to be asked is how much we should have on hand, and how much we should be able to move. The point is that in receiving from producers, perhaps for the first time in history, one billion bushels of grain, we are testing the system to the full.

As the hon. member for Regina-Lake Centre said, a great deal of the credit for the fact that we are testing the system goes to the Canadian Wheat Board. I was happy that he gave some credit to the government. I think it is deserved in terms of the credit facilities provided and the encouragement given to the Wheat Board to go out and sell. Not long ago, Mr. Jarvis, the chief commissioner, said that one of the objectives, one of the ways of going about marketing, is to push the system to the full. The other way would have been to tailor sales to a comfortable margin of ability to handle. He said in effect they chose the route of pushing the system to the full.

I should like hon. members to know that last fall when the Canadian Wheat Board asked me about their willingness and desire to go in that direction, I was full of encouragement even though I knew there would likely be tightness in the system and problems of ships waiting, as there have been in years gone by when less grain was moved.

Not long ago I saw a clipping dated February, 1961, when the Conservative party was in power. In those years we never got close to 500 million bushels of exports, yet this clipping bemoaned the fact that great numbers of ships were in Vancouver waiting to load.

This negativism on the part of hon. members is unfortunate for the country as a whole. I am sure it sometimes leaves a bad impression in the minds of our buyers. Perhaps it should be put into the context that the Saskatchewan Wheat Pool put it in during a radio report not long ago. They pointed out that the fact of ships waiting is not an uncommon thing in the world of shipping. On May 19, according to their calculations, in the gulf and in the United States nine ships were loading, and 39 ships were waiting; in Argentina 45 ships were waiting in three separate ports. A waiting period of 15 to 20 days was common, according to the report. This is as long or longer than the few worst days in our recent period of ships being delayed.

Many others have explained that the world of shipping is not a regular one and that delays, and therefore demurrage, are an expected part of a rapid movement of product, particularly when we are, as now, setting a record.

We have done many things to improve the system and to improve our ability to handle grain. When those who want to be negative speak about the decline in the number of boxcars, ignoring the purchase of hopper cars which are worth one and one-half boxcars each, they are being misleading. They further ignore the fact that we have gained in efficiency by getting a better turn-around time for boxcars and hopper cars—that by appointing co-ordinators at Thunder Bay and Vancouver, by the introduction of the block shipping system, with the hopper cars themselves and their more efficient handling and breaking system, with the agreement we were finally able to work out

between the railways so that cars no longer pass one another loaded, going north and south between Edmonton and Calgary but instead were exchanged by the railways at those points and went directly to port—that these things have created improvements and helped shorten the turn-around time, which means that we can handle more grain like the record we are doing this year with less equipment than would have been required a few years ago. We are not resting there.

We have a branch line rebuilding program. Obviously, in addition to creating certainty throughout the province about branch lines that will be there and in operation for many years to come, this will allow cars to be moved more quickly onto them and off them. Therefore it will again lower the amount of time to be spent by a car on that line.

● (1622)

We have mainline improvements which will likewise improve our system. Some of these are again the direct result of government action. I think particularly of the developments which are taking place on the mainline of the Canadian Pacific Railway through the Rockies. These were brought about because of budget changes which allowed faster write-off of those sorts of investments, because we could see on the analysis that was given to us that the cash flow of the railway would not have induced it to make those improvements without that change. Those changes will lower the incline of lines, improve capacity, double track the lines, and improve our chances of getting the better turnaround.

The improvements at Prince Rupert and in the Herchimer subdivision are other examples of what will expedite movement of cars.

So, the question is, how many cars should we have? There is no secret that we are looking now, as we did on three occasions in the past, at the question of when cars will be required, whether boxcars should be rehabilitated, more new hopper cars purchased, or whether we should go forward with some combination of those things.

We have the cars today to handle the 850 million-bushel record which was our target for this year. With the problems of delays during the winter, it became very tight to do that, and we may not quite achieve that total. We need more cars for the prospective movement, the prospective replacement of cars that are gradually dying because of their age, and the growth production, which I foresee and the Wheat Board and I believe in as a reality, and for which we want to provide for by investment in cars as well as terminal facilities to handle the needs of the future.

The hon. member for Regina-Lake Centre said that we have failed to implement fully the major recommendations of the Hall commission report. Members opposite have said so many times too. I have asked them to give me a document, or to document in their speeches which recommendations it is they want us to implement faster than we have been doing, how they want them implemented and whether they want them implemented, even if the consensus of the Saskatchewan, Manitoba and Alberta pools is against particular recommendations, and likewise the grain industry and farm organizations generally.

In that regard I refer to the question of whether to set up an operating rail authority called the prairie rail authority where we have the support of all of these organizations in not moving in that direction but instead seizing that part of the recommendation from the Hall commission report to create a western arm of the Canadian Transport Commission to deal with future branch lines and the conditions under which the railways will operate them. So far as I know, every significant farm organization in the west supports that course of action and supports the setting up of the prairie rail action committee because what the railways wanted, what the farm community needed was certainty about that remaining 2,000 miles of line which were left uncertain as to their long-term future by the Hall commission report.

We have implemented the major recommendations. We have transferred to the basic rail network the 1,813 miles recommended by the commission. Not a mile has been changed in that regard. We then moved immediately to begin the rebuilding of those lines.

Here I would like to refer to a few other recommendations, and the only ones to which the hon. member for Regina-Lake Centre refers. He says that we have failed to implement the Hall commission report by—what does he say—not taking the following action: He wants us to take this action and says, "Implement the Hall commission report and the recommendation to maintain the statutory grain rates for producers". We have done so. We have maintained the statutory grain rate for producers. Then he says, "and pay directly to the railways the difference between the statutory and compensatory rates". In saying that we have one authority on what that difference was, and that was the Snavely report. He immediately rushes forward and says that he does not think we should rely on that. We presumably need another analysis and another report to satisfy him. I am not altogether sure that I would go along with the final figures of the Snavely report either, particularly because the Snavely report itself points out a couple of areas where serious judgment would have to be exercised.

I agree with the hon. member for Regina-Lake Centre that the appropriate return on capital would have to be looked at very carefully in any final analysis. The member for Regina-Lake Centre wants us and urges us to pay the difference to the railways. He says that he does not know what the difference is, but we should pay it. If we did pay it and had paid it quickly, he would have screamed "gift" from one end of the country to the other. But he says pay the difference to the railways, if we can figure out what it is.

What did we do? We moved on two specific fronts first, in the purchase of hopper cars with the provision of $255 million worth of railway equipment for moving grain; secondly in a repair program for rebuilding cars a couple of years ago, which he may ignore; and now in the specific program of rebuilding branch lines where there can be no argument about whether this is too much or not enough for the railways. In 1977-1978 we put in $100 million for rebuilding. We had a

full and detailed agreement which specified the equipment which was to be purchased with that money, $47 million worth. Why? Because the railways needed more ballast cars to carry the gravel and crushed rock. They needed more equipment such as the sleds to lift the lines, and more dump cars, in other words, more of the equipment than they had to rebuild the lines because of course the regular rebuilding and repair programs had to go on. As well there were $53 million dollars more for specific and on-line improvements such as you now see on the Conquest subdivision through Beechy and Lucky Lake in Saskatchewan which, in the next few years, we will see in terms of ballast and improved road beds and improved lines throughout the prairie region. Some $75 million a year has now been committed through the railways for that very specific purpose. Dollar for dollar we are getting value in improved rail lines.

Whether the hon. member for Regina-Lake Centre could argue that we are giving the railways too much if we adopted the Snavely report, or not enough if we adopted another figure, I say to him that at least he should be able to accept that when we are buying hopper cars, which he agrees are needed—he, unlike Mr. Hall in a recent news report, agreed that buying hopper cars was a good thing and still is a good thing—whether we give the $100 million to the railways and then demand they buy hopper cars and make them available to the railway, this is not a matter of great fiscal moment nor a moment too soon in regard to the handling of our grain.

It is the purchasing and acquiring of that equipment which is important. At least when we put our money into the hopper cars and make sure that every dollar goes into them, and we put our money into the rebuilding of branch lines and make sure every dollar goes into them, there can hardly be an argument that a dollar is being misspent and benefiting the railways unduly.

I calculate that today even taking a fairly modest view of the Snavely figures, it would require, taking the 1974 figures and updating them, something over $100 million a year in addition to the branch line subsidy amount to compensate the railways for moving grain. We are providing $70 million this year and $75 million next year for cash for branch line rebuilding. Surely hon. members opposite would not want that program to go more slowly. Indeed, the Leader of the New Democratic Party (Mr. Broadbent) said at one point it should go more quickly. The unions which were to be working on that repair program urged me to take just that kind of time over it. They do not want to see a great surge of building and then idle capacity while rebuilding lines, which would occur if you build and rebuild them in a hurry. It does not make economic sense to rush in that fashion.

● (1632)

What we have been doing is identifying lines. I could go through the lists of the hundreds of thousands of miles of line which are going to be improved throughout Saskatchewan, Alberta, and Manitoba during the course of 1978, and identify the additional schedules for the years to come.

Therefore, in effect we maintain the Crow rate. We have paid to the railways a very large part of the difference between that rate and the cost of carrying grain through our hopper car purchase programs, our rebuilding programs, and by our indication of our belief in going in that direction and making sure that the grain handling system is in order.

The hon. member says the next thing we should do in the Hall commission report is to implement the recommendation on economic development by extending the statutory freight rate to other commodities in the prairies. He does add "and to other regions".

The Crow rate is a traditional rate of the prairie farmer. I have always seen it as a classic offset against the tariff system, which has not helped him but hurt him in his costs, while he sells in an international world. I have said time and again that I would fight to maintain the benefit of the Crow rate for the prairie farmer so long at least as the tariff system exists.

I think, and farm leaders seem to agree with me, that if we can move toward freer trade, there would be a bargain one could strike, and the Crow rate would be thrown into that bargain because the farmer would be much better off by freer trade than he is from the benefit of the Crow. That aside, since we are a long way from that by any sign in the world and where it is going, the Crow rate is a traditional benefit. It now represents in today's cost terms approximately $200 million in this year, $200 million that has to be supplied, even according to Hall, and endorsed by members opposite, to the railways or through the railways by the government.

That is the $100 million I referred to earlier, plus the branch line subsidies, which is effectively part and parcel of the same program. That $200 million a year commitment will be ongoing from the people of Canada in relation to the Crow rate.

The Hall commission has said, "extend that to other products." I am not sure the commission said "in other regions". Perhaps that is a little addition by the hon. member for Regina-Lake Centre. He acknowledges it is. I am glad to see his logic, at least in being bold enough to say this.

I would like the Conservatives in their turn to analyse how far they would go in this payment of compensation in lower rates on other products. I presume that while the Crow rate applies only on grain moving to Thunder Bay, Vancouver, or the west coast for export, it would be very difficult not to extend any rate that was lowered in relation to meat and other products to the domestic market on the west coast as well as to export. It would be very hard politically not to do that.

It would be very difficult not to extend the lower rate in some other form of subsidization to anything that moved by way of truck as well as by rail or, indeed, any other method of transportation. Therefore, we would extend it to the movement of all products, at least to Thunder Bay, Vancouver and the west coast generally.

Then I would ask about whether that rate would have to be applied in some system of justice to those products moving

shorter distances within the country, stopping at Edmonton, Calgary, Thunder Bay or any place in the east.

I ask the opposition as well, would they extend that lower rate on truck and rail, and then water presumably, to every movement of product, such as grain, meat and other products, wherever it is in the country, or would they defend a lower rate on meat in one region of the country and for a similar distance in another region?

If I put all of those things together, by political calculation and by political analysis of what would be required eventually because of complaints from other regions, quite justified, I would not be surprised to come up with a figure of another $200 million a year for those lower freight rates. Indeed, it could be a good deal higher than that. Therefore, we would be asking the treasury to add to the $200 million a year, of which $100 million is a brand new commitment, another $200 million.

In addition, they would defeat another recommendation of the Hall commission report which is that production should occur according to natural advantage. In taking a real cost like the freight of moving a product, and either eliminating it or lowering it, you encourage the shipment of the more bulky form of that product farther than would be the case if you leave the rates at their natural or real cost level.

The very existence of such a subsidy program would make it less likely than the reflecting of real costs through to the person shipping the product, that he compacts his barley into meat before he moves it on any great distance. The over-riding question, of course, is the cost which would be involved in doing this and the burden upon the treasury which would be built into the system. I say it will be difficult to justify this burden upon the treasury.

I know there will be spokesmen from the Conservative party who are from the west, and also from the New Democratic Party, who will say quietly that this will be a great thing and not worry too much about the question of how far they would have to extend it into other regions. As a spokesman for the official opposition, I would like the hon. member for Vegreville (Mr. Mazankowski) to make clear it is the official policy of his party. I would like to see that said by his leader some time. His leader, of course, may want to backtrack on that at a later date. He has said that he would like to have the wheat board competed with in international markets by the international traders. I am not sure whether all of his colleagues go along with him on that. He may not have known what he said, although he is an Alberta boy. In any event, I would like to know whether that is the official policy of the party. I would like to see them spell out step by step what is included. Then I would like to see them explain whether it would be an advantage or not—

Mr. Deputy Speaker: Order, please. I regret having to interrupt the minister at this time, but his time has expired. As he knows, an order of the House was made that no extensions be given. Before recognizing the hon. member for Vegreville (Mr. Mazankowski), I might inform the House of the questions to be raised tonight at the time of adjournment.

[Mr. Lang.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Central Nova (Mr. MacKay)—Royal Canadian Mounted Police—Payment of legal costs of member of force; the hon. member for Vancouver South (Mr. Fraser)—National Security—Right of ministers to know how security personnel operate—Government position; the hon. member for Cape Breton-East Richmond (Mr. Hogan)—Labour Conditions—Young Canada Works program—Funds to assist students.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—MOVEMENT OF GRAIN

The House resumed consideration of the motion of Mr. Benjamin:

—That, in the opinion of this House, the government has failed to expand Canada's capacity to move grain to export position thereby jeopardizing the Canadian Wheat Board's ability to compete successfully for expanding grain sales opportunities, and has failed to implement fully the major recommendations of the Hall commission report, and this House therefore calls on the government to take the following action:

(*a*) to implement the Hall commission recommendations to maintain the statutory grain rates for producers and pay directly to the railroads the actual difference between statutory and compensatory rates for grain transport;

(*b*) to implement the Hall commission recommendations on economic development by extending the statutory freight rate to other commodities in the prairies and to other regions;

(*c*) to require the railways to purchase four thousand hopper cars and to repair and return a minimum of five thousand box cars to grain movement;

(*d*) to reimburse the Canadian Wheat Board for costs of demurrage charges on ships delayed in loading through no fault of the producers or grain companies;

(*e*) to increase immediately and substantially the amount of grain to be moved through the ports of Prince Rupert and Churchill; and

(*f*) to strengthen the principles of orderly marketing by returning the marketing of feed grains to the sole jurisdiction of the Canadian Wheat Board and to include as well the marketing of flax, rye and rapeseed under the said board.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, we in the Progressive Conservative party welcome debate on this motion at this time. As has been pointed out by previous speakers, the motion is fairly comprehensive. It has many facets.

I have to agree with the minister when he observes that paragraph (*f*), which has to do with the orderly marketing and returning of marketing of feed grains to the sole jurisdiction of the Canadian Wheat Board, is really not very compatible with

the thrust of the motion. I can agree with the minister's summation in that regard, but that is about as far as I can go, because once again he is attempting to leave the impression that all is well, things could be worse.

Quite frankly, I find little reason to be optimistic in listening very carefully to what the minister had to say. In spite of what he said, this debate comes at the height of a very serious and major breakdown in our grain handling and transportation capacity. Right now in the port of Vancouver we have something like 20 or more ships waiting, and ten in Thunder Bay. Our country elevator system is plugged. Producers are up in arms. We have a 35 million or 36 million bushel shortfall in our anticipated target. There is a shortage of equipment. There are severe cutbacks in the available number of boxcars and hopper cars in the country elevator system. Demurrage costs are piling up.

The hon. member for Regina-Lake Centre (Mr. Benjamin) seemed to lay the total blame on the railroads. The grain carrying fleet is being reduced at a dramatic pace. In addition something like 23,000 CN cars are away in the United States compared with 13,000 as a normal average over the year. These figures were given to us by the president of the Transport Commission on Thursday last. He went on to say that these cars were being used on a no-charge basis for the transportation of goods in the United States. Surely the minister has some authority over an organization which is, after all, a Crown corporation. Surely there must be some means by which these boxcars can be brought back to Canada and used to transport our grain.

● (1642)

The appointment of a tribunal to inquire immediately into certain aspects of prairie grain handling facilities by the hon. gentleman's colleague, the hon. member for Assiniboia (Mr. Goodale), contradicts what the minister has been saying. It proves that a serious problem exists. Yet the minister has the audacity to stand up here and tell us everything is fine. It is a deplorable situation, and it is well summed up in the comments made by a couple of members of the unions involved. This is what a Canadian Press report on the subject had to say:

> Canada will lose its foreign grain markets if the federal government doesn't smarten up and make sure the grain is delivered to waiting ships, Henry Kancs, head of the Grain Workers Union said Friday . . .
>
> Dennis McDermott, president of the Canadian Labour Congress, said in a news release that the railways have failed to deliver grain to the ports for export and that "the credibility of Canada in world grain trade is endangered and demurrage fees on ships waiting to load grain in Vancouver could approach $17 million . . ."
>
> McDermott said the federal government should not have allowed the deterioration of railway boxcar fleets.
>
> "The government has known for a long time there would be heavy shipments but it has done nothing to increase capacity" McDermott said, following a meeting earlier in the week of a CLC grain-handling committee.
>
> Kancs and McDermott said if Canada loses its export markets for grain "major ports and other sections of the grain-handling system will face major lay-offs . . ."

Those are not statements by members of the opposition. Those are not statements by people engaging in a parade of negativism. These are views expressed by people who are deeply concerned about the ability of this country to discharge its responsibilities and meet its commitments. They are anxious Canada should maintain its credibility as a reliable supplier of grain.

This situation should be considered against the background of the Liberal election promises in 1974 when the Prime Minister (Mr. Trudeau) promised that a Liberal government would "revamp the grain handling system from the granaries to the ships in the harbour."

Today's debate comes at a time when the government must make some serious decisions about the Hall report. It must decide either to put up or shut up. It cannot continue to say that it favours the report, while at the same time subverting, twisting, and undermining the central recommendations of the report.

Some hon. Members: Hear, hear!

Mr. Mazankowski: The Hall report is not only a transportation charter, it is an economic manifesto for Western Canada. It is not enough to implement some of the recommendations, those which are easy to put in place, such as rail line abandonment, those which result in reduced services for customers and pressures upon the producer. The minister should not implement the less attractive features of the report without moving toward the adoption of the entire package. I listened very carefully to the minister and found him very defensive on this subject. I heard what he had to say about the basic network. He did not come clean on this issue. I say you cannot adopt one part of the report without the other, without adopting those recommendations which tend to compensate and offset those less attractive features. The Hall recommendations must be considered as a total package.

The minister has told us the government is moving in some areas. There is no doubt that with regard to certain of the recommendations it is moving quickly, indeed with indecent haste. In this process the interests of the producers are being forgotten though the interests of the railroads and the grain companies are being given consideration. As I have indicated, a number of the recommendations are very beneficial, and it is these which the government is implementing only very slowly when it is not ignoring them entirely. Yet I believe these latter recommendations are part of a catalyst which could revolutionize grain handling and transportation.

The continual conflict between the minister and Mr. Justice Emmett Hall must be resolved. I hope that the proceedings in our committee will help bring the two parties together. In spite of the minister's kicking and screaming because he did not want Mr. Justice Hall to appear before the committee—

Some hon. Members: Oh!

Mr. Mazankowski: I understand that the minister met with Mr. Justice Emmett Hall for the first time last Saturday, for the first time, I suspect, since the report was released more than a year ago.

There is in this country a tremendous amount of confidence in Mr. Justice Hall. He has been appointed commissioner in a contract dispute involving the western grain industry. Those people have confidence in him. The farmers have confidence in him. The people of western Canada have confidence in him. The only person who does not have confidence in him is the minister. If the hon. gentleman did feel confidence in him, Mr. Justice Hall would be free to come before the committee and state his case.

Mr. Lang: He is coming before the committee.

Mr. Mazankowski: Against the minister's wishes.

Mr. Lang: I appointed the commission.

Mr. Mazankowski: I commend the minister for that. I commend the work the commission did. They did a thorough and comprehensive job. And I wish the minister would not treat the gentleman and his colleagues with the contempt he has shown them in the past.

Many of us feel the minister has failed to grasp the real significance of these recommendations. He has told us he set out immediately to transfer those 1,800 miles to the basic network. But there are other areas which are far more important to the future of transportation and economic development in western Canada. It is about time the minister got on to the same wavelength as the authors of this report.

● (1652)

Now we have another commission, with a new set of recommendations. Then we have the Snavely report which, in many cases, challenges the major recommendations of the Hall report. In fact, it challenges the major recommendation regarding payment to the railways by the public treasury of the difference between the statutory rate and a fair compensatory rate. Clearly, the government will have to make up its mind as to which royal commission it is going to follow. Whose recommendations will the government adopt? I think that is very important.

No doubt Snavely is an expert in the field of freight rates, and I would be the last to argue with his findings. I understand that his statistics and figures are reasonably accurate, but his conclusions are another matter. I would much rather accept the conclusions of Mr. Hall than those of Mr. Snavely. Quite frankly, I do not believe that anyone can measure with any degree of accuracy the social and economic impact of the Crow rate and the impact of extension of that Crow rate sitting in a board room in the city of Washington.

Quite frankly, I place my credence in the recommendations of Mr. Hall. He knows the west. He has visited practically every community in western Canada. He has talked to the people, to the grain companies and to the transportation companies, and he really understands not only the problems but also the social and economic impact of any major deviation or change in the transportation system.

What has been the response of the government to the Hall recommendations? The minister has said that the government has acted decisively and quickly. I agree that in some areas it has. It has done so where it has been advantageous to the government and probably to the railways and grain handling companies. However, our analysis suggests that less than ten recommendations have been fully or partially implemented. There are some 90 recommendations in the Hall report. Fifty-eight have not been implemented at all. There has been no action on them. Statements have been made on 24. Six have been fully implemented, and four partially. That is not a very good record.

I said earlier that the minister did designate 1,813 miles into the basic network. He is proceeding with 2,165 miles of abandonment. However, with respect to the 2,344 miles put into that uncertain category there is a major deviation from the Hall report in the method which the government has adopted. There is a major deviation in the method of the government and in its timing, because we find that the minister is insisting on proceeding on the category with undue haste. I say that time is required to determine the status of these lines. Time is required to determine what kind of rationalization or consolidation will take place as far as grain-handling companies are concerned. The requirements of 1977 might be quite different from the requirements of 1985, so Mr. Justice Emmett Hall recommended a prairie rail authority which could monitor and run these lines.

I am not suggesting that a prairie rail authority would be the be all and end all, but something like that certainly is necessary. I might say that this seemed to have widespread support from grain companies and from the railways. The government has proceeded with setting up a prairie rail action committee and, quite frankly, it is moving ahead very swiftly. The minister wants the committee to report back on the status of these lines by the end of this year. There does not seem to be the kind of consultation that is necessary. The producers are frustrated and very concerned.

I have in my hand a letter from Kelwood, Manitoba. It is from a Mr. George Carr, who is the secretary-treasurer of the Neepawa-McCreary Branch Lines Association. He indicates that an official report has been received from the Railway Transport Committee regarding applications for the abandonment of certain branch lines in Manitoba. This includes the line on which two of that association's elevators are situated, the Neepawa Junction to Rossburn Junction line, 32.8 miles. Should this be implemented there would be no elevator between Neepawa and McCreary, a distance of 40 miles. Mr. Carr felt that this decision was far too abrupt. The lines association wrote to the CTC in Ottawa last August regarding some of its concerns, and the reply it received stated that no line could be closed without a public hearing. It is now found that this line is finished, and much frustation has been created. To say the least, it has been very disconcerting to the producers who are affected.

Regarding rehabilitation, Mr. Hall said that an adequate network configuration will require capital funding of about

$445 million for upgrading and rehabilitation. The government responded, first, by committing $200 million, but it backed off and said that because of fiscal restraint it had to cut that back to $100 million.

That has since been supplemented by $75 million which is part of an additional $600 million program over five or ten years, I am not sure which.

Mr. Lang: Eight.

Mr. Mazankowski: The minister says it is eight years. In the meantime the railways are committing additional expenditures. CN says it will commit at least $200 million over the next five years. It should. We just wrote off $808 million by way of a bill in this House. That bill will provide CN with a profit well in excess of $200 million by 1981. CP is also proposing expenditures to upgrade and rehabilitate its lines. The budget proposals should assist, but the $600 million seems to us to be more than generous, particularly when we consider that we do not seem to have adequate commitments and safeguards, when we see the railways reducing their grain-carrying fleet, and particularly when we see we have no control over the cars that go to the United States.

This ad hoc approach that we have bothers us very much, and I think that Justice Emmett Hall may have had the right idea: pay the railways a fair return for hauling grain, and charge them with the responsibility of maintaining their track and their infrastructure. Charge them with the responsibility of providing sufficient equipment and rolling stock.

I now turn to the Crow rate and the extension of the Crow rate. These two sections are very central to the thrust of the Hall report. They are very important to western Canada. Mr. Justice Emmett Hall said that the railways must be compensated for the cost of moving grain by rail and that the railways must in turn be responsible for maintenance and upgrading of lines in the basic network or those lines subsequently added to it. Mr. Justice Hall went on to say that the present statutory rates should be retained and that the shortfall between the cost of moving grain and the statutory rates should be paid directly to the railways. The belief that the Crow rate was in the national interest—

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

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I am happy to take part in the discussion on the motion of the hon. member for Regina-Lake Centre (Mr. Benjamin). Naturally, I will not repeat all the terms of the motion and I will simply say that it concerns the lack of co-ordination among various government agencies. They are the Canadian Wheat Board, the Canadian Transportation Commission and the Canadian National Railways. These various agencies simply do not have the same objectives as concerns the economic development of our country.

The motion of my colleague for Regina-Lake Centre notes first of all chaos which surrounds rail transport in Canada. And yet it took the railroads to save Confederation and achieve the Canadian union. The motion states with reason that the government has not seen fit to promote the expansion of Canada's capacity to move grain to export positions thereby reducing our foreign sales opportunities.

Everyone knows that our railway system has become somewhat outmoded. Indeed, on October 26, 1974, I proposed a motion in the House of Commons to study the need to institute a royal inquiry commission concerning the well known deficiency of the Canadian National Railways in relation with the many deficits and the high number of accidents in the Canadian National system. As concerns the deficits, Mr. Speaker, the Canadian National has accumulated each year for nearly 20 years phenomenal deficits that the Canadian people must pay with their taxes.

In this 20 year period, the deficits accumulated by the Canadian National have reached $675 million, while the Canadian Pacific, which provides services in nearly the same areas, has had benefits often in excess of $100 million a year. And, as far as I know, in relation with the high number of accidents in the CN system, both as concerns costly derailments and employee safety, nothing has been done to correct the situation.

Mr. Speaker, it is impossible for me to ignore the very stern comments of coroner Héroux about the CN following the death of a CN employee in disturbing circumstances. On that occasion, it had been impossible to submit a report drafted by CN policemen and I still maintain that it is essential to launch a public inquiry on the CN administration. The purpose of such inquiry would be to investigate promotions and expenditures in the CN.

It is sad, Mr. Speaker, to note how the CN has for some ten years neglected its passenger services, so that it was necessary to reorganize recently those services within the framework of VIA Rail. As for freight, the CN has never been an innovator. We should be looking at what has been done in European countries where immediately after the war modern and rapid railways were developed.

In short, our railroads are in a pitiful condition. Instead of indulging in second class operations like building communication towers and commercial centres and owning real estate like luxury hotels, railways should commit themselves to maintaining adequate facilities and services as well as an appropriate number of freight cars and engines and, particularly they should develop new lines where it is required for our economic welfare.

Mr. Speaker, in the last four years, many questions have been put and many motions have been presented to the effect that railways in western Canada were not maintaining decent services for grain and cattle transportation from west to east. In the last report of the Canadian Wheat Board the growth

rate of operations is said to have increased by 11 per cent at Churchill and 12 per cent at Prince Rupert. Those figures are encouraging as concerns the development of our secondary harbours.

I am particularly interested in the third part of the motion. It requires that CN and CP buy 4,000 hopper cars and return a minimum of 5,000 boxcars to grain movement. I think this request tells much about the present situation. We must improve it immediately and see to the maintenance of the rolling stock and the building of additional cars as needed. The efforts made until now to modernize the system have been certainly inadequate. Let us take again as an example the passenger train service. The public has been complaining about it for several decades. Pressure groups have been formed. Following the establishment of VIA Rail not much has been done and the bus and airlines companies are getting the major part of that market. However, VIA Rail is a step in the right direction. The creation of that company has made possible the redirection of railways towards passenger services.

As far as freight is concerned, it might be more realistic to create a joint corporation similar to VIA Rail that would include freight services of both railway companies. Then we would make sure that the economic interest of our country override private interests. It would be easier to redirect railways development in Canada to facilitate better services throughout our country.

My colleague for Regina-Lake Centre has given us a great opportunity by presenting his motion. It allows us to reflect seriously on the future of our railways and the development of our economy.

● (1702)

[*English*]

Mr. Jack Murta (Lisgar): Mr. Speaker, I also would like to participate in this very important debate. In the 1974 election campaign the Liberal government promised many times to overhaul the entire grain transportation system. In fact, it promised $1.5 billion to be spent on transportation. Since that time very little has happened. Our system of moving grain to export, which is one of the major revenue sources for this country, is in serious trouble.

What are the signs of trouble that we see at present? There are three main signs which we have been seeing in the past few months. The first sign was when China, one of our major customers, started complaining that they were not getting the proper kind of service. As a result they turned to the United States for the first time in a number of years for additional purchases of grain.

The second sign of trouble which was apparent to most people was when the Canadian Wheat Board wanted action taken on its request for hopper cars and asked for a program for rebuilding of boxcars. That does not happen very often, Mr. Speaker, but it happened some months ago.

The third sign of trouble, which was perhaps the most obvious sign, was given last Friday when a Liberal backbencher made a press statement in his home town stating that a special and immediate investigation will be carried out into the efficient use of the prairie grain handling and transportation facilities. That was a true sign of trouble for this government and for the hon. member who made the statement.

Why is the industry in trouble? The Minister of Transport (Mr. Lang) in his speech glossed over the problems which the industry is having. What is the situation of the industry at present? As of June 1, last Friday to be exact, we had 7 ships on the west coast loading, 17 ships waiting, and 17 more ships due, for a total of 401,000 tons waiting to be loaded. In Thunder Bay, we had 6 ships loading, 18 ships waiting, and 8 more due, for a total of 185,000 tons. In the St. Lawrence ports, there were three ships loading and 14 ships waiting, for a total tonnage of 645,000. As of June 1, the total tonnage in all ports was 1.2 million. In effect, over one month of grain transportation and hauling is required to fill the ships which are there at the present time. Approximately ten days earlier, there were about one million tons.

● (1712)

What is happening is contrary to the press release put out by the Liberal backbencher, and to what the minister has stated. We are slipping behind in our grain transportation. We are not catching up with the system at the present time. For example, the terminals at Thunder Bay approximately ten day ago were being used to a 40 per cent capacity. At the present time, the utilization is under 40 per cent and is continually dropping.

What are the effects? I have mentioned three before. One can understand why an investigation will be undertaken by someone in western Canada into the entire question of the movement of grain in Canada. We are faced with a somewhat difficult situation. China has bought grain from the United States at new high prices, in the neighbourhood of $4.55 per bushel. Canada is locked into contracts until the end of this crop year. Canada's contracts are over $1 per bushel less than the price being paid by China. The effects of the grain backlog will be a loss of shipment from country elevators.

The Canadian Wheat Board has commenced to revise downward the various quotas it expected to fill. Barley is an example. On the weekend I believe it was revised downward from 15 bushels to 12 bushels. That is an indication of the situation in which we find ourselves. The Canadian Wheat Board had counted on moving over one billion bushels from country elevators. At the present time the board has indicated that this will not happen. Also we are looking at demurrage charges caused by the waiting of ships which the farmers have to pay. The demurrage charges will amount to between $17 million and $20 million, which is the highest on record.

Some months ago the minister indicated that a record would be broken in the area of total exports. The Canadian Wheat Board indicated that the exports will amount to approximately 800 million bushels, which certainly will not break any record.

Substantial demurrage is being paid at both west coast and St. Lawrence ports for the first time in our history.

Mr. Lang: That is not true.

Mr. Murta: I would like to indicate to the Minister of Transport that the Canadian Wheat Board indicated this is the first time it has happened. Furthermore, the total carryover will be much larger than anticipated.

All hon. members would urge the government to act on the Canadian Wheat Board request for some 4,000 additional hopper cars, and funds for refurnishing an extra 5,000 boxcars. One important factor which we tend to overlook, and to which the government has not addressed itself, is car turnaround time. In other words, I am referring to the amount of time necessary to ship a car of grain to one of our coastal ports, unload it, and return it to western Canada. According to the grain trade, the length of time required is approximately 20 days. That has not dropped significantly over the last 15 to 20 years.

The situation regarding grain export is so bad at the present time that an official of the Alberta Wheat Pool in Vancouver stated that the wheat pool is forced to write off Friday as a work day, because railways run out of cars on Thursday. The cars are available once again on Saturday, but the pools are forced to pay workers double time to load them on weekends.

In his speech before the Vancouver Board of Trade, the Minister of Transport stated that bad weather, late arriving ships, and the temporary loss of a rail bridge have delayed deliveries. He said, "We are only now inching back". According to the Canadian Wheat Board, that is not true. Also he said the following:

> We are looking this year at exporting 850 million bushels, which means a total delivery by the producers of one billion bushels.

Also that statement is not true. This statement was quoted in the Canadian Press on June 1, just a few days ago. In fact, it was on the same day when the startling figures regarding the amount of tonnage waiting in our various ports were made public.

How bad are the rail lines in western Canada? The rail system in the west has been neglected for such a long time that great sums of money will be needed to rehabilitate many lines. Certainly that statement does not have to be made in western Canada because everyone is aware of it. The Hall commission reported that branch line subsidies have not gone back to the branch lines. These subsidies have gone to the railways. In turn, the railways have taken this money and used it where they saw fit. Over the years the system has been neglected. We are paying the price of close to $20 million in demurrage this coming year. Also there are the international problems we are having with our customers. Carl Snavely, the Washington economist who conducted the studies on the cost of transporting grain by rail, indicated that the current state of branch lines is fairly bad. Also he suspected that without major repairs the system could start to break down within a very few years. Of course that is happening at the present time.

Mr. Jim McDonough who was the executive director of the Hall commission before going to the Canadian Transport Commission, has echoed the same concerns. When the Commission started its hearings, he reported that railway officials were asked to estimate the life expectancy of prairie rail lines. Those officials indicated that if no significant maintenance work was done the life expectancy of various lines would vary from one year to 15 years. That possibility is rearing its ugly head at the present time.

The report of the Hall commission is a central issue to this motion. The government announced that it was going to look into the entire question of western rail lines in April, 1975. Mr. Hall tabled his report on May 19, 1977. Thus, it has been well over a year since the results of the study were made known. Mr. Justice Hall made approximately 92 recommendations. Six of those recommendations have been implemented, three have been partially implemented, 25 apparently required further study, and 58 have not been commented upon at all.

It would be interesting to have a look at some of the recommendations brought out by the Hall Commission and compare them to the responses given by the government. We should be provided with an opportunity to view both the recommendations of the commission and the responses of the government in as impartial a light as possible.

● (1722)

The first recommendation of the Hall commission was the establishment of a prairie rail authority. The government has established the Prairie Rail Action Committee.

The second recommendation was in the area of compensating the railways for the cost of moving grain. The Hall commission recommended the actual cost of moving grain minus the Crow rate level. The government's response was that it would cost $200 million, which was too expensive, and it could not afford to do this at the present time.

Another recommendation had regard to the fact that it would cost some $35 million annually, including inflation, to close the discriminatory gap between raw and finished products. The minister's response to that was that he thinks the figures are wrong and does not believe them.

The commission recommended the establishment of a northern development railways department of the CNR. The minister has indicated he will review that.

The Hall commission recommended that we eliminate the railway stop-off charge for in transit grain, to which the government has said no.

The commission recommended the utilization of the Canadian government elevator at Saskatoon for cleaning, storage and shipment of grain to Churchill, to which the government has said no.

The Hall commission recommended the construction of a government elevator at Yorkton. There has been no construction started, so that represents the government's reply. In that regard perhaps the House would be interested in hearing a

paragraph from the *Western Producer* report of April 20, 1978, where it is stated:

The report on the feasibility of the port of Churchill and the proposed terminal at Yorkton was solicited by the federal government after the Hall report was published.

Mr. Hall's report recommended that stop-off charges at inland terminals be eliminated so grain can be cleaned and reshipped from inland terminal points. He recommended a 25 to 30 million bushel terminal be built at Yorkton to provide surge capacity for the port of Churchill and the insurance rates be readjusted to allow for a longer shipping time.

With these and other recommendations the port of Churchill could realistically handle 55.5 million bushels, Mr. Hall says. Last year 30 million bushels were shipped from the Hudson Bay port.

The Bryden report—

That is the report that really cancelled the recommendation of Mr. Justice Hall. It states:

The Bryden report didn't share Mr. Hall's optimism for the Churchill facility.

The article goes on to state:

"From beginning to end it is loaded against not only the facility at Yorkton but also the feasiblity of the port of Churchill as an ongoing force in western Canada—"

The report concludes by stating:

"We have a report downgrading the Hudson Bay Route, downgrading the port of Churchill and negative to a grain handling facility at Yorkton. I might say this is a serious problem" Mr. Hall told the 75 Bay supporters.

Mr. Hall said it was strange that no one from the port of Churchill, the manager of the port of Churchill or the federal port authority was interviewed when the Bryden report was tabulated.

He goes on to be very critical of the government for its handling of what he considers to be certainly one of the commission's more central recommendations. That is the kind of stonewalling tactic that we have seen on this side of the House, and that Mr. Justice Hall has experienced.

As the hon. member for Vegreville (Mr. Mazankowski) has indicated, the government has to make a commitment to this report in its totality.

Another recommendation of the commission was to enlarge and modernize the terminal at Prince Rupert to a capacity of some 6 million bushels. The government has started in this regard and has allocated some money, but at the present time it is waiting to see whether or not the grain companies will utilize that facility.

Mr. Hall also recommended that we eliminate the additional charge by the railways of 14 cents per 100 pounds levied on rapeseed meal on hopper cars. The government's response to that was no.

The commission recommended that abandoned rights-of-way be returned to provincial Crown. The response to that was that it will go back to the federal authority and then to the municipalities.

The commission recommended the establishment of a Canadian Wheat Board regional liason office in Alberta and Saskatchewan, but certainly up to the present time the answer has been no.

There are many other areas and recommendations in the Hall commission report that have not been implemented. Mr. Justice Hall recommended that the Canadian Wheat Board should provide information to producers on rail car allocation to specified stations and blocks upon request, but to my knowledge that has not been implemented.

The commission recommended the establishment of an off-line elevator at the Fisher Branch, Manitoba. Of course, that has not been done.

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

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, it may seem odd to some hon. members that a member of parliament from British Columbia should be involved in a debate basically dealing with the movement of grain in western Canada. Hon. members should recognize the fact that British Columbia, through the port of Vancouver and the port of Prince Rupert, plays a very important role in the movement of grain to our customers around the world.

There is no question but that the port of Vancouver has on occasion received odd knocks from people regarding the shipment of grain out of that port, but the facts indicate that the port of Vancouver is developing into the largest exporting port on North America's west coast. Vancouver leads every other port on the western seaboard, with 47 million tons being handled in 1977. Canadian Press reports indicate that port general manager, Fred Spoke, claims he can see the day when Vancouver will equal all the west coast ports combined.

It should be remembered that grain handlers are making major improvements in their handling capacity, and railways are also busy with substantial improvements to their west coast efforts. According to Mr. Spoke, Burrard Inlet, a major grain outlet, can handle ships up to 120,000 deadweight tons which, he notes, is something that almost no other harbour in North America can boast. In short, the port of Vancouver is doing its job well, and is gearing up to do even better in the future.

It has been estimated that in the calendar year 1978 shipments of grain out of the west coast will total approximately 300 million bushels. I understand the minister's target for the west coast in the early 1980s with the Prince Rupert and Vancouver facilities enlarged, is in the neighbourhood of 450 million bushels.

It may be that many residents of the province of British Columbia are not aware of the significance of the grain trade through our two major ports, or what this means to the economy of British Columbia. I do not have the figures before me, but I can assure hon. members of this House, as well as British Columbia, that with the expansion of port facilities, the trans-shipment of grain through the two ports will contribute more and more to the economy of British Columbia in future years.

● (1732)

In his remarks the minister stated that by the year 1982 over one billion bushels of grain will be shipped out of the

Lakehead through Thunder Bay, Vancouver and Prince Rupert. At the present time there is an imbalance in the amount of grain shipped out of Thunder Bay compared to the ports of Vancouver and Prince Rupert. I understand that by 1982 the two areas of shipment will be almost equal with approximately 500 million bushels to be shipped out of British Columbia and approximately 500 million bushels to be shipped out of Thunder Bay.

There are plans for expansion of grain storage facilities in British Columbia. Hon. members will be aware that not too long ago an elevator burned down and destroyed part of our capacity for shipping out of the port of Vancouver. I understand the Alberta Wheat Pool is planning to expand storage facilities by 2.8 million bushels, the Saskatchewan Wheat Pool is planning an expansion of 3 million bushels of storage, the United Grain Growers is planning an expansion of 2 million bushels and the Pioneer Grain Company an expansion of 2.6 million bushels. In the next few years we can foresee an additional 10.4 million bushels of storage capacity added to the existing 23 million bushels storage facilities in the port of Vancouver. At the present time we have 2.25 million bushels storage capacity which would give us a total of approximately 35 million bushels of storage capacity in Prince Rupert and the port of Vancouver. Storage in Prince Rupert will be increased also and I will touch on that later.

It seems to me that the government's position on the statutory grain rate issue is crystal clear. The railways are ordinarily expected to make the major move with regard to the provision of adequate capacity as movements are projected and foreseen. I think it would be fair to say that up to this time the railways have been doing a competent job. To assist them and to assure that they would do the job, in each of the last two budgets there have been significant changes and improvements in the capital cost allowance for the railways so that their cash flow may be improved. It would also be fair to say that they responded with plans to expand their capacity more rapidly where they foresaw increased freight.

The big exception in the railways' capability to do what is needed for freight has been in the area of grain. As the Snavely commission pointed out, the railways receive very little for grain movement compared to the cost of moving it. The Hall commission stated that there is a call upon government to do additional things in the way of financing, to ensure that the railways have the funds, notwithstanding the continued existence of the long standing statutory Crow rate on grain.

It is no secret, Mr. Speaker, that in this House on many occasions I have criticized the CPR, especially in British Columbia and on Vancouver Island, for their insensitivity to the travelling public in asking for cessation of passenger service. We have the situation in western Canada, however, that with the statutory Crow rate, funds are not generated to enable the railroads to maintain their road beds and to retire and purchase rolling stock in order that we can make the continued expansion of exports which, as I indicated earlier, it had been estimated by the year 1982 would reach one billion bushels shipped out of Canadian ports. The money has to come from somewhere, Mr. Speaker.

The government foresaw the Hall commission's recommendation regarding financing for the railways. In our 1975 policy statement we made clear that, where it is a matter of policy to maintain rates at a level below cost, the government should be willing to identify that policy and its cost and pay the amount of money to the transportation system expected to bear the burden. Therefore, it would not have to pass the costs of that transportation system on to other people or, indeed, need it be inadequately provided for.

The government responded to the spirit of that requirement for an additional infusion of cash with the provision of 8,000 hopper cars for the movement of grain, at a cost of $255 million. That was the first real, important move forward toward improving our grain handling system in some 40 years. The government also set up the Hall commission and the Snavely commission and have been dedicating themselves toward implementing their reports. In this moment of fiscal restraint we do not have the ability to move at once to pay to the railways what the Hall commission recommended, I think that point must be underlined: in this moment of fiscal restraint we do not have the ability to move at once to pay to the railways what the Hall commission recommended. There is no question that many of the recommendations are worthy of consideration. There are many other areas, however, that demand government attention.

If we had unlimited funds to enact the Hall commission's recommendations, we would still require additional funds for the enlargement of port facilities. It would be foolish to have one billion bushels of grain moved across the prairies through British Columbia only to find that the terminals could not handle one billion bushels of grain. I therefore believe that we have to look at the total transportation system and not just rely on certain sections of it. This is what I think the Minister of Transport (Mr. Lang) has done by announcing funds to be allocated to the port of Vancouver and the port of Prince Rupert.

What the government and the minister did was immediate and of fundamental importance. The most important thing was to see that the railways went ahead with investment in grain lines on the prairies which had been neglected. Within a matter of a few weeks of the tabling of the Hall commission report, the government transferred to the basic rail network the additional 1,813 miles which the Hall commission identified for that purpose.

Likewise, the enormous additional expenditure required to extend the Crowsnest rates to processed grain products is beyond the capability of the federal government at this time. If this subsidy were extended to processed products, it would be very difficult to limit it just to the products that currently move by rail. Products presently moving by truck would quickly move by rail if this subsidy were not extended to truck movements of such products. It would also be argued that processed products in the east as well as those in the west should move under these rates; otherwise there would be a

preferential rate which would not be accepted by other regions of the country. We would have to extend it to all modes of transportation and all regions of Canada, not limiting it to one carrier or one region.

If all such movements were included under the Crowsnest rate, the cost could conceivably be in excess of $200 million annually. This is in addition to the $200 million which would be required to compensate the railways for the full cost of moving the products currently covered by the Crowsnest rates. Day in and day out in this House we hear it argued that the government should spend wisely and be an example to provincial and municipal governments as well as to the individual. I suggest the additional funds required by the program I have just outlined would not be in the best interests of the country at this time. I am sure that further studies will have to be carried out to determine whether a policy of this type would ever be beneficial to the country.

I feel that the more you subsidize, the more you dislocate the natural patterns of transportation. One could get into an area where plants, whether they are manufacturing plants or otherwise, would be located in areas which would not normally be economically feasible for transportation reasons. As a result of subsidization further inequities are built in by locating plants and facilities in areas where they should never be located.

● (1742)

In his remarks the minister also included the embarkation by the federal government on a program to rehabilitate and upgrade the prairie rail network. I agree with this. The first phase is to cost $100 million and I understand will be completed by this summer. A second phase planned for 1979 and costing approximately $75 million has already been authorized by the Government of Canada. I would hope that the entire program costing over $700 million will be implemented during the expected eight to ten year period. I further hope that at the end of that period of time the basic rail network will be capable of handling hopper cars on a year-round basis.

I should mention a point that has been brought up in this House before, namely that we are in a record year of grain shipment at the Lakehead, the port of Churchill and also in the two B.C. ports. What has happened and what has not been recognized by some people is the fact that we experienced a very rough winter on the prairies. As a result of that we fell behind in the loading of ships at Vancouver and Prince Rupert and we are unable to catch up. There will always be problems in Canada with shipments of grain and other materials, for example potash, because of the climatic conditions. It does not matter what government is in power, climatic conditions will influence the transportation of goods and grain in this country. That is a fact of life that we have to look at.

We do not live or operate in a temperate climate, such as that in the southern United States. It is interesting to note that the port of New Orleans, which does not have the problems that we face in northern Canada, has approximately 30 ships waiting to load grain. And yet here we are in a record year in the shipping of grain, having had bad loading conditions during part of our winter, and not being able to utilize hopper cars that traditionally switch over from the shipment of potash back to the grain trade, because fortunately or unfortunately the potash business is also having a record year. We have not had either the fast turnaround or the availability of cars which we have had in other years. This point should be stressed because variances in weather affect transportation in Canada. A second problem is the immense distances we must ship our goods. This sometimes is a blessing, at other times it is not. But obviously these things do play a role in transportation in Canada.

As I have stated, with the upgrading of the rail lines during that eight to ten year period of time and, with the expenditure of $700 million, we will have a first-class rail system. But again variances in weather will be a factor. These variances, of course, do not fall in the hands of politicians. After years and years of neglect and years and years of nothing being done with regard to the grain handling system, we have not only had in the last few years 8,000 hopper cars, but we have also had the commitment of the full amount of money required to put the basic rail network into first-class shape. That is an improvement and I congratulate the Minister of Transport, who is not the only Minister of Transport, Liberal, Conservative or otherwise, who has faced this problem. However, he is the minister, I believe, who has initiated a solution to this problem, and we are far along from what we were five, ten, 15 or 20 years ago.

The Hall commission recommended action with respect to Churchill and Prince Rupert. In both cases action has been taken and I am extremely pleased to see it, especially in the case of Prince Rupert. There will be advocates for Churchill among members from the prairie provinces, but in Prince Rupert the potential to move grain has always been there. However, for a variety of reasons that potential has never been achieved. Those of us who live in the southern part of British Columbia, which includes approximately 90 per cent of the population, have ignored areas such as Prince Rupert.

I am most pleased to see that the Minister of Agriculture (Mr. Whelan) and the Minister of Transport are redressing the balance which has always been in favour of Vancouver. It is a bold concept to have two major grain facilities in the province of British Columbia. I hope the day will come when Prince Rupert will play its proper role as a transshipment point for Canadian goods, not only grain. We are all aware that Prince Rupert is closer to the Asiatic markets than is Vancouver. I hope that those people who make decisions as to where goods are shipped from will recognize the importance of Prince Rupert—

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

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, there are a number of things that could be said in a debate of this sort. The hon. member for Regina-Lake Centre (Mr. Benjamin) has outlined in his motion some seven or eight specific items and I would like to cover two or three areas which I

think are important. One is the question of rail line abandonment as it pertains to my riding and to some of the Hall commission's recommendations. Another point is the whole area of grain movement.

One of the things the minister in charge of the Canadian Wheat Board failed to discuss was the whole question of government elevators in Canada and why those elevators are not being used to full capacity. We have five grain elevators owned by the Government of Canada, or inland terminals. Which are not being used to full capacity. If we were to use them to full capacity to dry the wet, the tough and the damp grain that is now being dried on the west coast, I maintain that we could be shipping much more grain and would be able to meet our commitments. As a result we would not be keeping ships waiting and paying demurrage fees.

Specifically, in this country we have five government elevators. There is one in Saskatoon with a capacity of some five and a half million bushels of grain. At the moment, according to our check, there is some 1,820,000 bushels of grain in that elevator. In Moose Jaw the capacity of that elevator is 5.5 million bushels of grain with some 955,000 bushels of grain presently stored there. In Calgary with an elevator capacity of some 2.5 million bushels some 625,000 bushels of grain are presently stored there. In Edmonton with an elevator capacity of some 2,350,000 bushels, only 378,000 bushels are in store. Lethbridge has an elevator with a capacity of 1,250,000 bushels but in store it has only 164,000 bushels. These five terminals owned by the Government of Canada, with a capacity of 17,100,000 bushels, at the moment have in store some 3,942,000 bushels.

● (1752)

I would like to ask, and perhaps the minister or someone else can reply later in the debate, why we are not utilizing more fully and efficiently government elevators on the prairies. Most of that tough and damp wheat that is now being cleaned and dried on the west coast comes from northern Saskatchewan and northern Alberta. If it does, why? Why do we not do as Hall recommends and drop these stop-off charges, and try and store some of that wheat on the prairies?

We have a capacity of 17 million bushels in those five government elevators. We could at least put 12 million bushels in them, but we now have slightly under four million bushels stored there. That means we are under-utilizing those facilities to a large degree. We have only about one third of the amount of grain in those elevators that we could have. That demonstrates a lack of leadership, a lack of efficient planning and a lack of seriousness in trying to move grain in this country on the part of the Minister of Transport (Mr. Lang).

There is something else I find rather strange, and the minister did not refer to this in his speech. The railways are not doing as well as they should be, particularly the Canadian Pacific Railway. I have before me the list of boxcars that have been hauled by the CPR and the CNR since the beginning of the current crop year until the end of May. As we all know, the CPR lines cover the area of the prairies where the majority of the grain is grown, hauled and marketed. Despite that, so far this crop year CP has hauled less grain than the CNR.

The CNR has delivered to the west coast, Vancouver and Prince Rupert together, 58,322 boxcars. CPR, which has the obligation to haul more because it services more communities with more grain, hauled to the west coast some 49,287 carloads of grain. That is not good enough. The Minister of Transport should use his influence and power to ensure that the CPR hauls more grain to the west coast.

I look at December, which is probably the best month to get a comparison, to show where the CPR is falling down on the job. In December, CP hauled 2,750 carloads while CN hauled 4,284. I say to the Minister of Transport that I believe there is a lot more he could be doing. He could use his influence with CP. In fact, he could use his influence with both railways to make sure they are repairing and purchasing more cars, that they are hauling in a more efficient way grain to the west coast. Those government terminals could be utilized to a larger degree. He should ensure that grain being dried on the prairies and stored on the prairies could be moved to an export position when the rush and the bottleneck is not as great as at this moment.

The second matter I want to refer to in my all too brief 20 minutes this afternoon and this evening is another aspect of the Hall commission report that we should be talking about more than we do. That is the whole area of rail line abandonment as it pertains to ordinary communities in this country. The hon. member for Regina-Lake Centre (Mr. Benjamin) mentioned that Hall recommended the establishment of a prairie rail authority to make a decision on over 2,000 miles of rail line on which Hall could not make a decision. He wanted more time to study the available data. He suggested that the PRA be established to look at these facts and make the decision as to whether these lines should stay or go.

I want to make a case for three lines that lie within the boundaries of my constituency. They are absolutely vital, not just to the people but to the communities and everything that one would call a community in about ten, 20 or 25 towns in my constituency.

The first line goes from Thunderhill Junction in Manitoba, which is near the town of Swan River, right on through Kelvington in central Saskatchewan. Mr. Hall recommended that that line be placed under the PRA. The line is 113.6 miles in length. It has 12 delivery points, namely Kenville, Durban, Benito in Manitoba, Arran, Pelly, Norquay, Hyas, Stenen, Sturgis in the eastern part of Saskatchewan, the division of that line, and also Preeceville, Lintlaw, Nut Mountain and Kelvington on the western portion of that line in Saskatchewan. The ten year average of hauling grain has been some 8.3 million bushels per year, or an average haul of some 73,000 bushels per mile.

For some reason, the Hall commission divided that line into two parts. They took the eastern part, from Thunderhill Junction near Swan River to Sturgis, and recommended that it be placed under the basic rail authority. The minister agreed and put it there when the Hall commission report came down a

while ago. The rest of the line, from the town of Sturgis out west, which is Preeceville, Lintlaw, Nut Mountain and Kelvington, was to be put under the auspices of the prairie rail authority.

As I said earlier, that does not make much sense. They are big communities, particularly Kelvington and Preeceville. They are centres for a whole series of farms and villages. They have good business sections and well over 1,000 people each. They are well established, progressive communities. They haul a lot of grain. It was a surprise to me, and I suspect from what he said privately to the minister himself, that that part of the line was not put under the basic network. The minister should take action at this time and place that line under the basic network and make sure that it is protected.

After the news came out, those communities decided to set up "save our rail line" committees. I was present at three public meetings in those communities, and at one meeting of the steering committee since then, to discuss ways and means of saving that rail line. I want to say as strongly as I can that it must be saved, not just for the farmers who haul their grain—although it is obvious that it must be saved for them because of cost and convenience—but for the business community and everyone who lives in those towns. If it is not, the towns will gradually dwindle in size and eventually disappear. While the whole thing is uncertain, it will be very difficult to persuade a new business to open or an existing business to expand because of the fear that the rail line will disappear.

As I said, under the leadership of some of the people in the areas, "save our rail line" committees have been set up and are working. The Minister of Transport should be in communication with those communities. May I call it six o'clock?

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. Nystrom: Mr. Speaker, at six o'clock I was presenting an argument to the effect that the minister should move to retain the Preeceville-Kelvington rail line in the northern part of my Saskatchewan constituency. I made that argument on behalf of the farmers and townspeople there and I would point out that they have established a save-our-rail-line committee under the chairmanship of George Derbyshire of Kelvington and the secretaryship of Nora Vansdal of Lintlaw.

The second line about which there is uncertainty in my constituency is the line which runs from Canora to MacNutt. Under the Hall report this Canora-MacNutt line is divided into two regions; there is the MacNutt-Wroxton portion which is 15.7 miles in length. There are three delivery points in that area, namely, MacNutt, Calder and Wroxton, and over the last ten years they have averaged some 1.7 million bushels of grain, which works out to about 105,000 bushels of grain per mile of track. The northern portion of that line runs from Ross Junction, which is right next to Canora, to the village of Wroxton and includes the delivery points of Hampton, Ryan and Stornoway.

There are ten elevators serving four different companies along that particular part of the line. It covers some 37.8 miles and over the last ten years the average amount of grain which moved over that line was 1.6 million bushels, or 42,000 bushels per mile. Once again, as in the case of the line, this line would serve six delivery points, and it is of keen interest to the people there that these rail communities are going to suffer and that the farmers will be spending a lot more money in transportation of their grain. Also, the towns and villages along the line will dwindle and so on. As in the case of the other line to which I have referred, the local people have also set up a save-our-line committee. It has been a very active committee; I have had a chance only to meet with them once at a meeting and once at the executive level. They are making progress, I think, in their fight to save the rail line. That committee is under the able chairmanship of Albert Zelaney of Wroxton and the secretary is Clarence Laidlaw of the town of Calder.

● (2012)

The third line in my area is a line which is slightly different from the first two. It was recommended by the Hall Commission that the first two go under the prairie rail authority. With a good fight I think there is good reason to be optimistic that they will be placed under the basic network, particularly if the Minister of Transport will listen with a positive attitude. I have always said there will be a tougher battle for the third line. It is the line that goes from the city of Yorkton to the little town of Willowbrook and to another little town called Jedburgh. That line includes some 26 miles of track. Over the last ten years an average of 900,000 bushels of grain per year have gone over that 26 miles of track, or about 34,000 bushels per mile. That line serves two very important communities in my riding which will be hurt if the rail line is abandoned, as it will be prior to 1981 unless something can be done to stop it. As in the other two areas a rail line committee has been established under the chairmanship of the reeve of that municipality, Mr. August Fenske, and the secretary of the rural municipality is also the secretary of the committee, Mr. Jerry Kuziak. Both of these men are from the Jedburgh-Theodore area.

I have before me a copy of an article which appeared very recently in the Yorkton newspaper *This Week*. The headline is: "Jedburgh starts fight to keep last elevator". I point this out because I think this is a new angle to use to help keep rail lines. The article says:

> Last fall, the residents of Jedburgh and area formed a committee to organize a fight to keep their rail line to Yorkton, which under the Hall Commission recommendations could be abandoned in 1981.
>
> But now the community and surrounding farmers find that even if they save the line, it might not be any good to them.

Three weeks ago, the Saskatchewan Wheat Pool informed the local Pool committee and members that its elevator will close down at the end of the crop year, July 31.

With the United Grain Growers (UGG) elevator already closed, and being torn down this winter, that would leave the community without a delivery point for grain.

Save the Rail Committee chairman August Fenske told Yorkton *This Week* Saturday that the group has switched the emphasis of its efforts: right now it is working to keep the pool elevator open.

With the support of the local pool committee, the group has circulated petitions in the community and district demanding that the Pool keep its elevators open, and a meeting will be held this week to gather together the petitions and discuss the next course of action.

Wherever the petitions have been taken, they have received strong support, Fenske said.

"We'll either force them or convince them to keep it open," he added.

Here is a community which has to fight with the wheat pool itself to keep its elevator open. I encourage that community in that fight because back in 1974 the Prime Minister (Mr. Trudeau) promised that as long as there are elevators on a line, that line will not be abandoned. The minister in charge of the Canadian Wheat Board also said something very similar back in 1974, and I want to put on the record one of his comments. He said, and I quote:

As long as the Liberal party forms the government and as long as producers wish to continue to deliver to the elevator of their choice, not one rail line will be abandoned.

That was the Minister of Transport speaking on June 11, 1974. If people in Jedburgh and in other communities get commitments from their elevators that those elevators will stay, then I want to make sure that the minister will remain true to the commitment he made. If the elevators stay, the lines should stay. If that happens, people will have their elevators and their lines to pull their communities closer together in the years to come.

I would like to make one other point about complaints we have been receiving in the last few weeks from the local level about the unorganized way of delivering grain to ships on the west coast, Thunder Bay or at the port of Churchill. This lack of organization affects many farmers in my area. Just today we completed a survey of some elevators in my constituency. A lot of grain is produced in the Melville area, and the Melville pool elevator is plugged. It cannot take any more wheat, and 25 per cent of the farmers in the area will not get their seed quotas in. Car orders this week are for numbers two or three wheat, oats and barley. Most of the other elevators, as well as Melville's, on this block are also plugged or will not get the seed quota hauling completed. I suggest that the time has come for the Minister of Transport himself to intervene to make sure that the seed quota is extended and that boxcars are available so that farmers can haul their grain and can get money to pay for their seeding expenses. The Carberry block is also in my area. It now overlaps with the part of my riding which goes into the riding of the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). He is also having similar problems.

The Langenburg elevator is plugged, and 50 per cent of the farmers in the Langenburg area will not get their seed quotas in. Much of the same is happening in the Bredenbury block. The Wishart elevator toward the western fringes of my riding is plugged, and a substantial number of farmers in that area also will not get their seed quotas in. I think the minister should be making sure that the seed quotas are extended beyond the June termination date so that these farmers can deliver their grain. The minister should be saying to the railways that they have an obligation to provide boxcars so that farmers can deliver their grain and can have income to meet their spring seeding expenses.

That is one specific example of the problems farmers are having at the local level. They cannot deliver their grain, despite the fact that the minister boasts about tremendous sales this year and the fact that the price of wheat is to go up in the future. Farmers in my riding and in every other riding across the country cannot deliver their grain. The minister knows this, and I wish he would exercise some of the authority and power he has as Minister of Transport and minister in charge of the Canadian Wheat Board. I wish he would crack the whip—

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

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, in the short time which is available in this debate I am not going to talk about the difficulties and the opportunities this Hall commission report gives to the government to get our rail systems working. Hon. members who have already spoken have made clear the difficulties farmers are now facing, particularly in the eastern half of the prairies. Farmers have a very violent type of feeling because all winter long they have been told how much grain the minister has been sending out of the country, but they know it is not going out of their districts because there is nothing moving to any great extent yet to the east.

I want to comment on the larger aspects of this problem. I see that the hon. member for Assiniboia (Mr. Goodale) is back in his seat. Today we in western Canada received a news release from the hon. member which says:

Assiniboia M.P. Ralph Goodale says the Government of Canada will initiate a special, immediate investigation into the efficient use of prairie grain handling and transportation facilities.

The very moment this press release was going all over the prairies telling people the government would investigate the grain handling system, the minister was here in this House telling us how well the grain system is working. Either the Minister of Transport (Mr. Lang) and the hon. member for Assiniboia have their wires crossed or the hon. member issued this statement without the permission of the government; but if the hon. member is correct and this is the view of the government, it proves the very basis for this motion of no confidence moved by the New Democratic Party. The NDP has moved this motion expressing no confidence in the government. I will quote from the opening part as follows:

That, in the opinion of this House, the government has failed to expand Canada's capacity to move grain to export position thereby jeopardizing the

Canadian Wheat Board's ability to compete successfully for expanding grain sales—

My comment on that is very blunt and to the point: where was the NDP this last ten years when this government systematically has been following a policy of trying to get rid of farmers on the ground that there were too many farmers and too much production? The NDP has supported this government and kept it in power for most of the last 15 years. Every time there has been a minority government the NDP has kept the Liberal party in power. It was the NDP which put the government into a minority position in 1963. Now the NDP at long last recognizes that its allies which it has been supporting all these years have not done the job they were supposed to do.

● (2022)

I want to quote into the record what the minister himself has said. A year ago when the commission's report came down, all members of parliament and, I suppose, all members of the news media received a report from the minister's office called "The Hall Report: An Inviting challenge for Prompt Action", a commentary by the Minister of Transport dated May 27, 1977. In it he uses the following phrases: "we will establish in western Canada a modern, top quality handling and transportation system for prairie grain". Boy, was that definite action! Another phrase reads: "we have had two years of study—we know the problems. Now we must move with solutions".

Where was the hon. member for Assiniboia yesterday and today when this press statement was issued? Has he heard about the solutions? The minister has gone up and down the prairies and has repeated in the House ad infinitum that they are building box cars, that they are rebuilding rail lines, they have done this, that and everything. But why, then, is there a tie up?

I know the reasons. One is that ten years ago the government decided, and has let the railways and the grain companies know, that we should get rid of a large number of grain farmers in western Canada and reduce the acreage by half. Program after program has been brought in, such as the program on supply management, the LIFT program, and the stabilization of income program which was brought in seven or eight years ago. All those programs which were brought in in 1970-1971 were designed to get rid of farmers and to reduce acreage by half. Now, it became clear in 1968 and 1969 that the world's grain markets were going up at a tremendous rate; this dawned on the minister only recently, so now he admits his policies have been wrong for ten years. That is why the government has failed. Why the NDP, which used to have an interest in farm problems, took so long to realize that this mess was occurring, I do not know, but I will come back to them in a moment.

An hon. Member: Better late than never.

Mr. Hamilton (Qu'Appelle-Moose Mountain): They have called for some parts of this program. Paragraph (f) was referred to by the mover of the motion. It reads:

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

To strengthen the principles of orderly marketing by returning the marketing of feed grains to the sole jurisdiction of the Canadian Wheat Board and to include as well the marketing of flax, rye and rapeseed under the said board.

Mr. Nystrom: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): The provincial governments in the west put this before the farmers in the form of a referendum. What did the farmers say? They said that they did not want it. The farmers believe in the Canadian Wheat Board, but they want some part of their produce available through the alternative marketing system, and this the NDP has failed to recognize. They have failed to recognize that one cannot take the words of wisdom from the leaders of the grain companies. Whatever the grain companies' leaders say, that is what the NDP says. And who tells the grain companies what to think? The Minister of Transport in charge of the Canadian Wheat Board does. He has these boys in his pocket.

When I see the NDP going along with this, I am ashamed of them. They used to be a strong voice for agriculture. What are they now? Just the spokesmen of the grain companies. The Minister of Transport today nailed those grain companies when he said why he had not brought in the prairie rail authority. He said it was because it was not wanted by the head of the Alberta Wheat Pool and the head of the Saskatchewan Wheat Pool. Where are those two guys going to hide, because the great majority of farmers in Alberta and in Saskatchewan want the prairie rail authority? They look on it as the Magna Carta of the whole economics of western Canada. But he nailed their hides to the cross today when he said they did not want it. So he was glad they put in the Prairie Rail Action Committee which was designed to keep any action from occurring.

All we have heard from the minister so far is when one of his colleagues said that we must set up a committee to study the studies. We have been studying the railway problems in western Canada since the 1930's and every royal commission until now has reported that we should rationalize the railway operation. The last study was undertaken by Mr. Justice Emmett Hall. He said now is the time for action; let us set up a rail authority controlled by westerners in charge of running the railway system over its marginal 2,000 miles until it can be demonstrated that the lines can be run for a profit, at which time they should be turned back to the railways. But the minister did not want that. So we have the prairie grain companies and the minister saying they will set up a cover-up called the Prairie Rail Action Committee, which will set up hearings but whose primary and only purpose is to try to keep action from being taken.

Now I will come back to what I believe is the key question in this resolution. Why did the NDP put in paragraph (f)? It is a motherhood paragraph but the farmers do not want it, just the grain companies. Actually, it is quite simple why the farmers do not want it. If you are selling grain to your neighbour or to the local feed lot or feed mill, if it comes out of the Wheat Board under the present rules, you have to take the grain to the elevator and the person who buys it has to pay for

the handling charges, the freight charges, the drying and cleaning charges, and all the other charges. If he has to ship that grain down to Thunder Bay, he takes it out to feed his stock and he is stuck with the 40 cent charge for services he did not get.

Because of that the farmers want the right to be able to deliver their grain to their neighbour or to the feed lot nearby. Many farmers have organized into co-operatives to do just that. That is why a great majority of the farmers in the west turned down the idea that all grain should be put into the Wheat Board by being put into the elevators. Everyone knows that the Hall commission report gave a lift to the livestock farmers in western Canada because it stated that now is the time to give livestock producers a fair break under the Crowsnest Pass rates. However, the report did not state how it should be done.

The commission wanted to end the discrimination which exists against farmers who have to buy their grain from the elevators and pay 40 cents for services they did not get. It wanted parliament and the government to come up with a way of handling this. As a matter of fact, the Conservative party has considered the recommendations of the Hall commission and looked for various ways in which this particular recommendation of Chief Justice Hall could be put into effect, and we have come up with three or four ways. All I will say is that these proposals, I think, try to meet the farmers' needs and still give them the benefits of the Crowsnest rates if they are livestock producers.

The first proposal I call the Devine proposal because it was thought up and first mentioned by Professor Devine of the University of Saskatchewan. I know he has been around to see the farm leaders and the heads of the governments of each of the provinces and he has made his ideas known far and wide, so I think he deserves the right to call his proposal his own. One of the Devine proposals to get around all these difficulties and come up with a workable solution to the problem of giving equal treatment to livestock producers and grain producers is that farmers haul their feed grain to the elevator, pay a service fee for the weighing and ticketing and let the buyer get his ticket as well.

As a result of this service, the seller of the grain gets the initial payment according to the daily reported price set by the Canadian Wheat Board, and in return for selling his grain through the system he becomes eligible not only for the initial payment of grain as set by the Canadian Wheat Board but also for the final payment, if there is one. On the other hand, when the grain has gone into the elevator and out, the buyer gets it at the going price of the day set by the Canadian Wheat Board, less the handling charges, less the storage charges, less the freight charges, less the cleaning and dockage charges and all the rest of it. Therefore, he gets the advantage of 40 cents a bushel, which puts him on a par with the eastern livestock feeder.

That proposal has both advantages and disadvantages, as do other proposals. I was interested in reading the other day about the government of Saskatchewan. At the present time the government of Saskatchewan is NDP. The policy of the NDP was strongly stated a year ago, namely, that all grain should come under the Canadian Wheat Board. That is what the motion before us tonight calls for as well. After the vote by the farmers, who indicated that they did not want it in the first place, the Saskatchewan minister of agriculture had a change of policy. Now he is coming up with a new feed grain policy.

● (2032)

I should like to refer to *The Rural Councillor* of May 1, 1978. I hope hon. members of the New Democratic Party listen to what I am about to read. The Hon. Edgar Kaeding, the minister of agriculture for Saskatchewan, on March 15 said the following:

> Under the proposal outlined by Mr. Kaeding, farmers would arrange farm to farm sales but such sales would be subject to quota restrictions and would be recorded in the sellers permit book. He would receive the initial payment and be eligible for any final payment that might be made. The elevator agent would weigh, grade, assess dockage and record the transaction on a fee-for-service basis. The purchaser would pay what Mr. Kaeding called a "revised corn competitive price for western Canada." This would be the lower of the Thunder Bay corn formula price or the Canadian Wheat Board asking price less the cost of getting the grain from Saskatchewan to Thunder Bay.

This is exactly the same system which I have just outlined called the Devine proposal. I gave credit to the author of the proposal. I am not stopping at Mr. Devine's proposal. The Conservative party is looking at several other proposals. I give credit for this proposal to the hon. member for Red Deer (Mr. Towers). He was the first member I heard talk about that, but other people have talked about it since. He comes from the province of Alberta, which is the biggest beef producer in Canada, producing approximately six million head of beef cattle. This is a simple system as well. The proceeds from the feed grain sales could be used to pay farmers the equivalent of the Crow rate in the form of a *pro rata* amount on the finished beef. In other words, the livestock producer would be given an amount equal to the cost of grain which went into raising the animals shipped for export under the Crowsnest rates. This could be done simply. It could be payments based on the differentials in various cities such as Edmonton, Calgary, Saskatoon, Regina, Winnipeg, or any other market centre. These would be added to the agricultural price support payments on a quarterly basis when they became due. This would provide a reward for finishing the animal in the west and would make the western feed grain user equal to the eastern feeder. It would mean an end to seeing our livestock industry moving out of western Canada.

That proposal contains good, simple points as well as bad ones. We cannot see ourselves as a Conservative government coming in here on the basis of the proposal of the hon. member for Red Deer or on the basis of the proposal by Professor Devine of Saskatoon and saying that this is the program. These programs are to remedy injustice and discrimination. Farmers should be consulted in a real way, rather than going ahead and consulting with the grain companies. One does not consult a weasel to learn how to run a hen house. One does not consult the grain companies alone concerning the interests of farmers. I do not care what grain companies call themselves.

They can call themselves the Alberta Pool, the Saskatchewan Pool, UGG, Pioneer Grain or anything else. As far as farmers are concerned, they are the boys they have to get by.

Consultation does not mean only talking to one or two farm leaders and a grain company. There must be genuine consultation with the farmers. In that event agreements would be easier to reach. They would know that we are putting policy alternatives before them in order for them to express support or disagreement. Also they will know we have consulted them. This would take away the great anger and alienation on the part of farmers in western Canada. Some of these farmers feel that all the government does is meet with one or two of the grain companies and decide government policy on that basis. We would like to see genuine consultation.

With regard to the NDP motion before us, that party should be congratulated for realizing there has been a failure on the part of the government to provide infrastructure in order to move Canadian grain to market. The government is quite correct in saying that it cannot be stopped, and that the world will want at least one billion bushels long before 1982. In fact, the world wants that from us now, but it cannot be provided because the government sold all the 1976 and 1977 crops at $3 a bushel, which is below the current world price. With the current price of $4.50 at Vancouver, farmers are not very happy to see all their grain going out at low prices.

Therefore, our real job is to accept the Hall commission report. The guts of that report was the prairie rail authority. The prairie rail authority is a western board looking after western problems. For years the civil service took us through the hoops. The old transport board was in the hands of the railways. Then the Canadian Transport Commission was set up. That commission did not even wait to get out of the hands of the railways; it was there before the railways were. Now we have a bill to bring us back to the civil service again.

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

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, today the House is considering a very important subject. I believe it is totally appropriate for parliament to devote this time to the question of the prairie grain handling and transportation system. The value of the prairie grain economy to the over-all national economy of Canada cannot be overemphasized. It is important to the west, indeed to all of Canada, to ensure a healthy and vibrant grains industry. Anything parliament can do through discussion of this kind to bolster the industry and to augment grain handling and our transportation capacity certainly is a worth-while undertaking.

Today I noticed a very interesting argument between hon. members of the New Democratic and Conservative parties concerning their respective positions regarding the strength of the Canadian Wheat Board. The position of the New Democratic Party probably is spelled out reasonably well in the motion before us. Members of the Conservative party take a different view. We have the publicly reported comments of the hon. Leader of the Opposition (Mr. Clark), who suggested that the Canadian Wheat Board should be open to international competition. As well, the Conservative premier of Alberta launched a variety of attacks in recent weeks upon the Canadian Wheat Board.

For the benefit of hon. members opposite, and perhaps as a way for them to resolve this dispute among themselves, I should like to quote an article which appeared in the Ottawa *Journal* dated June 3, 1978. It was written by a Saskatchewan journalist, Mr. Marc Lisac. He wrote a general commentary about the political scene in Saskatchewan. The article in part reads as follows:

> Saskatchewan New Democrats tend to paint the minister as a Professor Moriarty of the grain trade. They fear for the future of the board under Lang.
>
> At the same time, the board has been under attack recently by Premier Peter Lougheed. The Alberta government seems increasingly to view grain as a natural resource like any of the others now owned by the provinces. Lang has emerged as the federal agency's staunchest defender against Lougheed.

The conflict of opinion between the two opposition parties as expressed by Mr. Lisac is interesting. Perhaps he will assist opposition parties in sorting out their respective positions.

Our grain handling and transportation system is facing an enormous immediate challenge. Grain producers are concerned about it. They are concerned about keeping up with the ambitious shipping program of the Canadian Wheat Board for this season, and about keeping demurrage costs to the bare minimum. It is not uncommon for farmers to express worry about this kind of thing. Indeed, virtually every year when we get to about this point in the grain shipping season there is likely to be a good deal of concern about the allocation of quotas, the use of railway cars, the condition of branch lines, the cost of demurrage, and so on. For decades we westerners have grown rather accustomed to these sorts of worries, and to an almost constant flow of apparent bad news about our grain transportation system.

● (2042)

I suggest that in this year, 1978, the story is in fact fundamentally different. The immediate challenges are still there before us, but some basic initiatives are being advanced to cope with those challenges in an effective, long-term fashion. Major steps are now being taken to build toward a Canadian capacity to move one billion bushels of prairie grain to export markets each year.

If we must face a problem in the Canadian grains industry, the challenge of keeping up to our export opportunities is probably the best kind of problem. Surely the sort of situation we face this year, as troubling as it may be, is a far cry from the serious depression in grain incomes we had to face in the early 1970s when markets were tight, quotas were low and prices were painfully inadequate.

The fact that we are now facing a challenge in moving our grain fast enough means that market conditions are in fact good and that Canada occupies a strong position as a major world exporter. This has resulted from a number of factors over the last few years, including the market development programs of the federal government and of the Canadian

Wheat Board, the credit terms made available to foreign buyers by the federal treasury, key diplomatic and trade missions by Canada to major importing nations such as China and Russia, and federal encouragement for diversification into export sales of grains and oilseeds like barley and rapeseed, which were not major selling items for Canada before about 1970.

Fundamentally, of course, there are two key elements in our strong marketing situation; first and foremost is the excellent quality of the grains and oilseeds produced so efficiently by Canadian farmers; and secondly, the superb, continuing work of the Canadian Wheat Board. The Wheat Board and its agents have obviously done an excellent job in winning sales contracts and, consequently, the board has had to develop a vigorous grain shipping schedule for this season, demanding that virtually each month we set a new all-time monthly record in terms of the grain volume moved.

When we hear news reports about our being behind in moving grain this year, it is useful to note that this really means behind the record breaking target levels being set by the board itself. In fact, we are a considerable distance ahead of most actual past performances, and even with the peculiar difficulties we have had to cope with this winter—heavy winter weather through the Rockies, a major derailment, a key bridge that was damaged in the Vancouver area, the severe February storms on the prairies, and so on—we are still likely to set a new annual record or near record by the end of this crop year.

Another factor to bear in mind is that since late last summer export prices have been consistently moving upward. At the moment the price for number one C.W. Red Spring wheat is well in excess of $4 per bushel. Naturally, when you shoot for an all-time volume record you are going to tax the transportation system to its absolute limits, and that is what has been happening this year. We expect to move nearly 850 million bushels of grain this year. That is about twice as much as would normally have been moved, say, 12 or 15 years ago, which means we are clearly within range of hitting the billion bushel mark in just a very few years from now.

In respect of the current situation this year, I think it is important to get our problems and our challenges in perspective. In this respect, Canada's largest and most vocal prairie grain handling firm has had quite a lot to say in recent weeks about the grain handling situation. I am referring specifically to the Saskatchewan Wheat Pool, and for the record I would like to quote an important series of Saskatchewan Wheat Pool radio reports on this question. First of all, I would refer to the radio report published by the Saskatchewan Wheat Pool for May 19. That radio report in part reads as follows:

> There has been a great deal said about shipping delays in Canada's grain industry this year but little, if anything, has been said about similar problems in competing countries. The result has been an impression that only Canada is the laggard while competing countries snap up the business that should be coming to this country. What are the facts?
>
> Reuters news agency reported that New Orleans, a major American grain outlet, had nine ships loading grain and 39 vessels backed up and waiting.
>
> During the first week of May, the United States Department of Agriculture set up emergency service in conjunction with the Interstate Commerce Commission with a view to sorting out the problem of an extreme shortage of rail grain cars. Apparently, the situation is a "mess". It should be remembered that U.S. grain is also moved down a less costly internal river system.
>
> In Argentina, the last report was that grain carriers were experiencing a 15 to 20 day delay in seeking loads. Buenos Aires reported 27 boats were waiting at Rosario Roads and nine at Santa Fe. In Buenos Aires itself, nine vessels were waiting. Argentine sources said delays of up to 30 days could be expected for vessels loading up river and completing cargo in Buenos Aires.
>
> In Australia, strikes have caused considerable congestion and shipping delays in grain shipments over the past month. Remember that Australian grain is grown near the coast of that country.
>
> Recognizing that there have been some problems in Canada, in mid April the Canadian Grain Commission reported total exports of Canadian grain were up by 17.5 per cent above those of a year ago. Producer deliveries to primary elevators were up by 10 per cent over the same 37 week period of a year ago. The commission reported that as of April 12th, Canadian bread wheat exports were 35 per cent higher than last year, durum was up 45 per cent, rapeseed 7.5 per cent and rye exports were running 75 per cent ahead of last year's comparable figure. It should also be noted that Canada has increased her percentage of world wheat sales, mainly at the expense of the United States.
>
> Quite naturally, we can't afford to take any comfort from or be complacent about grain shipping problems in Canada or the countries that we compete with. On the other hand, we need to keep things in perspective and not swallow the nonsensical impression that Canada is some sort of inefficient exception in the world of grain exports.

On May 24, the Saskatchewan Wheat Pool in another radio report had this comment to make:

> Despite the difficulties encountered in moving grain from the prairies to export position on the west coast during the winter months, the Canadian Wheat Board reports its west coast shipping program is running well ahead of last year.
>
> Figures for the end of March, show 5.5 million tonnes shipped through the West Coast, as compared to 4.6 million tonnes at the same date in 1977. Total Canadian grain exports at the same date were 1.8 million tonnes ahead of last year, and the board says they will approach the all-time record set in 1972-73 by the end of the year.

Finally I would refer to the pool broadcast of May 26 of this year which reads in part as follows:

> With all that has been said about the cost of demurrage payments in recent weeks, it may be helpful to examine just what demurrage has cost over the past 10 years.
>
> An analysis of demurrage paid during the crop years from 1967-68 to 1976-77 shows the average cost of demurrage per bushel of wheat marketed was 0.54 cents per bushel. Even when calculated on the basis of cost per bushel of wheat exported, it was only 0.61 cents per bushel.
>
> The highest demurrage charges recorded were in 1973-74. Even then, they were only 2.14 cents per bushel of wheat marketed. The lowest demurrage was in 1967-68, a minuscule 0.002 cents per bushel of wheat marketed.
>
> A similar analysis of demurrage paid on barley over the same period shows average demurrage costs of 0.30 cents per bushel marketed, or 0.38 cents per bushel exported.
>
> Demurrage must be recognized as one of the normal and necessary costs incurred in the international grain marketing business. At a 10-year average of 0.54 cents per bushel of wheat marketed, it certainly is not out of line. Talking about lump sums can be very misleading. The objective should be to pay the least demurrage possible but again, it has to be kept in perspective. Remember that no demurrage is paid when grain isn't being sold.

I would make one more reference to the comments of this very large important grain handling organization across a good part of western Canada, particularly the province of Saskatchewan. I refer to a recent edition of the Regina *Leader-Post* where the Canadian Press was reporting on the general grain handling situation across the west. A part of the article reads as follows:

● (2052)

E. K. Turner, president of Saskatchewan Wheat Pool, said no one is ever satisfied with the way things go, and it is always a source of concern to see ships waiting for grain.

'But invariably, when you book heavily, it doesn't take much to disrupt the program,' he said.

'We are running at volumes comparable with last year and are in a position where we can set export records this year before the end of July.'

'Given that, things haven't been going as badly as people have painted. It also indicates our capacity for export is greater than it has been in the past.'

Obviously, if we now have the capacity to transport nearly twice as much export grain as could be handled by the system in the early 1960's, the grains system must have been subjected to some pretty important improvements in recent years.

In this connection we can think of the 8,000 grain hopper cars, the port co-ordinators, the rail cost disclosure legislation, the reciprocal railway routing agreements, the Mants report on boxcar allocations, the new quota system, the block shipping system, the Snavely investigation of railway costs, the special boxcar repair program, all the good work being done to implement the Hall report, and so on. These are all federal initiatives to help upgrade the system, taken during this past decade or so.

More modifications are obviously required and several key federal efforts are already under way. For example, there is the prairie branch line rebuilding program which will invest something in the range of $700 million of federal money to upgrade the prairie grain network to top notch condition in the next five to seven years. There is a major storage expansion now moving toward completion in Vancouver to boost our capacity and our flexibility in that port by something in the range of 40 per cent. There are the multi-million dollar development plans now in place of Prince Rupert and Churchill.

We have heard recent demands, of course, for more grain hopper cars and another grain boxcar repair program. Those demands in themselves demonstrate the success of those two federal initiatives which have been undertaken in past years. The federal government has been considering those ideas for some time and I would expect a positive response to both suggestions.

All of these measures will help, particularly in terms of our long-term prospects. But for the period immediately ahead we have to be certain we are getting the very most out of the facilities we already have. Efficiency in grain transportation and handling is extremely important in maximizing sales and minimizing demurrage—and that means dollars in the pockets of farmers.

That is why I was pleased to see this past weekend that the Government of Canada is initiating a special, immediate short-term investigation into the operations of the railways, the grain companies and the transportation section of the Canadian Wheat Board to ensure full co-operation among all agencies with grain moving responsibilities, and the most efficient possible use of all available equipment and facilities. We have got to get the very most out of the system we have now.

[Mr. Goodale.]

The investigation, to be undertaken by an independent analyst with proven experience and expertise in the railway industry, should have the active co-operation of the railways, the grain companies and the transportation section of the Canadian Wheat Board. The objective is to ensure that maximum advantage is taken of every Canadian grain selling opportunity and that demurrage costs are kept to the absolute minimum. Farmers on the prairies are concerned that we make the very most of every sales opportunity, and that we stay on target with the Wheat Board's delivery program to satisfy our customers and avoid demurrage. In addition to the long-term measures already initiated to build toward a billion bushel export target, we need immediate short-term measures too to assure that the existing rolling stock is being used to the best possible advantage and that we are getting the very most out of what we have now.

I applaud the efforts to add more hopper cars to our existing fleet of 8,000 of these ultra-modern, federally-financed grain cars. I also agree that another repair program to save additional boxcars for grain movement is a useful effort for the government to undertake.

These initiatives—along with the federal government's prairie rail rebuilding program, the storage expansion at Vancouver, the development plans for Prince Rupert and so on—will help enormously in meeting that billion bushel target that is just ahead of us. But for 1978, the rest of this crop year and the rest of this shipping season, we have to be sure that we are getting the very best out of the system that exists at the moment. That is why I believe a serious, independent and expeditious investigation of the current efficiency of the operations of the Wheat Board's transportation section, the railways and the grain companies can help to achieve the best short-term results for producers. That is obviously a priority concern. I hope that the Minister of Transport (Mr. Lang) will get this effort under way quickly so that we can begin to see some benefits in time for the rest of this crop year and the balance of the 1978 shipping season.

Undoubtedly we have some significant challenges ahead of us in the short term and the long term, Mr. Speaker. We also have every reason to believe we will be able to meet those challenges effectively to the advantage of the grains industry, to the advantage of the Canadian grain producer in particular, and ultimately to the advantage of the national economy.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I welcome the opportunity to participate in the debate on this motion. I feel it is a timely motion in that there is a great deal of concern in western Canada regarding the movement of grain, particularly in this season.

While the minister is still optimistic that grain exports will reach a record level, we are faced with the prospect of the inability to fulfil our export commitments on schedule. This, of course, could result in our customers losing faith in our delivery capabilities and looking elsewhere to fill their needs. In addition, we are faced with the possibility of demurrage charges estimated at between $17 and $20 million, possibly the

highest we have ever seen. As the law now stands, this $17 to $20 million will be charged to the Canadian Wheat Board and taken out of the producer pools. In other words, this money will come out of the pocket of the producer.

It has been suggested by the hon. member for Assiniboia (Mr. Goodale) that we should not talk about bulk figures but, rather, that we should be relating this $17 to $20 million to the number of bushels involved so that we would end up with a fraction of a cent per bushel in demurrage charges. Whether we talk about cents per bushel or the over-all total, it is still dollars and cents out of the pocket of the western grain producer. A buck is a buck, Mr. Speaker, no matter how you look at it. Added up, this is a substantial sum.

If you consider the multiplier effect on our economy, which is usually estimated at three times the initial amount, then if we hit a $17 to $20 million demurrage charge this year it means an over-all loss to the western economy of between $50 and $60 million, a very substantial amount. In fact, if you consider the cost of a hopper car at $40,000 and look at a loss of $60 million, this means that with that money we could purchase another 1500 hopper cars.

It has been suggested on the government side of the House that there is little we can do to cut down on demurrage charges. Mr. Speaker, boats do not suddenly appear in port without warning. They move relatively slowly. They have continuous radio contact with the shore and Canadian Wheat Board officials must know well in advance what ships will be arriving, when, and the grade and quantities of wheat required. If this information is known, I find it difficult to understand why the scheduling of grain movement cannot be carried out in such a manner that the types, grades and quantities of grain are available for loading when the ships arrive.

I believe that the Canadian Wheat Board has done an excellent job under very difficult circumstances. As has been pointed out by previous speakers, despite the fact that the taxpayers of Canada have supplied the railways with some 8,000 hopper cars since 1972, our capacity is now less than it was when we started purchasing hopper cars.

In addition—and this was mentioned by a previous speaker—as a result of questions asked in the transport committee it was determined that 23,000 CNR boxcars are presently in use in the United States on a no-charge basis. While I appreciate there is always an interchange of grain cars between Canada and the United States, these 23,000 boxcars are some 10,000 cars more than normal. If these 10,000 cars were presently operating in our system, we could have moved a tremendous amount of grain to export positions and we would not be faced with the possibility of very high demurrage charges which the Wheat Board is now anticipating.

● (2102)

I am sure that the hon. minister in charge of the Wheat Board must have been aware for some months of the problems at the west coast. As minister in charge of transport, he must have been aware of the boxcar situation. It would seem to me that he personally, or his senior officials, should have been continuously monitoring the boxcar situation. They should have anticipated a problem and kept in touch with senior officials of both railways in an attempt to alleviate the problems we are now facing and have been facing for many months. Surely that is the responsibility of the minister, Mr. Speaker?

Over the past several years I have urged the further utilization of government inland terminals. I have asked questions and I have made recommendations without success. The five terminal elevators located at Moose Jaw, Saskatoon, Calgary, Edmonton and Lethbridge have a storage capacity of some 17 million bushels. On a two-shift daily operation they have a cleaning capacity of some 440,000 bushels per day. On a five-day week operation these plants, working on a three-shift basis, have an annual cleaning capacity of 114 million bushels, or a six-day capacity of 205.9 million bushels. It is interesting to note that the terminal elevator at Moose Jaw which has a capacity of 5.5 million bushels can handle in a year a throughput of between 25 and 30 million bushels. That same elevator in a 24-hour period, using unit or solid trains, is able to load sufficient cars to fill a one million bushel boat. Yet, we are not using these facilities.

Mr. Justice Hall and his commission did a study of inland terminals. He had this to say, and I will read from page 235 of the report:

> The commission recommends the full use of the government elevators and the construction of another one at Yorkton.
>
> The commission does not look upon the government elevators as replacement for any of the current terminal capacity facilities, but as an addition to systems capability of handling grain.
>
> The commission recognizes that even with the elimination of the stop-off charges that there are going to be additional handling costs associated with the utilization of the government elevators. However, these should be more than offset by the ability to respond to market opportunities; to achieve such things as the elimination of demurrage of waiting ships, and the ability to use all the ports more effectively.

I am satisfied that the minister in charge of the Canadian Wheat Board and the Minister of Agriculture (Mr. Whelan) have little interest in the utilization of these facilities because to date they have taken no steps in that direction. Had they done so, we would have at least reduced the tremendous demurrage charges that the Canadian Wheat Board is now estimating. It must be remembered that these charges are incurred through no fault of producers. The producer has no control over them, yet he is expected to pay for them.

I concur with subparagraph (e) of the motion that is before us today which calls on the Canadian Wheat Board to be reimbursed by the treasury for the demurrage charges. As a matter of fact, on May 24 I put a question to the minister in the House. It is recorded in *Hansard* at page 5682. I asked the minister, without going into the preliminaries, the following:

> Will the minister give an undertaking that all or a portion of the demurrage charges will be borne by the public treasury for this year?

The minister, with his usual skill, sidestepped the question and accused me of using imaginary figures when I quoted $17 million to $20 million. The figures I used, Mr. Speaker, were figures that came from the Canadian Wheat Board, the board

for which he is responsible as minister. He then went on to pat himself on the back and talked about the record movement of grain. He said this at page 5683 of *Hansard:*

We have a system that can handle twice as much as ever had to be handled during the regime of the right hon. gentleman for Prince Albert, because we are up to twice as much in our regular pattern.

A few minutes later the hon. member for Swift Current-Maple Creek (Mr. Hamilton) stood up on a question of privilege to clarify the situation at page 5687 of *Hansard*. This is what he said:

In 1963, the last year of the Diefenbaker administration, when wheat was still king, we exported wheat and flour to the tune of 592 million bushels, an all time record, representing 28.4 per cent of the world market. In 1976-77, the record year under the present minister, it was down to 494 million bushels, 21 per cent. This year so far 350 million bushels have been exported—below 20 per cent of the world market.

That is an interesting fact when one considers that 1963 was the record year for wheat and flour exports, and that record has not been exceeded since that time.

People on the prairies are extremely disappointed, as are members of the opposition, that the minister has shown such reluctance to implement the provisions of the Hall commission report. We are disappointed as well that it was more than a year after the report was tabled that the minister first met with Mr. Justice Hall. He has been reluctant—and I am being kind when I use that word—to have Mr. Justice Hall appear before the transport committee. Had it not been for a renegade member of his party who voted with the opposition in committee, Mr. Justice Hall would never appear before the committee. Yet what did the hon. minister say in May 1977, 11 days after the Hall commission report was handed down? He said in his news release before he spoke at a meeting of various farm associations in Regina, and I quote:

● (2112)

With the unanimous urging of westerners for prompt, decisive responses to the Hall report, I am determined to act as expeditiously as possible to deal with the commission's proposals.

We will establish in western Canada a modern, top quality handling and transportation system for prairie grain. We have had two years of study—we know the problems. Now we must move with solutions. Now is the time for action. I look forward to your active participation and co-operation in the task ahead.

Almost in the next breath in the same speech he shoved aside one of the major recommendations of the Hall commission, a recommendation which the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) calls the backbone of the Hall commission report. That was the setting up of a Prairie Rail Action Committee. If one refers to the Hall report, one will find that the idea of the setting up of the authority was to study the rail lines that were in doubt. I quote from page 31 of the report:

This commission is not recommending the addition of another permanent branch to the already over-burdened bureaucratic tree. On the contrary, we believe that self-liquidation should be the ultimate goal of the Prairie Rail Authority, as will become apparent in what follows:

Time will not permit me to list the purposes of the organization, but the idea was that this prairie rail authority would monitor the lines that were in doubt, the lines that were being considered for abandonment. What happened? The minister set up what he calls the Prairie Rail Action Committee which is required to make decisions on rail lines by December 31 this year, decisions based primarily, I suspect, on some of the evidence which the Hall commission gleaned since the Prairie Rail Action Committee does not intend to hold any public hearings.

In my own area, I have a line, the Euston Junction-Colonsay line, made up of some 108.5 miles. This line carries annually over five million bushels of grain. Mr. Justice Hall and his committee made certain recommendations, one of which was to turn a portion of that line over to the prairie rail authority for consideration. The prairie rail authority, of course, would consider it over a period of three years.

What did the Prairie Rail Action Committee do? It arbitrarily decided against the recommendations of the Hall commission report and chopped off a substantial portion of the line that was to be studied. I will quote briefly from a letter I received from a gentleman in my district who, I believe, is secretary of an organization which is most concerned. He says this about the abandonment of that portion of the line from Liberty to Dilke:

The Prairie Rail Action Committee has given its recommendation without consulting anyone in this area and has done so in a very secretive manner. The pros and cons of abandonment are many and varied. We feel that the pros balance the cons and we need an explanation for the actions of the PRAC. This committee, we feel, is operating in a manner that can be described as approaching "total abandon".

That is the manner in which PRAC is operating. It will not listen to the people involved. In this instance, I understand that the elevator companies, the railways and the people in the districts were anxious that the line remain, yet the Prairie Rail Action Committee arbitrarily, without consultation, recommended the abandonment of a substantial portion of the line.

When I raised a question in the House, the minister suggested that the matter would be considered by the Canadian Transport Commission. A day or so ago I was at the transport committee meeting. Mr. Benson, chairman of the CTC, was in attendance. With regard to the lines which the PRAC is recommending for abandonment, he said his committee would not on its own take any action to hold hearings and it would only be on the basis of strong representations or recommendations from people in the various communities that they would hold hearings.

I see my time is up, Mr. Speaker.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I wish to participate briefly in this debate to deal with three narrow aspects with regard to the motion before us. The first aspect, which has not been dealt with in any specific way by the minister, is item (*d*) which calls on the government:

—to reimburse the Canadian Wheat Board for costs of demurrage charges on ships delayed in loading through no fault of the producers or grain companies;

I hope the House will pay careful attention to that provision. Coming from the Pacific coast, I have some sympathy for western grain farmers who are continually forced to pay demurrage. This year it is estimated it will probably be

between $17 million and $20 million. They are continually forced to pay demurrage through no fault of their own. The fault lies with the minister and his failure to pressure the railway companies to provide sufficient rolling stock to move the grain so that the 20 ships sitting in the harbour of Vancouver will not have to wait and wait while the farmer continues to pay and pay.

Inherent in that provision of the motion before us is that the minister be provided with some incentive to get to work and have the rail cars provided so that we can move our grain. It is not as though there are Canadians sitting idly by not wanting to build those rail cars. As the minister knows, there is in Squamish, B.C., a rail car plant that would be very anxious to get contracts to provide those kinds of railways cars.

What is the minister's basic response in terms of some incentive to get the railway companies to build those cars? Of course, there is the business of the 6 per cent. I quote from the *Star Phoenix:*

> The latest government incentive to the railways came in the April 10 budget when it was announced that railways can claim another 6 per cent a year depreciation allowance on equipment purchased between now and 1983.

That is a typical Liberal government response, not tying the 6 per cent to the kinds of cars needed to move grain. The railway companies are not going to throw in a whole pile of money to support the Crow rate, which we on this side continue to support. They will buy oil cars to move oil and other cars where there is some profit. Where there is a low profit margin, they are not going to buy the hopper cars.

The minister has failed to use the muscle he should in terms of such things as the budget. That 6 per cent should have specified hopper cars. They should have specified the kind of rolling stock that is necessary to move grain out of the prairies to the Pacific in order that we can satisfy some of our customers.

Since 1972 I have sat in this House listening to this government blame the grain handlers' union for failing to move the grain, and blaming the bridge in New Westminster, which always seems to be out somehow so that they cannot move the grain. That bridge is very rarely out. It is not often that a ship hits that bridge. So that approach is ruled out. But excuse after excuse continues to come from the other side of the House for failure on the government's part to deal with problems which have been apparent for years. The grain handlers cannot be blamed this time. I want to quote Mr. Henry Kancs, head of the grainworkers union:

● (2122)

> Canada will lose its foreign grain markets if the federal government doesn't smarten up and make sure the grain is delivered to waiting ships.

That is from a story in the *Star-Phoenix*. Mr. Dennis McDermott, president of the CLC, said the federal government should not have allowed the fleet of railway boxcars to deteriorate. Mr. Kancs further stated:

> The Americans are going to pick up the Chinese trade and now the Japanese are complaining about delays in delivery.

That is the opinion of the head of the grainhandlers union. The grain handlers want a chance to co-operate with prairie grain growers to move the crop but the minister has not taken the aggressive action necessary. I think the grain handlers are now prepared to work around the clock. The trouble is they cannot put in three shifts in 24 hours if there are not enough cars to carry the grain from the prairies to the coast. The blame lies on the minister's refusal to put pressure on the railway companies to provide the cars which are needed. It is no good offering an incentive in a general way; the 6 per cent depreciation allowance does not apply specifically to the railway companies or to the boxcar shortage. It is interesting to note that a shortage of cars always occurs where there is a fixed statutory rate. As long as there is free enterprise and managed rates a need for intervention arises if an appropriate supply of boxcars is to be maintained.

The motion says that the government has failed to expand Canada's capacity to move grain to export positions. The operative word there is "capacity". In 1972 we had 26,000 rail cars for grain movement. Now, six years later, we have 13,000 cars and 8,000 hopper cars. So there is less capacity than in 1972. Responsibility for this situation lies with the minister: it is the result of his failure to understand that we must maintain and improve the carrying capacity in order to move grain quickly into position so as to satisfy Canada's customers.

The port of Vancouver is not taking the blame for this one. The workers there are ready to do their all to move the grain. The government has failed to give the necessary instructions, or, if you like, the incentives. We would like to get some jobs in British Columbia. We have a rail plant under-employed at Squamish while the country is chronically short of rail cars. It boggles the mind that the management of our affairs should be so poor. Why cannot we put those two factors together—unused capacity to build rail cars and a shortage of cars not only to move wheat but lumber, cattle, potatoes and other products. This minister cannot piously wring his hands and suggest that difficulties of one kind or another are always with us and that, after all, we are moving more grain than ever before. Mr. Speaker, wheat sells itself. The Wheat Board sells wheat.

Mr. Alexander: Even the minister smiles at that!

Mr. Leggatt: The minister takes credit for what others have done. The world is starving for our wheat. The Canadian people know that credit for selling it does not belong to the minister.

Mr. Andras: That's a lot of bushels!

Mr. Leggatt: They don't need the minister taking credit for every bushel the Chinese people decide to buy. We could lose our markets as a direct result of the government's failure to plan for the provision of rolling stock.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I see that the hon. member for Churchill (Mr. Smith) is trying to

catch your eye. I assure him my remarks will be brief and that he will have an opportunity to contribute to the debate before ten o'clock.

As I followed the discussion it seemed to me that most of the comments were related to the export of grain and wheat. Little was said about the importance of moving grain to eastern Canada where it is used in great quantities as feed for poultry and other livestock. I am pleased we have a minister who has done so much for the industry, particularly in connection with the transportation of grain. If the system had not been rationalized and if many difficult and expensive decisions had not been taken, much more of the market would have been supplied by grain from the United States. So we would not underestimate the importance of the efficient transport of grain from the west to eastern Canada.

I was introduced to the subject matter of this motion long before the hon. member tabled it. When I was a small boy, my father and cousin would go together in the winter time and buy a carload of grain. It was my job, along with my cousin, to bag the grain and we would team it back home. We have short memories but sometimes I remember those days not long ago, and the tremendous amount of labour involved in moving a relatively small amount of grain. I wish I could find time to go to the farm and look up some of the old waybills which are undoubtedly still there; in those days the loads were much smaller than they are today. When I am at the farm I sometimes see how the grain comes from the west now—the size of the cars and the ease with which their contents are unloaded and put through the milling process. I marvel at what has been achieved but I cannot help thinking back to the days when the work was all done by hand.

Earlier this year I had an opportunity to visit many farm communities in Saskatchewan while I was in western Canada. I listened to the comments of people in many farm communities on the subject of the rebuilding of rail lines and the movement of grain. I was much impressed by what I heard. There is no doubt that when we are thinking in terms of the best possible use of money available to the government a commitment to the western grain system of $600 million or $700 million is a very large one indeed.

● (2132)

I think for members of parliament from areas of Canada who are not in the prairie or grain growing regions, this is one of the things we most strongly support. Many times in this parliament people might get the impression that the country revolves around eastern Canada, and members from western Canada are asked to support many money items which are large and mainly for the benefit of people in the east; but in terms of national unity I think one of the most important aspects of a united country is that we share strengths as well as weaknesses. In terms of the over-all importance of the grain industry to Canada, this is the type of expenditure which permits the support of all members from all parts of the country.

Mr. Benjamin: It should be $1 billion.

[Mr. Milne.]

Mr. Milne: I would like to take issue, not with members of the official opposition but with whatever comes after that. Members of the NDP give much vocal muscle to whatever the problem of the moment is in this House, but if they were to read some of their own records, they would see much inconsistency.

I do not believe there can be much doubt that the business of railroading is extremely capital intensive. I believe that if someone was clairvoyant enough to predict three record crop years in succession, three successive record sales years, and a rail system built to move those crops within that short period of time, and then all that did not come about, the same people over there would be complaining about the tremendous growth in a transportation system which was not adequately used. They would be asking why so many rail cars had been purchased when there may or may not have been so much need.

I think anyone who has had experience in the past or responsibility for managing systems which are capital intensive must certainly understand that it is a judgment factor, and one of the things which has to be accomplished is to have a very high load factor or maximization of the use of capital. From the figures I have been able to read and from listening to speeches in the House, I feel that perhaps the railways and the government in concert have been able to predict fairly accurately. It may well be that the requirement to move the amount of grain which has been committed for export into eastern Canada will completely tax the system. In fact, it may not be able to deliver as quickly as one would hope. On the other hand, in terms of such tremendously capital-intensive industries as railroading perhaps investment decisions have not been all wrong and have come close to creating an optimum system.

I am quite interested in railroading. I have made it my business to learn a little about this industry. Hon. members who are contributing to this debate might be well advised to spend some time investigating the improvement in efficiency with which rolling stock is now used. I do not have any hard figures to illustrate the change in efficiency, but it has obviously improved very substantially. I suppose the introduction of computers and tracking systems by which railroads are able almost constantly to locate any rolling stock at any point in time has made a tremendous difference in terms of the effective use of the railway network. While railways are under severe criticism today by members of the New Democratic Party, I think the North American railways should at least be congratulated for operating one of the most effective networks I know.

Mr. Benjamin: It does not move enough wheat.

Mr. Milne: Members of the NDP very seldom if ever have the time or the interest to read business magazines. However, if they were to do that and if they were to read a number of American business magazines, they would find that one of the most often written about facts is the desperate state the U.S. railway system is in. As a matter of fact, in terms of investment in the state in which most of the U.S. railways have

maintained their stock, there is concern about being able not only to meet commitments in terms of moving grain, but also about the vast opportunities they have for developing coal mines and delivering that coal for export to Ontario and to other places. The industry is in serious jeopardy. When we talk about operating railways, given roadbeds and cars I do not think either Canadian Pacific or Canadian National need take a back seat to anybody. In terms of the size of the network these companies are operating, they should be congratulated on running a good railway.

I certainly do not stand here as any authority on how rates are established or on how demurrage is charged, but when the grain crop and the corn crop were being planted in eastern Canada this past spring, there was very serious concern about the availability of potash. For a period of time there were a number of fertilizer-blending plants which did not have the necessary potash available. I made inquiries about this. I was concerned about the number of railway cars which were available. In spite of the fact that there was a late spring, orders were not placed as soon as they normally were and deliveries were not accepted. I think this has a bad effect on the grain industry as well.

We cannot overlook the fact that one of the major reasons was the large number of cars which were in the United States. I noticed a number of reports in the press about the large number of cars still in the United States and about why the United States takes so long to turn cars around in their system and return them. I suppose it may well be that we have better cars in our system than they have in theirs, and they like to hang on to them and use them as much as they can; but in terms of this whole question it seems to me that that might be one of the areas which might be improved.

In conclusion, I would like to point out that in terms of the economy it seems to me that rebuilding the western railway network at this point in time is a very good decision. It seems to me that the many programs always being proposed by members of the NDP for making work and for providing more funding are no more important than this type of expenditure which is in the national interest. This type of expenditure would have a long-term effect. It would expedite the movement of one of our largest renewable resources. Surely it should have some precedence over some of the other proposals put forward by hon. members opposite.

I just wanted to make these few comments in this debate on the question of wheat, grain and grain movement. Grain movement to eastern Canada is a very important part of this. In terms of improvement over the past years, the great majority of the livestock and poultry feeders in eastern Canada will want to join me in congratulating the minister on the many forward steps he has taken.

Mr. Benjamin: Mr. Speaker, since the hon. member who has just spoken has not used up his full 20 minutes, I wonder if he would permit a question.

Mr. Milne: Certainly.

Mr. Benjamin: In view of the hon. member's comment that we cannot expect railroads to maintain all this equipment just to use in peak periods, I would like to ask him if he would then follow that through. Is he saying that bus companies, city transit companies and companies which move people on rails should maintain surplus equipment to take care of peak periods? Would he apply that also to people as he would to grain or any other products?

Mr. Milne: Mr. Speaker, I come from an area which is very close to one of the largest cities in Canada, and I think it is just a plain fact that the same problem exists for moving people as for grain. There are a number of times in the peak requirement periods when a transit system does not have enough equipment to operate and they make the same judgment as the railways—the optimisation of their capital while providing the best level of service they can. I do not think either the railways or any of the other authorities moving people are able to invest economically in the kind of capital stock which would meet all needs at all times.

● (2142)

Mr. Cecil Smith (Churchill): Mr. Speaker, it gives me great pleasure to take part in the debate on this opposition motion. It seems to me, after listening to the speakers who took part in the debate today, that to say that the grain situation in Canada is critical is an understatement. That is what we have heard from almost every speaker who has spoken in this debate, and they say it is because of the bottlenecks that have occurred at the Pacific ports, the other problems we encounter in trying to get the grain to those ports, and the fact that this will probably reduce Canada's opportunities not only to deliver the grain that is now sold but to compete in any new wheat sales that may come about.

The Canadian Wheat Board has confirmed that there will be a carryover of about 350 million bushels at the end of the current year. At present, most estimates show a 35 million bushel lag in the government's grain delivery schedule. According to the Palliser Wheat Growers' Association, the carryover is about 200 million bushels greater than the ideal minimum, which means that the grain economy will lose approximately $800 million in cash receipts which would accrue if the grain was delivered. Over the past few weeks we have seen reports and read in the newspapers that there have been up to 35 ships anchored in Vancouver harbour, some of these ships waiting up to five weeks to be loaded. According to one report, of these ships only two were at the loading berths. Of course, we have grain overflowing the elevators at most of the prairie points, and there is still a lot of grain in storage on the farms. Also, we have ships crowding in at both the western and eastern ports, but we cannot deliver the grain because of the lack of boxcars.

This boxcar problem is the result of an inadequate turnaround time, and also the result of difficulties in getting cars back promptly from the United States. This does not only

pertain to boxcars but also to hopper cars. Each ship that is laid over in the port costs the Wheat Board, the farmer, the consumer and the taxpayer demurrage costs amounting to some $5,000 a day. What we have is a minister who has not really taken any positive action to rectify the situation. He said in Winnipeg on May 11:

We may be getting close to what we can actually move out of the country during the course of a year.

In my estimation, that is not a very positive approach for the minister who is in charge of the Wheat Board to take. I should like to inform the minister and the federal government that there is more to Canada than the confederation-old transportation habits of moving goods inland east and west. There is also the north and the Hudson Bay Strait navigated by Hudson's Bay Company ships since 1668 and by grain ships through ports other than the port of Churchill since 1932.

The port of Churchill, as I have said in the House time and time again and as has been said by the Board of Grain Commissioners and the Wheat Board, is the most efficient grain handling port in Canada. Churchill's grain elevator operation has a turnover six times its storage capacity in less than the 100 days of the shipping season. That was the case in 1977. In the same year, the four dumpers allowed the elevator to unload slightly over 16,000 boxcars in 87 days of unloading. This gives an average of 184 cars per every eight hour working shift. This is what makes this port such an efficient grain handling operation. It handles no other commodity at present than grain and, believe me, it can handle grain without any problem. Thirty million bushels have been put through the port last year and 50 million bushels have been put through the elevator at a very small extra cost. I am glad to see the Chief Justice Emmett Hall has stated in his recommendations that the port should be upgraded to handle 55 million bushels a year. This would certainly take some of the pressure off the western ports.

Of course, the turnaround time on the boxcars is what must be considered. At present, the turnaround time out of Churchill is four days for a boxcar that goes up to Churchill, as compared to a five weeks waiting period for boxcars going to western or eastern ports. The travel distance from Yorkton, Saskatchewan is 722.5 miles. If you extend that to Moose Jaw, it is only a little over 100 miles more, which makes it only 822.5 miles as compared to the 1,301.7 miles to Vancouver from Yorkton or from Moose Jaw, give or take 75 to 100 miles. When you are shipping from Yorkton or Moose Jaw to Prince Rupert, it is 1,493.1 miles. The distance that has to be travelled to haul this grain to the west ports is twice that much, and when you consider the efficient turnaround time in Churchill, these cars could be back in service in one eighth of the time if more grain was moved out through Churchill instead of being hauled in these boxcars all the way out to the west coast.

I am not saying that the port of Churchill can compete with the western sea ports, but it would certainly relieve those sea ports if we only took the initiative to put on a double shift at the port of Churchill. CNR says it can handle more than 30 million bushels, and I want to compliment that company at this time because in 1977 they had a well co-ordinated season and shipped 30 million bushels up to Churchill with no problem. It was in the elevator by October 1. However, no one really knows why the last two ships did not arrive in Churchill. This meant that three million bushels were left in storage in Churchill where we have a five million bushel storage capacity. It means money in the pockets of the port authorities when we have some grain stored there.

On May 2, 1978 the Minister of Transport (Mr. Lang) told the House of Commons that modernization of the outmoded prairie rail system and expansion of Pacific port facilities will increase grain exports by another 100 million bushels. The Federal government must take the initiative now to improve our economic position, ensuring that our raw resources reach export positions on time and help our balance of trade deficit. If the government would take action now and just give Churchill the opportunity, I am positive that 55 million bushels could be moved through the port.

Chief Justice Emmett Hall backs this up in his report, and the Churchill Development Board certainly substantiates those figures. Shipping through Churchill has increased by 7 per cent in the past year, and Lloyd's Underwriters of London have indicated that they would be more flexible in setting dates for the Churchill shipping season. Last year that extra 7 per cent was certainly a big benefit for us. At present, cargo and hull insurance is available only for ships which pass through the straits no earlier that July 23 and clear Churchill by October 20, with high risk insurance premiums charged after October 15. So we only have an 88-day shipping season.

The National Research Council has published a study indicating that the Churchill shipping season could be extended by 24 days on the average, an increase of 27 per cent in the season. The province of Manitoba royal commission inquiry into northern transportation indicated that the close of the season could be extended by 13 to 28 days. Can one imagine such an extension? That would provide the port of Churchill with another 10 million to 14 million bushels. With little capital investment and an extended season to November 10, more than 50 million bushels could be shipped annually through the port.

• (2152)

In conjunction with the Hudson Bay Route Association and the Port of Churchill Development Board, I urge the government to disregard the Bryden report and studies by the National Harbours Board condemning the future of the port of Churchill. Certainly that is what the Bryden report did. The minister found someone whom he knew would come up with a written report speaking out against the port of Churchill.

After the government spent $1.7 million on the Hall Report and $50 million to upgrade the town and port of Churchill, surely the Minister of Transport will not allow the findings of one or more reports to jeopardize the future of the port of Churchill. There has been a series of studies dating back as early as 1811 when Lord Selkirk settled the Red River Valley on the recommendation of his report on the Hudson Bay route by his peers in England. In the near future we may have oil

tanker traffic, uranium exports, increased grain shipment because of the world food crisis, sulphur from Alberta and potash from Saskatchewan.

Repeatedly I have asked the minister to consider shipping CIDA grain through Churchill. Those grains come under the direct control of the Canadian Wheat Board. When CIDA grain is being shipped through other ports, those ports are tied up, whereas Churchill could handle this additional grain. It could be scheduled not to interfere with the other grain shipping which goes through that port.

Must we wait for a second and third transportation foul-up before the minister takes action? In 1974 the government promised that the total grain handling system from the granary to the ship in the harbour would be revamped. Where is the long-term strategy? Why have western producers not been informed about it? Will the government tell the House why it is still unprepared to allow for greater provincial power-sharing in grain marketing?

The Hudson Bay Route Association unanimously passed a resolution this spring at its 35th annual meeting. The resolution cited increased operating costs of the St. Lawrence seaway, the political uncertainty of Quebec and the potential of the port of Churchill as being reasons for developing the northern port with provincial funds. It wants to see the three prairie governments taking a leading role in extending the shipping season out of the port of Churchill, expanding port traffic and enlarging port facilities.

If the federal government does not have the foresight to develop and utilize the port of Churchill to its full capacity, will the minister give that power to provincial governments? Will he turn that port over to provincial governments? Perhaps they can give the government $1 for that port. I am sure provincial governments would have that port working in no time. At this particular time, western premiers are prepared to take whatever action is necessary. If the minister would turn that port over, I am sure they would grab it.

The following resolutions were passed unanimously at the Hudson Bay Route Association annual convention: extension of the insurable shipping season out of Churchill; use of *M.V. Arctic*, a new semi-icebreaker bulk carrier, for grain shipments out of Churchill; construction of a new larger tug to assist ships when they arrive at Churchill; and the resumption of flour shipments through Churchill. The people in the Hudson Bay Route Association and the Port of Churchill Development Board are taking initiatives now to ensure the present and future success of Churchill. They have a commitment to the people of western Canada, the grain producers, the harbour people and overseas markets.

Where is the commitment of the federal government? Where is the commitment to fulfil the recommendations of the Hall report to meet the needs of people? We have been waiting a long time, and we are still waiting.

Some hon. Members: Hear, hear!

Adjournment Debate

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in the last few minutes available I should like to bring into perspective some of the remarks which have been made today concerning this particular motion.

I want to highlight one glaring weakness in the positions of the government and the Minister of Transport (Mr. Lang) in respect of a very important part of the policy governing grain delivery in western Canada, that is, the Crowsnest pass rates. On a number of occasions the minister stated that he has maintained the Crowsnest pass rates. No one is taking issue with that. We are concerned about the minister's and the government's intentions for the future of the Crowsnest pass rates.

During the 1974 election campaign I ran for the first time. I was very attentive as to what the government said in respect of grain transportation and matters relating to agriculture. During the course of that campaign, the Winnipeg *Free Press* of June 11, 1974, reported the following:

> Otto Lang said, "as long as the Liberal party forms the government and as long as producers wish to continue to deliver to the elevator of their choice, not one rail line will be abandoned.

Also, the Winnipeg *Free Press* of June 15, 1974 reported the following:

> He (Trudeau) also reiterated his party's pledge to end any freight discrimination on the movement of meat, livestock and feed grains across Canada. This would not affect the Crowsnest special rates to aid the movement of grains for export to the west coast.

No sooner was parliament in session than the minister responsible for the Canadian Wheat Board in an address to the Canada Grains Council in Edmonton said the following:

> As part of the complete overhaul of the transportation system, we may have to examine the effect of the Crowsnest rates, particularly as they apply to domestic movements of grain.

Also he emphasized that the change was only a suggestion, and that the Crowsnest rates are a detriment to both rail carriers and producers.

In conclusion, the fact of the matter is that the minister has not given an unequivocal commitment to the Crowsnest pass rates in statutory form. In fact, Liberal candidates across western Canada are suggesting other methods of paying western Canadian farmers at the present time.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. It being ten o'clock, it is my duty to declare, pursuant to Standing Order 58(11), that the proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

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

Adjournment Debate

ROYAL CANADIAN MOUNTED POLICE—PAYMENT OF LEGAL COSTS OF MEMBER OF FORCE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, on April 25 I asked the Solicitor General (Mr. Blais) whether he would be prepared to pay the legal costs of a member of the Royal Canadian Mounted Police who won a precedent-setting case. Perhaps I could have asked other ministers or members opposite if they were prepared to pay the legal costs of individuals who also won their cases against the government, such as Mr. Larry Stopforth and Mr. Walter Rudnicki.

I asked my question in the connotation as to whether the same consideration would be given to RCMP Corporal John Danch as was apparently being given to the Minister of Supply and Services (Mr. Goyer). I raised this matter previously in correspondence and verbally with the present Solicitor General and his predecessor, but so far RCMP Corporal John Danch has not had his legal costs paid. His counsel, a distinguished Ottawa barrister, put the matter this way:

● (2202)

The simple fact of the matter is, that this man was dismissed, and in order to put the record straight and by reason of significant lapses on the part of the officials in the Royal Canadian Mounted Police, it became necessary for him to appeal. His appeal was successful, resulting in his reinstatement which has the effect, apart from anything else, of setting the record straight. He has since gracefully retired. It seems to me, that it was never the intention of those who drafted this appeal procedure, that a successful appellant should swallow the substantial legal fees involved in putting the matter right.

The House would perhaps be interested in knowing a bit more about the way Corporal Danch has been "looked after", after twenty years on the force, after winning his case, and so on. After he resigned he was raided by about half a dozen members of the force and his house was searched and even socks and children's colouring books were taken pursuant to the search warrant, which stipulated only that they were looking for a tape recording, a copy of an RCMP report dated July 15, 1977 and a typewriter. Despite this, the members took away a host of memorabilia and personal items, in my opinion exceeding the jurisdiction of the warrant for search. They have since, I am informed, returned most if not all of what they took.

In addition, Corporal Danch, because of the delay in processing his appeal, had to draw unemployment insurance, and when reinstated he ran into administrative problems in the arrangements to repay. The force deducted a larger sum than agreed upon, and when Danch sought clarification weeks passed without any response, without any answers to his letters. I understand this has now been rectified.

My point is that John Danch has not been treated very well. He finally wrote a letter to a Halifax newspaper after I raised the matter in the House. It was a very reasonable letter and I should like to read part of it into the record. It states in part:

When the recommendation for discharge was first made, I felt there were injustices implied and involved. I therefore pursued my rights through the proper channels, the courts, and did this not with the idea of personal material gain, but with a sense of obligation instilled in me through my many years of service.

From the events that have since transpired, whereby I have been harassed, and intimidated, I would have just cause for bitterness and animosity. This is not my stature as I continue to have a high regard for the force. Even now with all the adverse publicity that is being generated against the force, my sympathies go forth to all the dedicated field personnel. It is indeed unfortunate that the force's problems and troubles can in large part be attributed to the treatment of its own personnel. It is in essence a strange attitude they possess whereby it is more important to justify matters than to correct procedures;—

Corporal Danch's letter in this Halifax newspaper has drawn comment and one 20-year veteran of the force responded. I am not going to mention his name for obvious reasons. He also had some interesting things to say about this matter. He said:

I read with great interest your letter to the editor in Saturday's *Chronicle-Herald* and for what it's worth, I say a very hearty "Bravo" to you.

He goes on to state in the letter:

You mention in your letter that we have no way of knowing whether unfair processing has really been stopped. I rather suspect that you inserted that for the benefit of the reading public. You can bet your life that it has not and will not until some drastic changes are effected in force policy.

I omit language which you might find unparliamentary, if not unfamiliar, Mr. Speaker. The letter continues:

Hats off to you. Keep up your fight. You won't get anywhere in the force (I'm assuming you're still a member) but you'll have the satisfaction of knowing you stood up for what you knew was right and that's a heck of a lot more than far too many of those—

I would censor the next word, Mr. Speaker, concluding the quotation as follows:

—management types can honestly tell their mirrors.

In conclusion, I want to suggest to the minister that the field personnel of the RCMP, the real backbone of the force, are apprehensive about what is happening. They know a double standard exists. They know, too, that there is not very much aid or comfort for them just because they follow orders. This is something that they were always taught—that if they followed orders they would be looked after. Now they are beginning to realize that unfortunately this is not always the case.

● (2207)

I would urge the minister to be equitable in cases such as this which can be symbolic and to bring in improvements in the way lower ranking personnel are treated. I ask once more, knowing this is the right and equitable thing, that the minister consider seriously exercising the discretion he has to pay the legal costs of an RCMP corporal who had no recourse but to resort to the courts regarding what he justly felt was a grievance, who won his case and is now faced with a legal bill for several thousand dollars and a very vindictive attitude expressed toward himself as a result of his success.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, Corporal J. Danch was discharged from the Royal Canadian Mounted Police by the commissioner under authority of RCMP regulation 173 on 15 December 1976. Subsequently, Corporal Danch made representation to the Federal Court of Appeal to review the matter of his dismissal. As a result of their review, the Federal Court, in a split decision, set aside the decision of the Commissioner due to a procedural error in the processing of Corporal Danch's recommendation for discharge. The court's decision then

meant Corporal Danch had been and continued to be a member of the Royal Canadian Mounted Police and he was notified accordingly.

Following the federal court decision, Corporal Danch was again notified that his discharge was being recommended and he was given an extended period of time in which to submit an appeal. At the conclusion of the appeal period, Corporal Danch advised that it was his wish to voluntarily retire to pension.

Before resigning, Corporal Danch made application to the Royal Canadian Mounted Police for reimbursement of his costs in presenting his case to the federal court of Canada. His request was reviewed and the legal opinion expressed was that the federal court dealt with the subject of party and party costs in rule 1408, which states:

No costs shall be payable by any party to an application to another unless the court in its discretion for special reason, so orders.

In the circumstances of this case, the federal court of appeal did not see fit to exercise its discretion in favour of Corporal Danch regarding costs.

The matter of solicitor and client costs was also considered. Corporal Danch is not entitled to costs from the Crown and there is no liability, therefore, whatsoever either in fact or in law.

The matter of an ex-gratia payment to Corporal Danch for his costs also received careful consideration but in view of the fact the commissioner's decision was not set aside on the merits of this case, but rather on a technical issue, neither the commissioner nor the Solicitor General (Mr. Blais) are prepared to support a submission to Treasury Board. However, Mr. Speaker, I should like to inform the hon. member that while the Solicitor General is not supporting the payment of his legal fees, Corporal Danch's file is being reviewed with respect to the question he has raised concerning the payment of unemployment insurance benefits.

NATIONAL SECURITY—RIGHT OF MINISTERS TO KNOW HOW SECURITY PERSONNEL OPERATE—GOVERNMENT POSITION

Mr. John A. Fraser (Vancouver South): Through you, Mr. Speaker, I wanted to bring to the attention of all hon. members that on December 14, 1977, at page 1856 of *Hansard*, I asked the then solicitor general, who has since left that post, whether he agreed with the novel theory the Prime Minister (Mr. Trudeau) that the solicitor general should not have any knowledge of whether or not the security forces of our country are acting legally or illegally, and whether or not he also agreed with the right hon. gentleman's novel theory that where security forces act secretly and illegally, the courts will protect us.

The solicitor general did not answer, apparently because the right hon. gentleman interrupted. I had occasion to ask the same question of the present Solicitor General (Mr. Blais) on February 6, 1978, as recorded at page 2571 of *Hansard*. I just want to put the position so that there is no doubt. The Prime Minister's reasoning is very strange indeed. He says that protection against illegal police activity lies with the courts. It is of benefit to look at exactly what the Prime Minister said:

We have the protection of the courts. If you want to break into somebody's house, you get a warrant. A court decides if you have reasonable and probable cause to do it. If you break in without a warrant, a citizen lays a charge and the police are found guilty. So this is control on the criminal side—

The trouble with this notion is that, first of all, the control by the courts which the Prime Minister refers to in the example he gives is only there if the police act lawfully and apply for a warrant. It is true that the application may be refused, not because there is illegality, but because the court decides there are insufficient grounds for granting a warrant. But the example used to support the Prime Minister's argument stops way short of meeting the real problem which is in issue, and that is the case where the warrant is refused and the police break in anyway, or when the police may well know there are insufficient grounds for obtaining a warrant and decide to break in, not just illegally, but secretly, without reference to a court.

Suppose I return from a weekend away from my residence and find there has been a break-in. Trusting the police, I call them to investigate. If they are the ones who committed the illegal break-in, does the Prime Minister really believe they will tell me about it and lay charges against themselves? The court will never even find out who broke in, let alone "protect us" from such illegal action.

• (2212)

Assume further that because I have practised law for years, I get suspicious and I go over the head of the police and ask the Solicitor General to investigate, which surely I have a right to do because he is the elected person ultimately responsible for police action. What is the Solicitor General going to say? Acting on the Trudeau theory, I will be told that the Solicitor General "should be kept in ignorance of the way in which the police are doing it". So how can I expect the Solicitor General to know, or even find out, because, again quoting the Prime Minister, "the government should keep its nose out of the operations of the police force".

It does not take a great deal of intelligence to realize that the courts can only act if someone lays a charge, or if the police lay a charge. Let us remember that the courts cannot convict unless someone proves the case with evidence. As is usually the case, the police investigate and produce the evidence. If the police are acting illegally and secretly, there is not much chance of an individual citizen ever finding the evidence. The court, or a judge, has no power to order charges or commence proceedings. In the absence of any responsibility to know or to act on the part of the Solicitor General, it is foolishness talk of the courts protecting the citizen from illegal activity of security forces or any other police force.

The Prime Minister went on to say that the government does not "have the authority" to act "in so far as the operations are concerned on the criminal side". This is bunkum. The Solicitor General, to whom security services report, certainly has the authority to act.

The Prime Minister then remarked: "On the security side if you are fearful that this kind of thing is happening"—that is, illegal acts—"we have a royal commission of inquiry". Who orders the inquiry? Obviously, the government orders it. But can anyone believe that the only way the Solicitor General is to find out this is necessary is after some citizen, on his own, collects sufficient evidence, and, I suppose, makes it public, so that political considerations compel the government to act? The whole thesis of the Prime Minister has already been contradicted by former solicitor general Fox. It was because the then solicitor general finally decided to ask questions that caused him to act by setting up the present royal commission under Mr. Justice McDonald.

The entire argument of the Prime Minister is wrong. It is wrong because it contravenes the principle of ministerial responsibility which secures the rights of innocent people and is based on the premise that ultimately our elected representatives must ensure that those who report to them, and for whom they are responsible, exercise their functions within the law.

But it is also wrong because, when it comes to secret illegal activities of a police force, the courts cannot protect the citizen unless charges are laid, and it is highly unlikely that those who are breaking the law will investigate themselves and lay charges against themselves. The Prime Minister may not like our traditions of parliamentary democracy and responsibility under the rule of law, but he must not get away with changing them. I would like to know whether the present Solicitor General subscribes to the dangerous nonsense promulgated by the Prime Minister.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I would like to respond to the question posed by the hon. member for Vancouver South (Mr. Fraser) on February 6, 1978 which is found at page 2571 of *Hansard* in which he refers to the theory of ministerial responsibility as advanced by the Prime Minister (Mr. Trudeau) at his press conference on December 9, 1977.

The Solicitor General (Mr. Blais) agrees with the position as expressed by the Prime Minister during the course of his press conference. Surely the hon. member recognizes that in order to preserve the independence of the law enforcement agencies from political interference in their day to day operations, the politicians—and here I quote the Prime Minister—"who happen to form the government should be kept in ignorance of the day to day operations of the police force and even of the security force."

Mr. Fraser: Even in the way they are doing it?

Mr. Young: If the hon. member had read further the transcript—

Mr. Fraser: I have the whole thing.

Mr. Young: —of the Prime Minister's press conference, he would have found that the Prime Minister stated on the security side that the principle has been that the police do not tell their political superiors about daily operations, but they do have to act under the general directives and guidelines laid down by the government of the day. On the criminal side, members of the RCMP are accountable for their actions because of the necessity to present evidence in a court of law.

Theoretically, Mr. Speaker, an illegal act which remained secret could not be brought to the attention of any court. However, by the rigorous implementation of the RCMP commissioner's policy internally within the force and the safeguard, as proposed in the recently introduced act to amend the RCMP Act, of an independent third party review in the public domain as recommended by the Marin commission, illegal activities, if they occur, will certainly be brought to the attention of the courts.

• (2217)

In conclusion, it bears repeating that if the government finds any evidence of illegal activity, that evidence is turned over to the attorney general of the province in which the alleged illegal activity took place. This has been a long standing policy on the force and has been exemplified by the recent series of referrals to the provincial attorneys general as the result of the work of the commissions of inquiry.

The interest and concern of the hon. member for Vancouver South (Mr. Fraser) in this matter is certainly appreciated by the Solicitor General and I would like to thank the hon. gentleman for this opportunity to reply to his concerns this evening.

LABOUR CONDITIONS—YOUNG CANADA WORKS PROGRAM—FUNDS TO ASSIST STUDENTS

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, since I first raised this question of Young Canada Works with the minister in this House on April 3, 1978, I have raised it on three different occasions. In correspondence and conversation with the minister's special assistant, Mr. Matt Graham, he has assured me that if there was to be a redistribution of funds, my constituency, along with Gander-Twillingate, would be first and second.

What bothers me is that we meet now on June 5, and having recently returned from my riding after interviewing a good number of university students who have been idle for over a month, and seeing the numbers who are graduating from grade 12 in the various high schools in my area, I see a crisis situation developing.

On March 2, I sent to the minister a special study that we had done on the grade 11 and 12 students in the high schools of Cape Breton-East Richmond which revealed that last summer 59 per cent of them were unemployed. A study that was done during the previous summer for the Department of the Secretary of State showed that in the Glace Bay area itself there was approximately 72 per cent student unemployment, and 44 per cent unemployment of non-student youth.

On April 25 I finally received an answer from the minister. He replied that he apologized for the delay, and I quote:

—because your letter and brief contained a great deal of material that needed to be examined in detail.

The major criticism offered by the minister of the results of the questionnaire was, and I quote:

It only contained high school students and not university students.... In comparing your 1977 allocation with the current one, you said that last year you received $424,000, while this year you received only $283,000.... I should point out that these figures are not entirely comparable as the former includes an additional amount that was granted through the reallocation of those funds that some constituencies were unable to use, whereas the latter does not.... Of course I am unable at this time, to determine the amount that will be available for redistribution this year but you may be sure that your constituency will be given every consideration when the redistribution exercise is undertaken later this spring.

It is now well beyong spring and we are into the summer season for college, technical and university students and will soon be into summer for high school students too. May I ask the minister, or his representative here this evening, to tell me truthfully whether a redistribution exercise is going to take place at all, or have the constituencies been allotted the total amounts they are going to get for Young Canada Works? There are a lot of very concerned students who are involved.

Just recently, a high school teacher in my riding from the town of New Waterford did a study in even more depth, using a better methodology than we used last fall, called the opinion analysis group technique. They found projected summer unemployment rates for high school graduates in the town of New Waterford of 71.6 per cent, and of these only 17.1 per cent would work long enough to be eligible for Unemployment Insurance Commission benefits. The percentage of students who see any possibility of getting jobs by moving out of the area was 11.3 per cent. Mr. Hollohan and his group went on to extrapolate from their sample and estimated there are over 14,500 unemployed people on Cape Breton Island and that 71.6 per cent of these are in the age group 16 to 24.

● (2222)

We recently witnessed the Prime Minister (Mr. Trudeau) postponing what was expected to be an election in June or July because of what he termed the economic message for the government which was revealed by the polls. I think the government, in taking away the $2.5 million from the Young Canada Works program this year, has done a major injustice to the young people of this country and their parents, especially to those who have the misfortune to live in the low income and low employment areas. It is a sad thing to see a government so callous about what happens to its young high school graduates and to its college and university graduates that it will not make money available even on a short-term basis, knowing how difficult it will be for these people to find longer term employment. I wonder how many of the sons and daughters of MPs will be without employment this summer.

The government's policy is creating cynicism and alienation among many young people in this country. Many grade 12 students will have to cut out further education or demand increasing loans which will make the whole situation more expensive or self-defeating in any case. As a member of parliament from an area of heavy unemployment I can say it is a sickening experience to face this situation, and one can hardly exaggerate its effect in creating an increasingly negative attitude toward the country on the part of our young adults.

The figures which follow show the amount of money allocated through the Young Canada Works program in each of the three constituencies in Cape Breton for 1977 and 1978. For Cape Breton-East Richmond the amount was $283,000; for Cape Breton Highlands-Canso it was $289,000, and for Cape Breton-The Sydneys, $316,000. Those were the figures for 1978. I should have read the 1977 figures first. They were, for those three constituencies respectively, $424,000, $365,000 and $438,000. The number of registered student clients at Canada Manpower centres without employment was 3,505 in May, 1977, 3,986 in June, 3,613 in July and 3,513 in August when the largest number should have been working. This gives us a rough idea of what we can expect. In fact, the situation will be worse this summer.

And still we have a Prime Minister who talks about a just society with equal opportunity. To that, I say baloney—

Mr. Deputy Speaker: I regret to interrupt the hon. member.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, in responding on behalf of the Minister of Employment and Immigration (Mr. Cullen) I want to say that the concern expressed by the hon. member is most certainly shared by the minister and by others on this side of the House. The hon. member's interest in employment opportunities for youth is well documented as the result of his many interventions in this chamber on their behalf. I want to assure him that he is joined not only by the minister but, I am sure, by all members in the House.

Might I comment that the commission is making every effort possible to alleviate the student unemployment situation with the amount of funds which are available to it. Should additional funds become available the minister gives the undertaking that he will immediately inform members. The minister realizes that the Young Canada Works program has received a reduction in its level of funding over last year. However, it is not as extreme as the hon. member has stated. Under the 1977 Young Canada Works program $46 million was allocated to constituencies across the country and for the summer of 1978 the sum of $43.5 million has been allocated.

Young Canada Works is only one of the elements of the government's 1978 Canada summer youth employment program which has been funded at $96.2 million. Other elements include such other activities as the Canada Student Employment Centres, the job exploration program and the summer job core program which had its level of funding increased from $10 million to $12 million last year. As I mentioned in the House on April 3, 40 per cent of those who participate in the Canada Works programs are young people.

● (2227)

As to the hon. member's question concerning the economic growth component, the minister forwarded a letter to all members of parliament on March 3, 1978 which explained this new initiative in detail. Some $50 million will be available to this program in 1978-79 for the funding of projects which will directly or indirectly result in the creation of continuing employment in the private sector. Available funds will be distributed on a provincial-territorial basis in approximately the same ratio as Canada Works funds are presently made available.

Projects are proposed by federal departments and agencies. In fact, the Treasury Board has approved some nine federal proposals involving approximately $27 million in economic growth component funds. Details as to the activities approved by the Treasury Board have been or will be announced by the ministers involved over the next few weeks. At that time the initial impact of this program on the Atlantic constituencies will be available. Further proposals are still under review, and the minister hopes to be able to recommend the best of these to the Treasury Board as soon as possible.

In conclusion, I would like to add that, in addition to the initiatives we are considering under the economic growth component, the commission is looking at a variety of schemes through which Canada Works funds can be made available for activities of major economic benefit to regions. The minister points out that many of these discussions have centred around potential activities in the Atlantic provinces, particularly in the area of forest management.

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

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, June 6, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

IMPLEMENTATION OF RECOMMENDATIONS OF HALL REPORT—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In light of the fact that the Liberal backbench member of parliament for Assiniboia (Mr. Goodale) announced in his press release of Saturday, June 3, that the "Government of Canada will initiate a special, immediate investigation into the efficient use of prairie grain handling and transportation facilities" which "will be undertaken by an independent analyst with proven experience and expertise", and in light of the fact that the government has spent $1.7 million on the Hall report, long regarded as the blueprint for improving the transportation of grain by rail and the economic position of western Canada, I would move, seconded by the hon. member for Lisgar (Mr. Murta):

That this House immediately instruct the Minister of Transport to make a statement on motions explaining this new, so-called investigation as announced by the hon. member for Assiniboia, who to parliament's knowledge is not a member of the cabinet and, furthermore, if the silence of the Minister of Transport is an indication of approval of this press release, that the minister explain why he has added another nail in the coffin, burying the recommendations of the Hall report.

Mr. Speaker: Presentation of such a motion can only be done by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

CONTINGENCY PLANS RESPECTING CANADA-U.S. FISHERIES DISPUTE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the breakdown of diplomatic negotiations between Canada and the United States on fishery questions which could result in the U.S. imposing countervailing duties on Canadian fish marketed as to 80 per cent in that country, involving a value of some $450 million a year, and since this confrontation has occurred as a result of the Secretary of State for External Affairs (Mr. Jamieson) taking charge of the negotiations with the U.S. himself, in replacement of Mr. J. Allan Beesley who had headed the Canadian side, with the result that a botch has been made of the Canadian case, I would move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Prime Minister be requested to advise the House on motions as to contingency plans of the government in the event of the imposition of countervailing duties on Canadian fish products by the United States, and that the Prime Minister apply the principle of equidistance to the Secretary of State for External Affairs by insisting that he keep his distance from the negotiations between the U.S. and Canada, and that the Prime Minister direct the Secretary of State for External Affairs to bring J. Allan Beesley back to Ottawa to take charge of the Canadian side of the negotiations immediately.

Mr. Speaker: Hon. members have heard the proposed motion. Under the terms of Standing Order 43, such a motion would require unanimous consent before it could be put. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

PRO RATA PENSIONS FOR WIDOWS OF VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, I would move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House applauds the Minister of Veterans Affairs for having introduced last week a bill to increase the basic rate of the war disability pension—

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I hope that applause has been noted.

—which the House was pleased to pass through all stages in less than an hour, and this House now calls on the same minister to expedite his review of the 48 per cent rule which applies to the pensions of the widows of disabled veterans, it being the view of the House that where the veteran's disability pension was below 48 per cent there should be a *pro rata* pension for his widow as a matter of right, it being clearly understood that this House would pass such legislation, also, in one hour.

Some hon. Members: Hear, hear!

S.O. 43

Mr. Speaker: Presentation of such a motion, under the terms of the Standing Order, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

PROMOTION OF CAREER DIPLOMATS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency as a result of a news report in today's Ottawa *Journal* to the effect that the government is considering the appointment of more persons from outside the regular foreign service as Canadian ambassadors and mentioning, also, the names of a number of those who are under consideration for such appointments and who are not members of the Department of External Affairs. I would, therefore, ask leave to move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

● (1412)

That the Secretary of State for External Affairs advise the House whether this report is accurate and, if it is, what are all the reasons that the government is extending the policy of denying well-earned promotions to career diplomats who have faithfully served the Government of Canada for many years and have earned the right to such promotions by means of their loyalty, knowledge and ability, and that an immediate policy be introduced to recognize those many persons who have given so much in the service of their country as members of the Department of External Affairs.

Mr. Speaker: The introduction of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OFFICIAL LANGUAGES

FRENCH LANGUAGE SERVICES IN ONTARIO—MOTION UNDER S.O. 43

Mr. Jim Fleming (York West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering the overwhelming support from all sides of the Ontario legislature late last week at second reading of a private members' bill to enshrine French language services in law in Ontario, and considering this parliament's support for reasonable and just treatment of both official language groups across Canada, I moved, seconded by the hon. member for Ottawa-Vanier (Mr. Gauthier):

That this House urges Premier Davis to proceed with the said legislation not only to bring justice to more than one-half million Franco-Ontarians but also to demonstrate at this time of national unity crisis support from Canada's largest English language province for fair and reasonable treatment of official language minorities.

[Mr. Knowles (Winnipeg North Centre).]

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

Some hon. Members: Agreed.

Some hon. Members: No.

Some hon. Members: Oh, oh!

Mr. Clark: Stuart Smith said no.

* * *

COMMUNICATIONS

DISPUTE BETWEEN SENATOR AND BROADCASTER—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the desirability of making certain that the power of the CRTC is not being used for partisan political purposes, I move, seconded by the hon. member for Vancouver South (Mr. Fraser):

That the Minister of Communications, after suitable investigation, inform the House, tabling any necessary documents or correspondence, that yesterday's request to radio station CJOR for 80 hours of the tape of Ed Murphy's reaction line show was not in any way caused directly or indirectly by a dispute between the government House leader in the Senate, Senator Ray Perrault, who is being sued by Mr. Murphy in the B.C. supreme court as a result of inflammatory remarks reportedly made by Senator Perrault over radio station CKNW with reference to Mr. Murphy and his best-selling book "A Legacy of Spending" which, as the House knows, documents in a factual way the waste and mismanagement of this government.

Mr. Speaker: The presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

CALL FOR RE-EXAMINATION OF SPORT FISHING REGULATIONS—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the fisheries dispute between Canada and the United States now appears to have expanded into recreational fisheries, and in view of the fact that new recreational fishing techniques, such as electronic fish-finders, sophisticated downriggers, etc., are being used in recreational fishing, particularly with regard to west coast salmon stocks, by U.S. boats, I move, seconded, by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That the federal Minister of Fisheries and the Environment re-examine the present fisheries regulations in the sport fishing area with a view to regulating

the use of new sport fishing techniques and licensing of tourist fishing in ocean waters.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

TAX INCENTIVES TO REDUCE LAY-OFFS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. In the context of the just released May lay-off figures showing that almost 4,000 Canadians were laid off in May in addition to those who were laid off in April, and also in the context of the rather strange speech given by the Minister of Finance to the CMA last evening in which the minister indicated that businessmen in Canada on many occasions are given a ten-point tax advantage compared with their counterparts in the United States, would the minister indicate to the House why we are having these continued lay-offs in Canada, and has he any particular suggestion as to how the situation can be corrected?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there are always some problems in certain areas of the economy. However, I think the hon. member could have mentioned that there was an increase of 12.6 per cent in car and truck sales in Canada from May to May. I said in my speech in Toronto that, contrary to the rumours spread around by the hon. member, when we do a thorough study of the comparison between the Canadian tax system and the American tax system, we find that our tax system for corporations is very competitive with the American system: it is even better.

● (1417)

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. In the May budget of four years ago, Mr. Turner, referring to the manufacturers' and processors' incentives that the government of the day had given to the various businessmen in Canada, said that he anticipated a great expansion in industry. Four years later, in April of this year, we find that we have 18,000 fewer people working in manufacturing in Canada.

Would the minister indicate if he feels that the incentives given the manufacturers and processors at that time have not worked; or, if he feels that they have worked, would he indicate why there appears to be a lack of confidence to which he referred last evening when he was speaking to the CMA?

Mr. Chrétien: There is always fluctuation in an open market economy like ours. Of course, the economy has changed its pattern and at this time there is more emphasis on services than on manufacturing. It is a phenomenon that is not only Canadian but one that we find all around the world.

Mr. Stevens: Would the minister indicate whether he is entirely happy with his budgetary stance at the present time and does not contemplate any changes, notwithstanding the fact that not only were there 4,000 persons laid off last month but 3,000 of them were laid off in Ontario alone?

Mr. Chrétien: We had a budget recently, and I just gave an example of provisions in the budget that are working very well. For example, the fact that we have cut the sales tax on cars has produced dramatic results, as well as the fact that we had an increase of 12.6 per cent from May to May.

* * *

TRADE

BILATERAL DISCUSSIONS ON GATT PROPOSALS

Mr. John C. Crosbie (St. John's West): My question is directed to the Prime Minister. Last week the Prime Minister attended the NATO meetings in Washington and it was expected that he would be discussing with the other leaders at those meetings the questions of the GATT negotiations, particularly in view of the fact that the Americans have taken the position that there must be substantial agreement by July 15, that their authority to negotiate will run out at the end of the year and in view of our serious economic problems. Did the Prime Minister have any bilateral discussions on that subject last week and, if so, with what effect and with whom?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker, there was no attempt, and no intention on the part of any of the participants, to discuss the matters in the context of the NATO summit held in Washington last week. I did have some bilateral meetings or discussions with other leaders, some of whom will be attending the summit in Bonn in the middle of July, and I did express views there about the importance of not only looking at short-term improvements but at medium and long-term improvements in our economies, including trading patterns.

Mr. Crosbie: In view of the fact that the government's figures show a loss of 80,000 manufacturing jobs between the end of 1974 and the end of 1977, and in view of the difficulties that we are having in the television industry, where the sale of Canadian TV sets has fallen almost 30 per cent and where 4,500 jobs have been lost in the last several years in that industry alone, as well as serious declines in furniture and other industries and, as the Science Council points out, deindustrialization is posing a real threat to Canada, can the Prime Minister tell the House what is his strategy at the GATT negotiations to protect Canada from further injury to the manufacturing industry and a further loss of jobs, particularly

in view of the July 15 deadline? What is our strategy to avoid harm to ourselves and to our productive sector?

Mr. Trudeau: As the Minister of Finance just replied in answer to a previous question, within a free economy there are moving patterns of development. In the case of Canada, we like to see jobs created in all sectors, but the trend nowadays in most industrialized, advanced societies is to create more jobs in the service sector: this is happening in Canada. In so far as the rate of creation of jobs is concerned, we have told the hon. member before that between last year and the same time this year some 330,000 jobs were created in Canada. That is a faster job-creation rate than exists in any other industrialized society.

Mr. Crosbie: The 4,500 people who have lost their jobs in the television parts manufacturing industry would be interested to hear the Prime Minister's figure of the number of jobs being created. They have lost 4,500 jobs. Could the Prime Minister tell us, in relation to that particular industry, why the government has not taken action such as the successful action the United States has taken to reduce its imports from Japan in April by 60 per cent and the over-all importation of television sets by 30 per cent by using voluntary import quotas? That is the step the United States has taken. It is one of the great manufacturing countries of the world. Why has the Prime Minister's government not taken similar steps? When will he direct his minister to take some steps to save this industry?

● (1422)

Mr. Trudeau: Mr. Speaker, if the hon. member had been following the debates on international trade, he would have seen that the government took various steps to get agreement from other countries trading with Canada on their export quotas to Canada. As a general direction in Canada, which is a trading nation to a much larger degree than the United States in the sense that a larger percentage of our wealth comes from trading than in the United States, it is important to maintain a general principle of free trade in every direction.

Rather than asking the economies of the world to go toward greater protectionism by quotas or by tariffs, we are going in the other direction. We have confidence that the Canadian economy, given a fair chance of competition with other nations, will meet that competition and will excel in it.

Some hon. Members: Hear, hear!

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DEPARTMENT OF LABOUR

VACANCY IN POSITION OF PERMANENT DIRECTOR OF WOMEN'S BUREAU

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is directed to the Minister of Labour. Recently, the federal government produced a glossy and expensive booklet on the need for affirmative action programs for women in the private sector. God knows, it is badly needed, particularly when we see how women still are being treated in the work force in places like Fleck Industries.

Considering that the government has done virtually nothing about affirmative action programs at the federal level, can the minister explain what seems to me to be rather obvious hypocrisy in terms of the government's position on women, when we consider that the position of permanent director of the women's bureau of the Department of Labour has remained vacant for more than two years?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker, I will check into that situation as to the precise reasons. I would advise the Leader of the New Democratic Party, however, that Dr. Sylva Gelber, of whom I am sure the hon. member and other members of the House are well aware, moved from that position and became a consultant to the deputy minister of labour. Thus, her services are still there. She is very active in terms of the contributions she is making to the women's bureau.

Mr. Broadbent: Mr. Speaker, the minister really did not answer the question. He knows that Dr. Sylva Gelber, to whom he just referred, is the former permanent director. My understanding is that she is very concerned that a replacement has not been appointed for two years. If the government is serious about coming to grips with women's problems, particularly in places of work in Canada, can he give us some commitment that her replacement will be appointed soon?

Mr. Munro (Hamilton East): Yes, Mr. Speaker. I informed the hon. member that Dr. Gelber is still with us. I will check into that and advise the hon. member why the vacancy has lasted so long.

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ADMINISTRATION OF JUSTICE

APPLICATION OF HUMAN RIGHTS ACT IN LABOUR DISPUTES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, perhaps she is still with the government, but she is there in a consultative capacity. The minister knows full well that that position demands a permanent director.

My supplementary question is directed to the Minister of Justice. On May 25, the hon. member for Winnipeg North Centre asked the minister to ensure that the government, under the provisions of section 19 of the Human Rights Act, issue a directive to the British American Bank Note Company to pay attention to the anti-discrimination provisions of the federal law in dealing with the 25 female members of the Ottawa Steel Plate Examiners' Union. Since the minister said that he would look into this matter, has he done so? What follow-up action has he taken?

Hon. Ron Basford (Minister of Justice): Yes, Mr. Speaker, I have referred it to my officials. I regret I do not have a report

from them today, but I will have it for the hon. member forthwith.

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[*Translation*]

FINANCE

SUGGESTED DISCOUNTING SYSTEM FOR CANADIAN-MADE PRODUCTS

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that the cost of beef, fresh fruits, vegetables and lodging—even under control—has gone up recently by as much as 28, 29, 16 and 7 per cent respectively, would the minister be willing to introduce legislation to counteract the effects these higher costs are having on a day to day basis on low and middle income families, and set up a discounting system for all Canadian-made products?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not feel it would be appropriate at this time to set up such a system which is favoured by the hon. member's party. I suggest that on April 15 last we returned indeed to a normal economy where opposing forces determine market prices, and it was the nearly unanimous desire of the House that we should put an end to the controls and return to the same market as in the pre-control years.

REQUEST FOR MEASURES TO CURB INFLATION

Mr. Eudore Allard (Rimouski): Mr. Speaker, I think the minister misunderstood my question. I have no intention of speaking of controls, but the fact remains that low-or medium-income families have to face those price increases almost daily. If my memory serves me right, and I imagine the minister remembers it as well, during World War II the government of the day adopted a compensated discount on several Canadian products; more recently, in 1972-73, the then minority government applied a compensated discount under the form of a 5-cent subsidy on each quart of milk, which both consumers and producers welcomed. So, I simply ask the minister, and I think the matter is urgent, that the government take steps to thwart inflation which is a constant threat to the economy of low- and medium-income families.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I thank the hon. member for his remarks and suggestion. I do not think it would be realistic, at this time, to think that we can do now what we did for a short time a few years ago through a special milk program, but I take due note of the suggestion of the hon. member.

Mr. Allard: Mr. Speaker, the minister could be more realistic than to allow people to be hard up in a country where milk and other produce are just thrown away. I think it would be far more realistic to solve the problem.

Mr. Chrétien: Mr. Speaker, we have all kinds of indexed programs throughout our Canadian economy which help low-income families protect themselves against unduly fast price increases.

● (1427)

* * *

[*English*]

HOUSE OF COMMONS

PRESENCE IN THE GALLERY OF SECRETARY-GENERAL OF COUNCIL OF EUROPE.

Mr. Speaker: Before carrying on with the question period, may I invite hon. members to join with me in signalling the presence in our gallery of a very distinguished visitor in the person of the Secretary-General of the Council of Europe, Mr. Georg Kahn-Ackermann, who is here on an official visit.

Some hon. Members: Hear, hear!

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EXTERNAL AFFAIRS

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Prime Minister. In view of the admitted weak position the government has taken in pursuing a clear policy on economic boycotts, which was evidenced in the Prime Minister's speech to the United Jewish Appeal, is it the Prime Minister's position that the only leadership he can bring to this serious problem is to focus the public spotlight on any company which is refused government trading support? In other words, are we to have legislation by press release now, and how does this affect a company which does not apply to the government for support through EDC for financing or insurance? How will this policy apply in that case?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member is expressing his own view when he says the policy is weak. If he looks around the world, I believe he will find that Canada and the United States are the only two countries which have policies in this regard, and those policies are not considered weak by people who want to trade in the Middle East.

If the hon. member looks at the report tabled by the Minister of Industry, Trade and Commerce, he will find that a great many companies were forced to come around and respect the government's policies and not respect the boycott clauses. He will see that the policy has had effect in many cases. Beyond that, the hon. member is expressing an opinion. It is the opinion of the government that government assistance in some way is practically imperative in respect of trading in the

middle East, and those companies which do not have assistance from the Government of Canada and its various agencies have a very difficult time trading there. That is why we believe our policy is effective, and the facts demonstrate that it is.

● (1432)

Mr. Kempling: Mr. Speaker, surely the Prime Minister realizes that Canadian companies which operate in this policy vacuum are subject to extraterritorial pressures, and that what they are crying out for, really, is a policy from this government that says: We cannot comply with your certificate requirements because it is contrary to Canadian law.

Why does the government not have a straightforward policy that says: It is contrary to Canadian law and we cannot comply because we will have serious sanctions brought against us if we do comply? That is what the companies want, and if they have that there will be more trade in the Middle East, not less.

Mr. Trudeau: Mr. Speaker, it seems to me that this is an argument made by the hon. member. It is obviously not an argument supported by his party as policy, otherwise it would be stated as policy.

Mr. Clark: It has been stated.

Mr. Fraser: Get the facts straight.

Mr. Trudeau: There are a lot of excited people on the other side, Mr. Speaker.

Mr. Clark: Just because you misstate the facts.

Mr. Trudeau: I wish they would look at the report tabled by the minister: they would see what effect the policy has had and they would realize that the companies in Canada that want to trade with the Middle East do need the Canadian government's assistance, and we say they will not have it unless they do not adhere to boycott policies. We are having an effect.

An hon. Member: "Do not adhere"?

* * *

CANADA COUNCIL

GRANTS TO ALLEGED SUBVERSIVE ORGANIZATIONS

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is for the Secretary of State. It concerns the fact that Canada Council grants have been given to such organizations as Pulp Press, of Vancouver, publishers of a book called "Minimanual for the Urban Guerrilla", and the tabloid "Strike", of Toronto which, incidentally was banned at the Bologna art fair in Italy two days ago. Will the minister tell the House what reasons justify the granting of public funds to organizations such as these which advocate terrorism, kidnapping, kneecapping, legshooting and murder?

[Mr. Trudeau.]

Hon. John Roberts (Secretary of State): Mr. Speaker, I think it is only fair to point out that when the grant to which the hon. member refers was issued, the publication "Strike" had not appeared and the organization concerned appeared to be devoting itself entirely to matters of cultural concern. As a result—

An hon. Member: What kind of culture?

Mr. Roberts: As a result of the change in the nature of the publication to which the hon. member has referred and as a result of representations which have been made in this House and outside the House, I have written to the Canada Council to draw to their attention the concerns of members and the concerns of the public, and I am waiting for further information.

Mr. Cossitt: Mr. Speaker, my supplementary for the Secretary of State arises from remarks he is reported to have made a few days ago to the Senate and Commons committee concerning public access to government information, and specifically to reports stating that he said he was in favour of freer information, and I quote his words, "rather than on the side of holding back".

How does the minister reconcile such a statement with his utterance, widely quoted in the press, in a speech to the Toronto Liberal forum on May 10, 1978, to the effect that as long as he is Secretary of State, members of parliament will not be allowed information on the reasons for the giving or otherwise of Canada Council grants, a thing which, if done, would probably prevent such things as the incidence of "Strike", and so on?

Mr. Roberts: Mr. Speaker, the point that I was making in the speech in Toronto was that there is a distinction to be made between over-all policy considerations and the day to day administration of independent agencies such as Canada Council, particularly in relation to the granting process. Parliament has not given me the power to interfere in the day to day grant process. It is not a power which I wish to have. There is a considerable degree of difference between ranging through the files of the Canada Council in order to influence the way in which those decisions are taken, and access to information which is necessary for the conduct of public business.

Mr. Cossitt: Mr. Speaker, the minister says that he does not have the power to interfere with the Canada Council, yet a moment ago he said that he wrote to the Canada Council with regard to a specific grant. I ask him, is he prepared to conduct a full investigation of the Canada Council to determine how many other such instances there are like the Pulp Press and the tabloid "Strike" and a number of others that anyone in this House could mention, an investigation long overdue and long needed; and will he not allow input from members of parliament and others across the country as to how these decision-making processes are arrived at?

Mr. Roberts: Mr. Speaker, I think that most members understand what my role is in relation to the Canada Council. It is not to give direction; it is to act as a means of communication between the House of Commons and the Canada Council. I, therefore, do bring to the council's attention representations which are made in this House. I do not direct it on the decisions which it takes.

* * *

EXTERNAL AFFAIRS

GARRISON DIVERSION—UNACCEPTABILITY OF LONETREE RESERVOIR

Mr. Jake Epp (Provencher): Mr. Speaker, my question is for the Secretary of State for External Affairs. In light of the fact the appropriations committee of the United States Congress has once again included the unacceptable Lonetree reservoir in its 1978 appropriations for the Garrison River diversion project, which would result in water from the Missouri River system entering the Hudson Bay river system, I would ask the minister if he and his officials are, first of all, cognizant of the Lonetree reservoir being reintroduced into the 1978 appropriations and whether the Canadian government is planning to make representations to the U.S. government indicating that the Lonetree reservoir is totally unacceptable to the Government of Canada and the citizens of Manitoba.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if I understand the question correctly, I believe it is the same as the one addressed to me yesterday by the hon. member for Lisgar. I provided him an oral answer as well as a follow-up in writing. I can do the same thing, and if there is anything further that reflects on the hon. member's question, I would be glad to amplify later.

Mr. Epp: Mr. Speaker, the minister said previously that he does not intend to approach Congress directly at this time, arguing that it would be counterproductive and that the representations were simply too numerous. I would ask the minister, in view of the fact representations have been made through diplomatic notes by the Canadian embassy in Washington, and that once again Manitobans are faced with the Lonetree reservoir— which has been our major objection— whether, now that these avenues have simply not brought about the desired results, he will be making direct, personal representations to the authorities once again spelling out the disastrous effect the Lonetree reservoir would have on us.

Mr. Jamieson: Mr. Speaker, I suppose one would have to ask what was involved in the word "authorities". I believe that we have, to the best of my knowledge, covered all the appropriate avenues within the administration itself. Earlier, the hon. member made some reference to direct representations to Congress. I am doubtful that that would be appropriate in the sense that I expect the hon. member is referring to. On the other hand, I have, on another subject, made reference to the appropriateness of the use of the interparliamentary committee where members may make representations. We would be glad to facilitate that if it was deemed to be an appropriate route to follow.

I can assure the hon. member that if there is a judgment that some further work should be done, or some further representations made, then we will be glad to do it. But I think the hon. member recognizes that there is a distinction between a government-to-government representation and representations directly to individuals in the Congress.

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ENERGY

AECL NUCLEAR WASTE PROGRAM

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question was to the Minister of Energy, Mines and Resources but in his absence I will put it to his parliamentary secretary. It concerns an agreement that was made between Ontario Hydro and AECL where $90 million to $150 million was provided for a new nuclear waste program.

Given the fact that this matter was referred to the standing committee in December, and we have had 19 meetings, with two more to come, given the fact that the Hare report was severely challenged by the president of the Geological Association of Canada, and given the cynicism that exists as between many people in this country and AECL, would the minister consider delaying any further action until the standing committee has reported and, in the case of Ontario, until the Porter royal commission has reported?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will bring those representations to the minister's attention.

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EXTERNAL AFFAIRS

INQUIRY INTO FATE OF CHILEANS WHO HAVE DISAPPEARED

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would direct a question to the Secretary of State for External Affairs and ask him if the government is aware of the hunger strike being conducted in Chile by the relatives of some 2,500 Chilean citizens who have disappeared since the overthrow of the Allende government.

In view of a similar hunger strike being conducted in a number of Canadian cities by Chilean refugees residing in Canada who are concerned about the fate of their relatives and friends, would the government consider directing the Canadian ambassador to Chile to make inquiries as to the fate of these 2,500 Chilean citizens?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I will be glad to consider the hon. member's suggestion.

Oral Questions

PUBLIC SERVICE

PUBLICATION OF AUDIT REPORTS ON MISCLASSIFICATIONS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the President of the Treasury Board. We now know that there are audits, some of which are bench audits, with respect to personnel administration. We had an audit regarding the Ottawa-Hull area and now we are having an audit across the country with respect to classification and all that it means in terms of misclassification.

Would the President of the Treasury Board advise the House whether, in fact, the reports which will stem from these audits will be open for the public; and if not, why not? I ask this question because if they are not open to the public, I would say that the minister is dealing in cover-up and secrecy and depriving the Canadian people of the right to know—

Mr. Speaker: Order.

Mr. Alexander: —how big a problem this country faces.

● (1442)

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, as the hon. member has indicated, the examination of this problem is under way but is not yet complete. The first audit, which was conducted in 1976, was based on some experimental criteria which are now being examined as to their accuracy. The second audit, setting aside the personnel policy people, is being conducted outside of the national capital region. Until I get the results of that, I cannot make a commitment as to what action we will be taking. I will make a decision then as to how much of this can be released and how much cannot, in light of the fact that the original was an internal audit. I would not think it would be subject to disclosure because of its nature. The total policy will be dealt with openly, any recommendations will be announced and every opportunity will be given to explore their validity.

Mr. Alexander: Mr. Speaker, I think the premise of my question was quite correct: the minister is dealing in cover-up. He is talking about these reports being confidential and says he intends to see to it that there are recommendations. I am not interested in recommendations; I want to know the whole truth, and so do the Canadian people.

Apparently the minister is now discussing this whole matter with the Alliance in order to determine whether or not they will red-circle and how they will solve this particular problem. Is the minister telling me that following the discussions he is having with the Alliance and other representatives of the public service, they will not be allowed to see these reports. Is this what he is trying to say? If so, any consultation that he is having right now is nothing but a farce. I hope he can remove my fears in this regard. Will all these reports be made public to the Alliance and the unions which are interested in this very serious matter? If not, we are not holding any meaningful negotiations with them.

[Mr. Jamieson.]

Mr. Andras: Mr. Speaker, the reason not to release the internal audit memorandum report is simply because of the nature of the experimental criteria that were developed for it. It was never intended for that purpose. All the information, the results, the proposed action to be taken, is a matter of open discussion with the Public Service Alliance. Indeed, I have made known to the House the general thrust of that action with regard to the first report. As the hon. member knows, we were prevented from taking full red-circling action for quite some time because there was a case before the Federal Court about that which was not resolved until March. Subsequent to the resolution of that matter we were in consultation with the Public Service Alliance and, if necessary, consultations will take place with other unions. They are fully aware of the situation.

Mr. Alexander: They are not aware of the whole truth.

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AIR TRANSPORT

CPA—CONSOLIDATION OF LICENCES

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of Transport. It is with regard to an application presently before the CTC, by Canadian Pacific Airlines, respecting the consolidation of licences.

In view of the minister's announcement on behalf of the government, is it the government's policy or desire to use this approach respecting regional and transcontinental carriers? Can the minister inform the House today what the decision of the government is, and whether it is the government's position to intervene directly and allow this kind of licence application to proceed, or will the CTC act in this matter as they have in any other licence application?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member knows that I do not interfere, and the government does not interfere, in matters before the CTC. These proceed in the ordinary way.

Mr. Oberle: Mr. Speaker, the minister has said publicly that he favours this kind of approach. Can he tell us whether he has conveyed the government's intention in this regard to the CTC, and has he asked them to proceed with the hearing? The application has been before the CTC for some time and they have been procrastinating because of the peculiarity and the nature of this licence application. Does the CTC know what the government's intention is with respect to this kind of licensing procedure in future?

Mr. Lang: Mr. Speaker, I think the hon. member may be confused by the fact that there was some comment after the CTC made its decision on the acquisition of Transair shares by PWA. In commenting on that and on the question of whether I had any problem with this additional influence of PWA in the over-all western region, I did make a comment about the probable wisdom of strengthening our regionals. That has

some general application and is part of an over-all policy that we are gradually putting in place. It was not in relation to any current application before the CTC.

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INDUSTRY

U.S. COUNTERVAILING DUTIES ON MICHELIN TIRES MANUFACTURED IN CANADA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I ask the Minister of Industry, Trade and Commerce a question concerning the current situation with respect to the countervailing duties collected by the U.S. department of the treasury on Michelin tires manufactured, as the minister knows, in Nova Scotia.

Can the minister tell me if he has been negotiating an end to this unfair situation which has cost this vital industry nearly $7 million since it was first imposed? Can the minister tell us what he has done since he assumed this portfolio to try to bring an end to this unfair practice?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, it is my understanding that that case is before the courts. We are supporting the Michelin argument before the courts in the United States at the present time.

GOVERNMENT EFFORTS TO END U.S. PRACTICE OF IMPOSING COUNTERVAILING DUTIES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I direct my supplementary question to the Secretary of State for External Affairs, who I believe is also familiar with the Michelin tire situation. In connection with representations which the Minister of Industry, Trade and Commerce has mentioned, has the minister made any effort to inform the U.S. authorities that this unfair situation which they say is caused by inappropriate government aid, as the minister knows, to Michelin tire, is no more unfair, unique or different from some of the aid that is given to similar U.S. industries? Can he respond and give any further information about his efforts to end this practice which is reportedly inspired by the UAW and the United States rubber industry?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if the hon. member is asking, in the first instance, whether I have made recent representations specifically on this case, I have not done so personally. However, it may be that the department is drawing upon the standard position of the government which may have conveyed that to the United States authorities. In a general way, I have had frequent talks about the Michelin case with the United States authorities regarding non-tariff barriers and related questions, and I have made precisely the points which the hon. member has enunciated today.

I will be glad to take another look at the matter, and if something can be achieved by repeating these views more specifically, I will be glad to do it. In a more general way, the whole question of non-tariff barriers and the reaction to assistance for regional development is being considered in the GATT round as one of the matters on which Canada feels very strongly and on which we are trying to get considerable relief.

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[*Translation*]

FISHERIES

INQUIRY WHETHER OFFICE BUILDING IN GASPÉ PENINSULA IS PART OF DECENTRALIZATION PROGRAM

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, can the Minister of Fisheries and the Environment tell the House whether his decentralization program still includes the erection of a building in the Gaspé Peninsula which would centralize the services that his department wants to provide for fishermen and fish producers in eastern Quebec and in the Magdalen Islands? Will he make his projects public in the near future?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, two years ago we started a decentralization program towards the regions where the fishermen live, in order to facilitate consultation and communication between them and the officials of my department. A few weeks ago, I announced a similar project for the Gaspé region. It is my hope that we will be able to implement it during the summer months.

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[*English*]

LABOUR RELATIONS

TRIPARTITE FORM OF DISCUSSION

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the hon. Minister of Labour. Yesterday, apparently, the minister stated to the Canadian Manufacturers' Association:

> We are now on the threshold of a major breakthrough to consultation at the national level, on an ongoing basis.

He was referring to a tripartite form of discussion among management, labour and government. Today, the head of the Canadian Labour Congress seems to be taking quite a different position and in fact intends to repudiate what the hon. minister said yesterday. I ask the minister, can he tell the House whether his statement of yesterday was made with the support of the Canadian Labour Congress, or was it just an expression of a pious hope on the part of the minister?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I had an opportunity yesterday afternoon to talk with the president of the CLC. He had received a copy of the speech and he had no objection to it at all. The hon. member may wish to

check this, but I believe he was referring to a statement which was alleged to have been attributed to me with respect to tripartition. Although it is my personal feeling that as a concept it does not derogate from parliamentary democracy and is a worthy one, apparently the statement was attributed to me that I had met with him last week and we had discussed this concept. That, of course, really did not take place, nor did I say that, and that matter was clarified to his satisfaction.

● (1452)

Mr. Fraser: Might I ask the minister, then, about his optimism in this respect? I think he went on later in his speech to talk about the hope of setting up some kind of mechanism later this summer which would in fact be a tripartite form of mechanism. In his discussions with Mr. McDermott, or any other labour leaders, did he receive any particular support for this? Could I ask him, also, whether this is in any sense a moving away from the minister's former position, at least, that he hopes to establish a multipartite national forum?

Mr. Munro (Hamilton East): I understand Mr. McDermott himself has said he will be happy to sit down with government at any time in the hope that something might be accomplished in terms of his membership, and would always be able to carry on in terms of consultative arrangements with the labour movement and, for that matter, with the business community. I still expect that to be true. Whether it will be formalized in some kind of structure to ensure continuity remains to be seen as a result of discussions. I think much of the controversy surrounds the word "tripartite", because some attribute characteristics to it which are really not justified in the circumstances. So I think the controversy could be undermined considerably if we just start to refer to consultative arrangements and consultative mechanisms. That is quite satisfactory as far as I am concerned.

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CANADIAN CULTURE

REQUEST FOR POLICY STATEMENT

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State: it relates to the tabling this morning in the National Assembly of Quebec the long-awaited white paper on culture by the minister for cultural development.

In view of the fact that this is a very detailed and comprehensive survey of the present and future scene in Quebec, covering a wide area of cultural definition, can the minister inform us, because of his own internal study, the Selcock study, and the importance of a federal statement with respect to culture, whether or not thought is being given either to expanding the terms of reference and the opportunities for input into that internal study or whether, in view of the fact that it may well be near completion, that study will be made public by way of some kind of policy statement.

[Mr. Munro (Hamilton East).]

Hon. John Roberts (Secretary of State): I can tell the hon. member that the internal study to which he has referred is not yet close to completion. I am still hopeful, though I do not necessarily expect, that it will be finished by September. We shall, of course, be looking closely at the Quebec white paper which, as the hon. member has indicated, is quite lengthy and comprehensive, containing some 400 to 500 pages. We shall assess it carefully in relation to the work that we ourselves are doing in the department.

Mr. MacDonald (Egmont): One of the recommendations favours a provincial copyright law which again raises the whole problem we have experienced in terms of the failure of the national copyright law to adequately protect authors and publishers in this country. The minister is well aware of this situation.

I ask whether he has had any success in persuading his colleague, the Minister of Consumer and Corporate Affairs, either to enforce the copyright law more aggressively which does not seem to be acceptable to the legal officers, or whether amendments will be introduced on an immediate basis which will clear up at least some of the difficulties and offer real protection to Canadian authors and publishers.

Mr. Roberts: As the hon. gentleman knows, both my colleague, the Minister of Consumer and Corporate Affairs, and myself have been active in seeking ways to find a means of testing in the courts the present copyright provisions the effect of which is contested. I hope and expect that either he or I will be making some announcement about this in the near future.

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FINANCE

INCENTIVES TO BUSINESS COMMUNITY

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the Minister of Finance. In view of the minister's statement to the CMA in Toronto last night, in which he expressed disappointment with the reaction of the Canadian business community to changes favouring the private sector, would the minister tell us what indications he has that the private sector has failed to respond to any stimulus offered by the government and what he expected should have been done by this time?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would have thought that with all the incentives we have been offering the private sector over the past two years they would have rushed in to occupy the field we vacated for them, and I am somewhat disappointed by the level of investments in Canada in general at this time, but I hope they will understand—

[*English*]

I was very pleased last week, for example, that this thing I have just mentioned was taken up by the president of the

Royal Bank, who said that if the private sector did not move quickly to fill the gap we have made for them to operate with much more room, perhaps it would be a lost cause for them in future.

Mr. Ritchie: Does the minister contemplate any further moves in the near future as far as the private sector is concerned?

Mr. Chrétien: I think we have made a lot of moves. If the hon. member would read my speech of yesterday, he would see, for example, that the level of taxes imposed on Canadian corporations is lower than in the United States.

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OFFICIAL LANGUAGES

LINGUISTIC AND CULTURAL EQUITY

Mr. Chas L. Caccia (Davenport): Mr. Speaker, my question is directed to the Secretary of State and it relates to the abysmal lack of leadership displayed last week by the government of Ontario when the premier said no to a bill on French language services after it had been approved on second reading. Will the Secretary of State discuss the matter with his counterpart in Ontario to help revive a sense of confidence in Ontario's will to participate with a positive attitude in the national effort to achieve linguistic and cultural equity?

Hon. John Roberts (Secretary of State): I share the regret expressed by the hon. member at what I consider to be a rather cynical and shabby action on the part of the provincial premier last week.

Some hon. Members: Hear, hear!

Mr. Roberts: I have to tell the hon. member, also, that the discussions and relationships I have had with the provincial minister of education have been both cordial and helpful. We have, indeed, in the not too distant past expanded and accelerated our efforts in conjunction with the province of Ontario in relation to second language education in an important and significant way. I thought I had brought some figures with me in relation to that aspect, but I did not. I promise to communicate them to the hon. member as soon as possible.

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CANADA LABOUR CODE

CHARGES AGAINST CROWN CORPORATION FOR VIOLATING CODE—INDUSTRIAL RELATIONS IN DEVCO

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is for the Minister of Labour. As the minister knows, his department has laid 24 charges of alleged violation under the Canada Labour Code safety provisions against a Crown corporation, the Cape Breton Development Corporation. What I am concerned about is a statement by Mr. Matheson, reported in Friday's paper, that the media were informed of this before he and the executives of the corporation were informed. Is Mr. Matheson's statement true, or false; and if it is true, why was this action made known to the media first?

I want to ask the minister whether it is true that Mr. Matheson, who is president of the corporation, did not find out about it except through the media. I find this statement disturbing. Mr. Matheson also said, "I find it very disturbing—

Mr. Speaker: Order, please. If the hon. member has a question to ask, will he please put it.

Mr. Hogan: Is it true that this information was given to the media before the charges were made known to Mr. Matheson, as he claims in the article in Friday's paper in Nova Scotia?

Hon. John C. Munro (Minister of Labour): I am sorry; I did not grasp the first part of the hon. member's question.

Mr. Hogan: Over the weekend the minister's department swore out 24 violations under the Canada Labour Code against a Crown corporation, the Cape Breton Development Corporation. What I am concerned about is a statement by Mr. Matheson, reported in Friday's paper, that the media were informed of this before he and the executives of the corporation were informed. Is Mr. Matheson's statement true, or false; and if it is true, why was this information given to the media first?

Mr. Munro (Hamilton East): I cannot account for the media being informed. I can say that to my knowledge no one in the department or in my office connected with the department had anything to do with informing the media of these charges.

Mr. Hogan: I have a supplementary question for the minister. The hon. gentleman knows that today he received a telegram from the district president of the United Mine Workers of America concerning the state of industrial relations in Devco. Will he do his best to bring about a meeting such as requested by the president of the district?

● (1502)

Mr. Munro (Hamilton East): Yes, Mr. Speaker, we have received a telegram from the president of the United Mine Workers. We have already been in touch with other ministries he is interested in meeting toward effecting that objective.

Mr. Speaker: The hon. member for Fort William, on a question of privilege.

Mr. Hnatyshyn: He has been standing up for 15 minutes.

Mr. Speaker: I am sure the hon. member for Saskatoon-Biggar will want to correct that last remark. It is quite inaccurate.

PRIVILEGE

MR. McRAE—PROCEEDINGS OF STANDING COMMITTEE ON NATIONAL RESOURCES AND PUBLIC WORKS

Mr. Paul E. McRae (Fort William): Mr. Speaker, I rise on a question of privilege as a member of the Standing Committee on National Resources and Public Works. On December 1, 1977, that committee was given a reference from this House to report on the management of nuclear waste, the Hare report.

Since that time the committee has had 19 meetings. There have been many challenges to the report. A particularly strong challenge came from the president of the Geological Association of Canada, which we take very seriously since that particular challenge deals with the geological work that has to be done in order to bury the waste.

The committee made an interim report on March 15 because it felt there might have been an election, in which case the committee wanted the work to go on, if the session ended, into a new parliament. It is my understanding that in their report the committee indicated that, in the interim, the government should consider doing research on the matter. Two more meetings are scheduled for next week. The committee's work has been revived.

Yesterday the Minister of Energy, Mines and Resources (Mr. Gillespie) tabled in this House a document entitled "Canada—Ontario Radioactive Waste Management Program" which, in my opinion, completely upstages the work that the committee was doing. That document states that Atomic Energy of Canada Limited and Ontario Hydro have signed agreements to do work, research and otherwise, on the waste totalling between $90 million and $150 million.

Ontario Hydro has gone ahead in spite of the fact there is a Porter royal commission in Ontario looking at this very matter. AECL has gone ahead in spite of the fact the standing committee of this House is also looking into this matter.

As a member of that standing committee, I believe I have a question of privilege in the sense that I attended most of the 19 meetings where this was being very seriously considered. In fact we are still looking at it. The committee work is not finished, yet for all practical purposes decisions have been made. The contracts have been signed. Also, we must remember the approximately 150 people who wrote briefs, appeared before the committee, and so on. In my opinion, all that work is for naught.

If I have a question of privilege, I would be willing to move, seconded by the hon. member for Kenora-Rainy River (Mr. Reid), that the action of AECL be referred to the Standing Committee on Privileges and Elections.

Mr. Allan Lawrence (Northumberland-Durham): I shall be very brief, Mr. Speaker. I think members on both sides of the House share the concern, anxiety, and feeling of the hon. member for Fort William (Mr. McRae) that perhaps the members of that committee have been duped into some façade or charade as far as coming up with meaningful answers is concerned. Even if we do, we do not know whether the government or its agencies will pay any attention to them.

I think the hon. member has a very real point. Certainly it will be up to you, sir, to decide whether it is a question of privilege. Whether it is or is not, under the block system set up to facilitate the meetings of the standing committees of this House, the Standing Committee on National Resources and Public Works, which is looking at this matter, did have scheduled this afternoon a meeting which I understand has been unaccountably cancelled.

That committee could meet this afternoon, in 22 minutes, or at its scheduled time in any event. If it does, I hope that the members of the opposition will have the support of the government members on that committee to summon immediately the Minister of Energy, Mines and Resources (Mr. Gillespie) so that we can have an explanation of why that standing committee of this House is being bypassed.

I am certainly very pleased to receive the support of the Liberal member for Fort William on this matter. I hope he can convince some of his colleagues to do exactly that this afternoon.

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I wish to respond to this question of privilege on behalf of the Minister of Energy, Mines and Resources (Mr. Gillespie). I do so briefly.

I do not see by any argument put forward that a case has been made for a question of privilege. I think at the outside the hon. member for Northumberland-Durham (Mr. Lawrence) stated that it might be a grievance. I question whether there is even a grievance.

My argument is rather straightforward. I draw the attention of the House to the fact that the very committee being talked about, the committee it is alleged is being upstaged and bypassed, presented a report to the House of Commons on March 15 this year. Let me remind the House of one of its recommendations. I quote from the committee report:

> Your committee further recommends that the government, given the existence of radioactive waste materials in Canada, consider the advisability of having the appropriate governmental group or agency expedite a program of research and development in nuclear waste management.

That was the recommendation of the committee, that the government have suitable governmental groups or agencies expedite a program of research and development in nuclear waste management. That is precisely what the Minister of Energy, Mines and Resources announced yesterday. Therefore I have difficulty seeing there is a question of privilege or, indeed, a grievance.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I do not think the defence put up by the Minister of Indian Affairs and Northern Development (Mr. Faulkner) is very convincing. Here is a committee of this House which made an interim report in March, suggesting that further research be continued. That committee has not completed its work.

As has already been stated, a meeting of that committee was scheduled for this afternoon. When I inquired why it had been cancelled, I was told it was because the Minister of Energy, Mines and Resources (Mr. Gillespie) was out of town. If I were in his position, after the report he tabled yesterday, I would be out of town too.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The Parliament of Canada and a committee of this House have been bypassed. The witnesses who appeared before the committee and those who are still to appear have been made to look ridiculous, because it is not merely now a matter of a contract with respect to some research. This is the first phase of a long term contract for the location of sites, setting forth the responsibility of the Government of Canada and the government of Ontario.

This is not merely talking about research. The first phase is research. The long term implications of this agreement into which AECL and the government of Ontario have entered commits us to a program which is under study by a committee of this House. That is making a farce of the committee and a farce of parliament. It is trying to convince the people of Canada that, before they took this extraordinary step, there was some democratic input into the decision. There has been none.

I think we are being fooled, and the hon. member for Fort William (Mr. McRae) has a definite case of privilege.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. There seems to be a rather broad consensus that the members of the committee and perhaps parliament have a grievance to take up with the Minister of Energy, Mines and Resources (Mr. Gillespie). It has been very clearly and very forcefully expressed on the ground that it is a grievance, but surely it is not a question of privilege when in fact the minister has taken a step which he is entitled to do under the rules of the House.

• (1512)

Second, on the ground that it is a matter within the committee, the hon. member for Northumberland-Durham (Mr. Lawrence) has suggested that the committee ask the minister to come before it and explain his action. That seems to me to be a useful interim step before the matter arrives here on the floor, perhaps as part of a committee report in which it may come up again. If indeed it turns out that, after this step has been taken, some further argument on privilege exists, I would be only too glad to hear it at that time, but I cannot find privilege at this point.

Mr. Lawrence: Mr. Speaker, may I seek the unanimous support of the House to revert to motions so that I could move a motion and so that the committee could meet this afternoon and summon the minister?

S.O. 75C

Mr. Speaker: Order, please. I cannot very well give the hon. member permission to revert to motions. We have not got there yet.

ROUTINE PROCEEDINGS

[*English*]

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME TO CONSIDER BILL C-56 ON SECOND READING

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in accordance with Standing Order 75C I move, seconded by the Minister of Veterans Affairs (Mr. MacDonald):

That, in relation to Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, one sitting day shall be allotted to the further consideration of the second reading stage of the said bill; and

That at fifteen minutes before the expiry of the time provided for government business in such sitting, any proceeding before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question then necessary in order to dispose of the second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

Mr. Speaker: The House has heard the terms of the motion, it being moved in accordance with the provisions of Standing Order 75C. Debate pursuant to this motion now begins and, under the rule, has a duration of two hours.

[*Translation*]

Mr. Chrétien: Mr. Speaker, on the evening of April 10, I made a budget speech in the House. Then there was a six-day debate on the budget. After several votes, the budget was passed by the House of Commons. I then introduced the bill now under consideration, Mr. Speaker, and we have now entered the tenth day of debate at the second reading stage. Under the terms of my motion, we will have had 11 days to debate the bill on second reading. There will then be the committee of the whole which will study each one of the 60 clauses in this bill. Then, we will have third reading. Here we are in June and we have already spent 16 days on this bill.

Moreover, we have other bills to introduce in the House of Commons, including Bill C-48 resulting from the budget and concerning customs and excise, a bill I will introduce tomorrow on orders of the day and through which we want to simplify the operations of small businesses by reducing their capital gains tax and also by allowing income tax deductions for people who invest in small businesses, and there is also a bill which the Minister of Veterans Affairs (Mr. MacDonald) wants to introduce in the House and other legislation. Because of statements by the Leader of the Opposition (Mr. Clark) that he would do a filibuster, the opposition has refused to co-operate with the government. I am making use of the Standing Orders to allot some of the time of the House to

dispose of this bill. Moreover, this debate has gone on *ad nauseam* in the House. The Prime Minister (Mr. Trudeau) and myself have replied to dozens of questions concerning this issue and there remains no problem of principle to settle.

First of all, the opposition asked us to send a cheque of $226 million to the Quebec government. Since then, the Quebec government has abandoned its friends in the opposition and no longer asks that the $226 million be sent directly. Then, it was suggested last week that a tax collection agreement could be entered into with the Quebec government but they never intended to give anything in exchange to the federal government. Considering that since 1954, the Quebec government, bent on upholding the principles of provincial autonomy, has always assumed its own responsibilities with regard to income tax collection, and considering that after reading the morning newspapers, it already becomes obvious that it no longer wants us to proceed with tax collection on its behalf, we will resolve the only remaining problem when we come to Clause 30 of the bill, that is devising a way to compensate Quebec citizens because we have been unable to come to an agreement with their government.

We did propose a formula which appears in Clause 30 of the bill. Instead of using the 1977 taxpayer rolls as a basis for proceeding with a tax reduction, I suggested at that time that income tax be lowered so that a $100 fiscal abatement could be granted to the taxpayers for the year 1978. Now, we will decide on that, following whatever direction the debate might take, when we get to clause 30 but it seems absolutely useless to pursue the matter now.

[*English*]

I would like to make a few points regarding the budget. Very few people have spoken about the measures we have put forward which must be made law. It was published today that, because of the present economic circumstances and the fact that we reduced by 3 per cent the sales tax on automobiles and trucks, there has been an increase of 12.6 per cent in the sales of automobiles and trucks this past year.

Many people have said over and over again that the way I have chosen to cut taxes across the board for all items is wrong. This morning I saw a report to the effect that retail sales in stores increased by 4.9 per cent in April. What is very amazing is that in B.C. the increase was 16 per cent. It was 4.6 in Ontario; and in Quebec, where the Quebec government chose to do things its own way, there was a decrease of .8 per cent in sales in the month of April. The truth will come out when all the figures are available.

The measure we have proposed is a first in the history of Canada. This is the first time a minister of finance has gone across the land and talked to all ministers of finance to try to develop a consensus.

Some hon. Members: Hear, hear!

Mr. Chrétien: Everyone agreed that on the afternoon of budget day I would call them, and they would say yes or no to my proposition. Every minister of finance complied with that gentleman's agreement, everyone but one. After that, Mr. Speaker, I had to proceed.

• (1522)

As there was no agreement with Quebec, the Prime Minister and I said that we did not want to penalize the citizens of Quebec who have to pay a very high sales tax, so we decided to find a way to return the money that we have set aside for them in the budget. Now the question will be debated and settled when we reach clause 30. I think that under the circumstances enough time was lost in the House by the people who do not care at all about what we are trying to do, to develop, for the first time in this land, economic policies in conjunction with the provinces.

Some hon. Members: Hear, hear!

Mr. Chrétien: The opposition was very quick to jump in bed with the people who have only one goal in mind, namely, to destroy the Canadian Confederation.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Chrétien: I want to say, Mr. Speaker, that there is no problem with the constitution. I recognized on the first day of the consultation that the sales tax was a provincial matter, because I consulted the provinces. I made a proposal to which eight of the provinces agreed and with which one has disagreed. They can do whatever they want in their jurisdictions, and in fact they have done what they wanted to do, and I have not intervened. But I have to do what I want to do in my own jurisdiction. What I did on the night of the budget was to reduce the income tax of all the citizens in the other provinces. I do not want to penalize the people of Quebec because Mr. Parizeau saw fit not to join the national scheme, because it was an occasion for all of us ministers of finance in this land to develop a new mechanism for participation by the provinces in the economic policies of this nation.

Some hon. Members: Hear, hear!

Mr. Chrétien: Of course, Mr. Parizeau wanted to maintain the status quo to try to prove a point, but I am not for the status quo. I tried, in the spirit of the meeting of first ministers in February, to develop co-operative policies among the ministers of finance, and today I would like to thank all the ministers of finance in the land who have agreed with me in the spirit of collaboration and co-operation following the first ministers' conference.

Some hon. Members: Hear, hear!

Mr. Chrétien: But of course, as was the case at the first ministers' conference, after three days of debate the premier of Quebec saw fit to grandstand and to quit just to try to make his case for nothing. Why was he there if he did not agree to anything? The same thing happened with my proposal. I acted

in good faith and in the best spirit of collaboration in trying to evolve new economic policies for this land, but of course Quebec, in a self-serving attitude, tried to throw a wrench into my scheme.

I am very sorry that members on the other side do not think at all about what it was all about. They are just preoccupied with trying to score some political points, but the people of Canada will judge them very severely for just playing politics.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, we have just had another of those pitiable, shameful performances by the Minister of Finance (Mr. Chrétien).

Some hon. Members: Hear, hear!

Mr. Clark: When the Minister of Finance gets into trouble, he wraps himself in the Canadian flag and says that everybody who is criticizing him is criticizing the country. "What is wrong with that?", asks one deposed minister in the back row. What is wrong with that is that it is fundamentally dishonest and it badly serves the cause of federalism, when a minister of the Crown is wrong and when he is accused of being wrong, not to answer the accusations, not to deal with the evidence, but instead to dismiss all of his critics, ranging from Claude Ryan to the Toronto *Globe and Mail*, if you can think of a compass that large, as separatists.

What is of interest here is that the Minister of Finance by his actions, by his unparalleled incompetence as Minister of Finance, has set back severely the very process he celebrates of co-operation with the provinces. He admits his own incompetence. He stands up in the House of Commons and tells us once more that he went into an agreement which required the agreement of the provinces, knowing he did not have the agreement of the one province which he knew was going to stand up and hit him if he tried to bring in a measure to which they had not agreed. That is naiveté, it is simple incompetence, and it is a serious disservice to this country.

Some hon. Members: Hear, hear!

Mr. Clark: We will have an opportunity to discuss this matter at some length later on, unless the Prime Minister (Mr. Trudeau) and his henchmen intend to introduce closure clause by clause, because what is of interest here is that this is not even normal closure. Normal closure applies when the government thinks it is right, when the opposition thinks it is wrong, and when the government uses its power to force its way through. In this case the government does not even pretend that it is right—the government knows that it is wrong. Yesterday the Minister of Finance in the House admitted that he knows he is wrong. He admitted that he is going to back away from the proposal to which we take exception.

Mr. Chrétien: That is flexibility.

Mr. Clark: He is certainly flexible. We oppose this measure for one major reason. I do appreciate hearing the Minister of Finance confirm that he knows he is wrong, confirm that he is going to back down on the proposal which has held up debate in the House.

We are opposing this measure for one major reason, that is, that it invades the jurisdiction of the provinces. The minister has said he will change that, and he just repeated it. But he will not tell us how he wants to use the most extreme power of parliament to force us to accept something the key contents of which we do not know. Is provincial jurisdiction going to be respected here? Is the government abandoning its proposal to pay a direct cheque to everyone in Quebec and not pay a direct cheque to the citizens in other provinces? Is the economic stimulus to the province of Quebec to be delayed for a year? The government will not say, yet, sir, those are the questions that the whole dispute is about. If the government answers those questions in a way that respects provincial rights, and in a way that treats Quebec as it treats the other provinces, then there would be no need for closure. But this government would rather abuse power than use simple common sense.

Some hon. Members: Hear, hear!

Mr. Clark: This bill embarrasses the government. They made a serious mistake in acting as though they had agreement, when they did not have it. They made another mistake in the Prime Minister's stubborn refusal to admit he was wrong. Now they have to back down. They are discussing new arrangements with Quebec. They should have done that weeks ago and not delayed the business of parliament debating a bill which they knew they would have to change. Now that they are forced to back down, what they should do is to withdraw the bill for two or three days and to amend it. That is what they would do if they respected parliament. But they do not, so we have closure.

[*Translation*]

And why resort to closure? It is not because the debate has dragged on; on the main motion, there have been 10 speakers: four Liberals, four Progressive Conservatives and two NDP members; on the amendment, we heard 25 speakers, eight of whom were Liberals. The minister wants to close the debate before some other Liberals are compelled to speak. Most of all, he does not want parliament to hear the views of the hon. members for Maisonneuve-Rosemont (Mr. Joyal), Matane (Mr. De Bané) and Compton (Mr. Tessier) about the infringement of provincial rights.

[*English*]

The use of closure is just one more indication of the incompetence of the Minister of Finance. He talked about his record in bills. He has introduced six bills in this session and he has had to invoke closure on two of them. He promised an employment tax credit, then he took three months to write the bill and another three months to get the forms out. That proposal was supposed to generate 50,000 new jobs—it generated only 1,900. His inability to see the trap that Quebec set for him created this problem, which has seriously harmed the cause of federalism. It is this government, by its foolishness

and stubbornness, that has set back the cause of federalism and given momentum to the Parti Québécois.

Some hon. Members: Hear, hear!

● (1532)

[*Translation*]

Mr. Clark: Mr. Speaker, why not withdraw the bill temporarily, allow the minister to make whatever changes he can and let parliament deal with other matters in the meantime, and then bring forward an amended bill that parliament, the government and the provinces can accept? This government is too stubborn to admit to being mistaken. Closure is at times invoked on a matter of principle; but in this case its use is dictated by the stubbornness of the government.

[*English*]

A government is judged not only by the things it does but by the way it uses its power. This is a government which condones secret trials in Canada. I see the Prime Minister is smiling. This is because he was the author of the action. This is a government which imprisons innocent citizens without charge. It is a government which now uses a form of closure to force through parliament a measure which the government knows is wrong and knows it is going to change. That is an abuse of the rules of parliament. It is an abuse of the role of the provinces. It is an abuse of the rights of the citizens of Canada.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise to oppose the motion introduced by the Minister of Finance (Mr. Chrétien). In so doing, I want to make it clear that there are times in debates in the House of Commons when a responsible government will introduce such a motion. It is in the rule book. It is there for use by the government to make a decision as to when a debate is over. If the opposition is still going on with what it regards as a relevant debate, and if the government can make a good case to end it, the government can decide to exercise that responsibility and bring the debate to a conclusion. But if there ever was a circumstance where closure was completely inappropriate, surely this is it.

The original proposal made by the government in principle was accepted by all of the other provinces. It was amended in detail to accord with the basic principle that it was satisfactory for the federal government. The province of Quebec came along and made a proposal which was fully in accordance with the principle of the bill and was fully in accordance with its constitutional responsibilities, but it consisted of a process which made the federal minister feel he was outmanoeuvred politically, and the federal government said no. Because the federal government wants a partisan battle is no reason to play games with the federal system in Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: That is exactly what is involved in this matter. A few minutes ago the minister indicated in the debate that the Quebec government made its proposal after the fact. With all due respect I say to the minister that it was not up to the government of the province of Quebec, or the governments of any other provinces, to reach an agreement according to the time table imposed by the federal government. In an area of jurisdictional authority which is within provincial domain, surely it is a right of the province of Quebec, or of any other province, to negotiate a deal which meets its legitimate constitutional interests.

Some hon. Members: Hear, hear!

Mr. Broadbent: I say that with all the emphasis I can. The province of Quebec was constitutionally right in its judgment. Also it was pragmatically right in terms of the details of its proposal and the ideas put forward. If any of the other provinces had wanted a delay, they would have been entitled to the same kind of delay. In a matter as fundamental to the federal system as this, I cannot understand how the Minister of Finance could have brought in a budget offering this type of deal to the provinces without all provinces being in agreement in advance, particularly considering the situation in the province of Quebec at this time.

At an earlier phase in this debate I gave credit to the minister. I repeat that credit now. I meant it earlier and I mean it now. I give him credit for involving the provinces. In a federal state when it is necessary to take stimulative measures involving fiscal policy, the time to start using this system imaginatively is long overdue. Indeed from time to time the federal government brings in a measure which has direct impact in an area of provincial jurisdiction, such as in this case. It is important for the minister to consult with the provinces and arrive at an agreement so that we can manage our federal state much more efficiently and competently from an economic point of view. To the extent that we have received some innovation from the Minister of Finance in these circumstances, I repeat that he deserves credit.

At the same time I cannot overemphasize my own view. Certainly it is one which is shared unanimously on this side of the House, as well as by many people outside the House who are not opposition party members. My view is that the Minister of Finance made a colossal political blunder and a colossal misjudgment of political reality in this country when he brought in this measure without the agreement of the province of Quebec. He should have recognized that this area is particularly sensitive to the province of Quebec, not simply with the present government but indeed with preceding governments such as Union Nationale governments and Liberal governments of that province. This is demonstrated by the fact that he sees himself in opposition not only to the existing provincial government of the province of Quebec but to all opposition parties as well. It was a colossal error in judgment on the part of the Minister of Finance when he brought in this measure.

The question we are dealing with is whether closure is legitimate now. Is it? I cannot think of a worse time to invoke closure. There is no pressing priority. The federal government indicated that an agreement has not been reached and that it is

still discussing proposals with the province of Quebec. It is asking us to buy a pig in a poke, which is an old metaphor that is entirely appropriate, especially when one considers clause 30. We do not know what the amendment will be. Why could the government not accept the proposal I made in all sincerity two weeks ago when I moved a 30-day hoist, rather than the traditional six-month one? I moved that 30-day hoist to provide us with a cooling off period, perhaps to arrive at some agreement on this central matter.

Why could the government not accept the argument which has been made by all parties in the House? That argument was reasserted today by the hon. Leader of the Opposition (Mr. Clark). All we have to do is put this bill aside. We do not need to pass it in its present form. In fact, we should not pass it. The argument indicating that we in the opposition are holding up parliament is absurd. The people who are holding up progress in parliament now are the Government of Canada, not the opposition parties.

Some hon. Members: Hear, hear!

Mr. Broadbent: All the government has to do is withdraw this bill.

I do not doubt that the Minister of Finance is sincere when he indicates that he is talking about it and that they are going to bring in an amendment. If he has some hope that it may yet be agreeable to the province of Quebec, why does he not use his common sense and put this bill aside? Then we could move on and discuss other measures, instead of the government invoking closure and using its majority to pass a bill which will be amended down the road. In fact, we do not even know what the substance of the amendment will be. I do not think a good argument could be made for invoking closure at this point. As I have said, we should simply stop debate and go on with other measures.

In conclusion, I want to say that my party still believes the legitimate constitutional position argued by the province of Quebec in this case is an acceptable one. The minister made special deals with British Columbia, Saskatchewan, and all the Atlantic provinces. He was prepared to be flexible with those regions. Why in God's name is he not prepared to be flexible with the government of Quebec?

When I say that we should give the government of Quebec every cent it is entitled to and not one penny more or less, just as every other province has received, I do not speak alone. The Saskatchewan minister of finance is prepared totally for the Minister of Finance to write out the cheque and send it to the government of the province of Quebec. The government of Saskatchewan realizes constitutionally that it negotiated one package which was acceptable to it. Also that province realizes that the package acceptable to Quebec is different in detail but similar in principle. The same constitutional point holds: Quebec should receive its fair share. I say to the minister, get busy, write the cheque, drop this bill for now, and let us get on with the other work.

S.O. 75C

[*Translation*]

● (1542)

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I never expected that this action would be proposed to put an end to the debate on this very serious question. A short while ago, the Minister of Finance (Mr. Chrétien) said in his remarks that this debate had lasted long enough since his budget was presented on April 10. I admit that the proceedings on this matter have been going on for some time, but we must admit that it is a very important issue and that it should not be dealt with lightly, if we want to avoid making a tremendous mistake that would further prejudice the harmony in our country.

In my opinion, the proposal put forward by the Minister of Finance, as I indicated earlier, flies in the face of our constitution. The fact that we most urgently need to draw up a new constitution does not mean that the Minister of Finance may well violate the present one. He must respect it pending a new one that will determine more precisely the rights and responsibilities of the provinces as well as the rights and responsibilities of the central government. Mr. Speaker, in my view, Bill C-56 is some kind of an all-encompassing bill. It is somewhat the government's habit, when it wants to get the House to pass an unacceptable measure to integrate it into a bill including other acceptable measures in order to embarrass the hon. members. I find these practices deplorable, and I cannot condone them. Again, I ask the Minister of Finance to amend clause 30 of the bill in order to respect provincial jurisdiction. The minister has repeated many times that through this measure he wants to increase consumer purchasing power.

I am very happy about that, everyone is, but he used means that violate the constitution; that is why the Quebec government and all parties represented in the National Assembly oppose this bill, as I do; as a member of the Canadian parliament coming from Quebec, I must oppose it—which I am doing in a positive way—I am convinced the Minister of Finance stepped out of line. If he only took one step back, he would fall in the right place. The whole country would be pleased and would say "There goes a great man, the Minister of Finance". He recognized that he took a step in the wrong direction but he stepped back and starting from there he introduced another measure. I suggested and discussed with him last week the possibility of decreasing or cancelling completely the tax at the manufacturers' level which falls within federal jurisdiction. When I put the question here in the House, even the Prime Minister (Mr. Trudeau) said it was an excellent idea. It might even be the ideal formula. However, we are afraid that wholesale dealers will take advantage of the situation to increase their profits.

Mr. Speaker, I say to the Minister of Finance that he is quite well supported by economists and competent officials who are surely able to prevent those who would try to take advantage of the situation from increasing their profits at the consumers' expense. I promised that I would bring him this

week a bill which was prepared by a member of the U.S. House of Representatives a few years ago, a bill which explains fully how to implement the formula we advocate. I shall bring him that bill this week, perhaps tomorrow, if possible. The minister promised me he would give it serious consideration. Then, if that legislation can be implemented in Canada, and I am sure it can, the minister could not say that we have nothing to suggest to solve the problem and to prevent wholesale dealers from taking undue advantage of the tax cut at the manufacturers' level. For all these reasons, Mr. Speaker, I deeply regret the government's decision to avail itself of the provisions of Standing Order 75C to end the debate and prevent hon. members from trying to convince the Minister of Finance to find a formula more flexible and respectful of the jurisdiction of the provinces and more specifically of the province of Quebec.

No matter what the minister may say, Mr. Speaker, the other finance ministers are in agreement, but this is not the first time it has been said in Canada that Quebec is not a province like the others. Quebec is the only French-speaking province in Canada and as such it is different from the other provinces. But it does not seek preferential treatment: from the economic point of view it wants to be treated by the central government just like all the other provinces. There is no doubt that the proposal the Minister of Finance has made is unacceptable because it flies in the face of the constitution; I therefore oppose this use of closure and we shall vote against this motion.

[*English*]

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, what I find disturbing about what I hear today is that we are forgetting the essence of the debate, and what the debate is all about, namely, the economy of our country. Our economy needs that boost, support, and confidence being offered by the imaginative and innovative budget, together with a co-operative approach that has never taken place before in the history of our country. This has been on the part of the Minister of Finance (Mr. Chrétien) who has consulted with the provinces.

It is not an easy or simple thing to talk with ten premiers or ministers of finance and obtain unanimity. They all realize they are big boys. They know what is at stake and that it is important the economy move forward with some cohesion, and that is exactly what the Minister of Finance was endeavouring to achieve, and to a large extent has achieved, except in one case.

That one case did not really involve the economy or the matter of cohesion. Indeed, it involved something almost in the reverse; stalling, delaying, not giving answers, and not proceeding, not because there was fundamental disagreement or an unwillingness to co-operate, and I realize that everyone cannot think precisely in the same way, but rather because those involved took the opportunity to help build their policy in order to demonstrate that they could only work within a framework

of sovereign association—a status that is quite different and does not depend on co-operation, courage, and innovation, such as shown by the Minister of Finance. That is something my friends opposite fail to understand.

We have here in the proposals of my colleague the makings of a way to maintain the momentum that is being built up in the economy. We have also the makings of the faith Canadians and people outside our country need, but which has been so badly shattered by the financial critic of the official opposition, in particular, and others from the other side. They have created a lack of confidence that has resulted in the lack of stability of our dollar. It has now returned to a reasonable state of stability, where it belongs. This is what has to be nurtured and preserved.

There are elements in the budget that will assist in providing impetus and the courage to exploit opportunities by the small business community across our country, a community which is so vital to our existence. The budget includes opportunities for research and development. The 150 per cent write off is not only a tax concession in itself for needed research and development, but is as well a signal to the businessmen and women of this country that this government has faith in them and in their ability to be innovative, and intends to back them up. It is an indication that this government wants them to be imaginative and get on with the job. This is followed of course by other announcements by the Minister of State for Science and Technology (Mr. Buchanan), which give further indications in that regard.

● (1552)

The important thing, Mr. Speaker, is to get on with the job—not to haggle amongst ourselves in what is a fragile world economy and one in which we have to compete desperately—to get on to other bills proposed by the Minister of Finance. For example, there is the provision for the write-off against future income of investment in small business, an extremely important element that I hope even the opposition can grasp. It is that which is called glove money in some cases, but I call it confidence money. It is money that brothers, parents, friends put up to invest in an entrepreneur's business, but cannot do so in many cases because it is hard earned money from people with small estates. This will at least give them the hope that if they are not successful they can write it off against future income. I mention that, not to take it out of context in this debate, but to put it in context, because these are all interrelated.

The monkey wrench is being thrown in not for reasons that the budget has been brought in and these new measures have been brought in, but for measures quite irrelevant to that, to demonstrate that provinces cannot co-operate with the federal government and with other provinces for the good of the entire country. That I find sad, and I think most people in the province of Quebec would find it sad too.

It is important, Mr. Speaker, that this bill be supported and that we get on with the business of the budget, that we move on to those other areas that need our attention, and that we

deal very realistically with the issues that are at stake here, which are whether we can work in co-operation and harmony in controlling the economy of this country, particularly at a time when it needs every bit of co-operation and support it can get. It is important that we allocate our time sensibly, get on with the job, and run the economy as it should be run, to the best of our ability with the greatest spirit we have.

Some hon. Members: Oh, oh!

Mr. Danson: I appreciate that perhaps the hon. members opposite do not understand, but the fact is that they are helping to destroy the confidence that we on this side of the House have in the people of this country, in the businessmen and women of this country, and in the potential of this country, which is very great indeed.

Some hon. Members: Hear, hear!

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, the minister said as he began his remarks that what this debate was all about was the economy. Well, I would say to the minister that what this debate is about is the incompetence of this government, the incompetence of this government in the way in which it has handled the economy, the incompetence of this government in the way in which it approaches federal-provincial relations, the incompetence of this government in the way in which it runs the business of this parliament. That is what this debate is all about.

Some hon. Members: Hear, hear!

Miss MacDonald: It is with a great deal of concern that I rise to speak on this motion today. I expressed my concern earlier in the debate when the bill was before the House, but I am doubly concerned today that we have a very unpopular bill, a tremendously unpopular bill that is about to be railroaded through the House by the motion of closure which we have before us.

What we have to remember, Mr. Speaker, is that closure is the ultimate weapon in parliament, a weapon to be brought in only in extreme situations. We have to ask ourselves is this such a situation? We have seen bills debated here for four, five six weeks, even months without closure being introduced. This is a bill which has been debated for a mere 25 hours, and now the government is imposing closure, imposing closure on a budget bill, a money bill, a bill dealing with the spending plans of the government. As such, it it a very important bill, one that it is the duty and role of parliament to examine and study extremely carefully.

It is the duty of the opposition, of those on this side of the House, to question how the government spends its money, and that is what we have been doing over these past days—questioning the government, asking for explanations, looking at the various measures in this bill. I might add we have been getting very little in the way of explanation from the government when we have raised these questions and doubts.

We have questioned in particular the one ludicrous measure in this bill that has received unanimous rejection from coast to coast, not only rejection by all members in the opposition parties in this parliament, but by people right across the country. It is clause 30 which has caused the government so much embarrassment, a measure designed to give direct tax rebates to the taxpayers of Quebec. That measure is the reason behind this closure motion being brought before us today. The government is invoking closure in order to get that embarrassing measure out of the way, and hopefully, so it thinks, out of the minds of the people, and out of the daily press where it is a continuing reminder, day after day, of the government's ineptitude and its lack of ability to handle the economy of the country.

This tax rebate which was conceived to replace a program that the government was unable to coerce the government of Quebec into accepting is an inept and clumsy solution to a problem that never should have arisen. It would never have arisen if the government truly understood the workings of the federal system. What the government has done in this debate and through this measure is to show that it fails to understand how a federal system should really work. As a result, what we have is closure, trying to sweep this ill-conceived measure under the rug.

This direct income tax rebate scheme is not only ill-conceived, it is modelled on an idea that is outdated and was outdated when it was first mentioned some ten years ago by the Prime Minister (Mr. Trudeau) but laid to rest at the Victoria conference and not resurrected since, until the Prime Minister and the Minister of Finance (Mr. Chrétien) put their heads together and brought about this disaster.

As I pointed out when I spoke on this matter earlier, the question of direct tax rebates to taxpayers in lieu of provincial participation in a federal-provincial agreement was raised during the period of the constitutional review between 1966 and 1971. The problem centred on what to do when a province did not want to join a federally initiated scheme upon which most of the other provinces had formally and officially agreed. At that time the Trudeau government proposed making payments directly to individuals. That proposal was attacked by every province in this country, including those which are strong supporters of a vigorous central government. It was seen to be completely unworkable and was unanimously rejected and, what is more, it was also rejected unanimously by the joint parliamentary committee on the constitution in 1972.

The Prime Minister accepted the overwhelming rejection that his proposal met with at that time, and he never tried to use it as a mechanism in federal-provincial programs. What I ask, sir, is what has changed now to cause this unwieldy proposal to be dusted off and put to the test at such a delicate time in our country's history, at a time when sensitivity is the most required ingredient in federal-provincial relations? Why did the Prime Minister think that he could do now, without consultation, what he could not do ten years ago, with consultation? I am at a loss to answer this, Mr. Speaker. I do know, and I want to repeat what a former premier of British

Columbia, Mr. Bennett, said ten years ago about this proposal. They were prophetic words indeed. He said, "If you introduce such a proposal you are going to play provincial governments against the federal government and you are going to break up this country and not build up Canadian unity. You are going to make for disunity."

● (1602)

The seeds of disunity have been implanted and nurtured by the government's intrasigent policy of proceeding with a method, such as it is doing, which was rejected ten years ago by all provinces and which has been rejected now by all parties in the National Assembly in the province of Quebec, and indeed by all outlets of opinion in the province of Quebec. This is a method which seems designed by this government to push the province of Quebec further into isolation.

Not content to introduce this divisive measure, the government is compounding the matter by ramming it home through the mechanism of closure. It has thus, in one move, dealt a double blow. It has attacked the roots of parliament and it has attacked the roots of our federal system. In this way it is demeaning the rights of individual members of parliament, and it is demeaning the rights of the provinces. Not even this government, with its penchant for stepping on both parliament and the provinces, has pushed its arrogance so far before. Today is surely a watershed in the arrogant life of a tyrannical government.

I say to members on the government side of the House that they should realize that in voting in favour of this motion of closure they are voting not only against the basic tenets of our federal system, but they are voting against the total membership of the National Assembly of the province of Quebec, and indeed they are voting against the overwhelming wishes of the people of the province of Quebec.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, I am pleased to take part in this debate as I support without any reservation that motion for closure, and I believe it is essential to place it in its proper background and recall the reasons why the government chose that course of action. Although I may not be as close to the Parti Québécois as the hon. member for Joliette (Mr. La Salle), my past experience makes me very close to provincial Liberals and I shall explain to the hon. member for Joliette why they had to take that position. But first, Mr. Speaker, I wish to explain why we chose that course of action.

Last January and February, when the provincial premiers and the federal government met at their conference, several of my friends, officials of the Quebec government with whom I discussed, everybody agreed about the problem we had to face and, considering the uncertainty caused by the high unemployment level, we had to encourage consumer spending to facilitate our economic recovery. Of course the government had several means at its disposal. One of them was tried in January and February, that is a personal income tax reduction. Then there was the federal tax cut advocated by the Social Credit member for whom I have much respect. But the main beneficiaries of that measure would have been manufacturers and retailers rather than consumers. Yet all experts, including economists who are among the most ardent supporters of the Parti Québécois, told to the provincial ministers and the federal minister that, considering our objective, the best means at our disposal was a sales tax cut. That stand required a lot of guts and a sense of innovation on the part of the Minister of Finance (Mr. Chrétien), considering the determination of the Parti Québécois to demonstrate that federalism cannot work.

The Minister of Finance had the guts to try that method. He consulted the ten provincial ministers. Obviously it was not easy, Mr. Speaker, and in our country where 75 per cent of manufactured goods are produced in Ontario and Quebec, where British Columbia's share is between 10 per cent and 13 per cent of the production particularly in the field of export plywood, there is consequently only 12 per cent left of the manufacturing production to be shared between seven other provinces and two territories. It then became unthinkable for the federal government to ask the provincial ministers to decide on a selective tax rebate. Where could Saskatchewan and Manitoba have effectively and efficiently applied such a selective measure?

The Ontario finance minister, Mr. Darcy McKeough, understood it and this is the reason why he accepted a tax rebate across the line. It is clear that with a selective measure, the two provinces which would have benefited most would be first Ontario and then Quebec. Yet the Ontario finance minister agreed to participate in a national scheme in order to serve the national interests. Those of our colleagues who are now talking about the constitution in this debate, I have to call them "constitutionalists." These are people who are playing some kind of a minuet without exactly knowing the tune to which they are dancing. In view of the fact that with the counter-proposal from the Canadian Minister of Finance, Quebec had the opportunity of spending that 1 percentage point which they were asked to inject, and spend precisely in those sectors which they chose, namely these four soft sectors.

As for the Quebec consumer, if we take for instance a family of 4 persons with a $10,000 income, we realize that with an overall reduction of 3 percentage points, and I am now adressing my remarks to the Progressive Conservative members who are changing their views just about every day, such a reduction of 3 percentage points on all items would increase the purchasing power of low-income people for more than a tax reduction applied only to four sectors. So, Mr. Speaker, the finance minister chose that method because, it is socially more equitable and economically more consistent with the over-all interests of the country. Mr. Parizeau has refused with his usual open-mindedness. Not only has he turned down our

proposals and decided not to negotiate for the past three weeks, not only has he refused to come to us with a counter-proposal but he has played politics and applied a tax reduction of 8 percentage points on four sectors, Mr. Speaker and I am not convinced that the Quebec government is applying the right solution there.

Nobody, from Quebec in particular, has mentioned that since quotas were imposed on footwear and clothing we are having difficulty even supplying all retailers in British Columbia and Alberta, and I would like the Leader of the Opposition when he is in British Columbia and in his own province of Alberts, to tell the people, the retailers there who are making things tough for us in Ottawa, I would like him to tell them that he approves and encourages the decision made by the Department of Industry, Trade and Commerce under Mr. Jean Chrétien, to cut imports.

Mr. Speaker, the most important thing at this time in these four sectors—they have orders—is for the government of Quebec, if it is looking for effective action, to make available to them a little more risk capital. The Department of Industry, Trade and Commerce has set a program whereby we finance, not only in Quebec but across the country, 90 per cent of the studies made by those industries with a view to analyse the problem in a given company. Following that grants and loans of up to $1.5 million will help the industry to make a recovery. Unfortunately some companies are still going bankrupt not for lack of orders but because they produce at a loss, for instance instead of selling a pair of pants with a $1 profit, they lose 50 cents. What is required is not necessarily more orders, but the rationalization of their means of production. Mr. Speaker, if, instead of playing partisan politics, members of the opposition wanted to fully discuss the problem of those four sectors, they should come to me and I will give them a few pointers which will help them to speak more intelligently in Quebec.

Here is another thing. Mr. Speaker, when we took on that economic problem of getting the economy going again I would remind members of the opposition who want to bring the constitution into the debate that they all agree up to now that the federal government should be the one mainly responsible for the economy in this country. Now, in spite of the extensive decentralization advocated by the hon. member for Joliette (Mr. La Salle) who does not know what he would decentralize, the fact is that the federal government collects only 40 per cent of taxes in this country, while 60 per cent are collected by provincial and municipal governments. Now, and here I shall follow the line of thought of the hon. member, if our government really wants to act in a responsible and effective way in a field where everybody agrees it should act, that is in the economic field, the hon. member should admit that with 40 per cent of taxes, he cannot speak of decentralization because with a little less money, the government will become inoperative to such an extent that it will no longer be able to play its role. I would understand then that he became a separatist, because it is better to cut out the dead wood and take a new approach. Mr. Speaker, we have compared apples with oranges in this debate. Obviously, the hon. member for Joliette enjoyed flirting with the Parti Québécois. He did not need the sales tax to do that; he had started long before. When the hon. member for Joliette who, after all, is still a Quebecker and the hon. member for Bellechasse (Mr. Lambert) tell the Minister of Finance (Mr. Chrétien) that he should back down, I believe that the hon. member for Joliette should consider all the options that could be valid and truly helpful for Quebeckers instead of coming up with a new solution every day after reading the editorials in the morning newspapers.

Mr. Speaker, I would like to explain the position of the provincial Liberal party and of Mr. Ryan. Mr. Garneau, who was the economic adviser of the Liberal party up to the leadership convention, decided to support the federal government, and his new leader did not really examine Mr. Chrétien's counter proposal in which he asked that the federal reduction of 2 per cent be applied on all the products, after which the province would be allowed to apply its 1 per cent reduction in whatever area it wished, and unfortunately, he did not have time to consider the proposal made during the weekend on the Thursday before the leadership convention and he took the position that I would have taken myself if I had been in his place. However, Mr. Speaker, he took this position on the advice of the Liberal member for Bonaventure, Mr. Lévesque, who explained to him that when the Union Nationale, other good friends of the hon. member for Joliette, was in power and the Liberals made up the opposition in Quebec, on four different occasions, the provincial Liberals supported the federal Liberals, and after consultations, dialogues and negotiations between the Union Nationale and the government in Ottawa, the provincial Liberals looked as though they had adopted a holier-than-thou attitude and had been more federalist than the federalists in Ottawa.

Mr. Lévesque, and I want to explain this to Mr. La Salle who is a good politician, Mr. Lévesque explained to Mr. Ryan that it would be very dangerous to support openly the federal Liberals in case there was some sort of compromise which would give Quebeckers the impression that if the Liberals had been in power in Quebec rather than the Independentists, Quebec's share would have been less. However, Mr. Speaker, and the hon. member for Joliette should certainly recognize this, it remains that Mr. Ryan has effectively suggested a formula that the Minister of Finance accepted last week, whether or not it is a rebate, and the Leader of the Opposition is shaking his head in disagreement. That is why the government wants to implement this proposal this year rather than next year. The Leader of the Opposition says that those $85 cheques will not help the poor, but next year about 100,000 fewer would be helped. But the Leader of the Opposition will certainly understand that the Liberal government, always the champion of the underprivileged in this country, had to—

S.O. 75C

● (1612)

[*English*]

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

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, I hope that the new Liberal leader in Quebec will not read the words of the hon. member for Chambly (Mr. Loiselle), because judging from what he said, you would think that Mr. Ryan is stupid rather than intelligent. Apparently, he had not understood the minister's proposal correctly, that is, Mr. Lévesque had apparently misled him and finally—No, frankly I think Mr. Ryan is more intelligent than that and I intend to trust Mr. Ryan more than the hon. member for Chambly who just tried to teach us a lesson at his government's prompting. Like all the others in front of me, he toes the party line.

I repeat today that because of this guillotine imposed by the government, this is a very sad day for the members of this House and particularly for the members from Quebec, Mr. Speaker.

Mr. Speaker, I certainly do not believe in the arguments put forward by the Minister of Finance (Mr. Chrétien) and the hon. member for Chambly in his malicious comments, saying that we are yet more hon. members who want to please the Quebec separatists, refusing to recognize that the Minister of Finance faces a unanimous National Assembly and a unanimous official opposition proposals. Would it be then that the Minister of Finance and the Prime Minister alone hold the truth in the matter?

Mr. Speaker, I think we have proof here of disconcerting and unbelievable treason with regard to the fundamental question. I trust, Mr. Speaker, that the ten minutes allotted us will enable the hon. members of this House to reject this motion for closure, motion that is odious in a parliament such as ours, and on a debate that deserves some continuity.

The Minister of Finance has the gall to move a motion of closure, knowing full well that there is still unanimity in Quebec, at this very moment, and when he tries to make out a solution is forthcoming within hours, and asks us to support this motion of closure, on a bill which is inacceptable in principle, even less so for Quebeckers, I say, it takes nerve.

I also wonder how it is that the 60 Quebec members opposite are hiding behind the Prime Minister (Mr. Trudeau). I am well aware of the fact that they are usually elected on the Prime Minister's coattails. I think that in view of the present situation, they are panic-striken and are more worried than they care to admit. It would be timely to repeat what so many Quebeckers asked me over the weekend: "Where are those valiant Quebec MPs who are supposed to defend our rights in Ottawa? Let those gallant Liberals who had pledged to carry out the Prime Minister's promise of a just society stand up and be counted."

And what about the hope generated by the arrival of those three doves at the House of Commons, two of whom have already left for more secure havens and the third, according to the last Gallup poll, is in a bad way but would rather put up with anything than quit. Mr. Speaker, we know that the Minister of Finance had to make concessions in view of his colossal blunder, his clumsy negotiations and attitude. Of course, the government will boast of their flexibility, which they have not shown any sign of over the last ten years, and all of a sudden, on realizing they have painted themselves into a corner they will claim to be open-minded. We have been pressing the Minister of Finance, for the past two months, to consider and reply to Quebec's proposal.

Can anyone in this House argue that the Quebec government's proposal on behalf of those sectors where problems are the most acute was a bad one? As I said before, for the sake of the so-called unanimity in the National Assembly, they will keep manipulating people with comments of all kinds, such as the ones the hon. member for Chambly (Mr. Loiselle) made earlier. I do not want to give him more importance than he has. This debate started two months ago and I think it is the first time I have heard him say anything on this matter. Obviously, he has been well briefed and instructed by members of his party. Perhaps the hon. member for Compton (Mr. Tessier) will make a few comments presently. I hope he does. I heard him say that this proposal of the Minister of Finance was a political catastrophy. The next day he almost clapped his desk to pieces after the Minister of Finance defended his stand. That worries me a little, but this afternoon he has another chance to shape up and I trust he will. Other members on the other side have also expressed their disapproval and they are absent today. I suppose they have other responsibilities.

Mr. Speaker, the Minister of Finance referred to flexibility in connection with our unyielding and fierce position for the past two months, but he had to change his mind and alter his proposal, and thanks to us on this side of the House, the Quebec finance minister and the provinces will not be hoodwinked and forced to accept the dictatorial measures of the federal government. Today he speaks about flexibility, but it only proves his weakness and his ridiculous incompetence from which he is absolved by the Prime Minister each time he answers a question we put to him. I never thought the Prime Minister would go that far.

As a responsible head of state, we have been asking him for the past two weeks to take up the matter personally, since his Minister of Finance has shown his incompetence. Well aware that the Minister of Finance could no longer negotiate with his Quebec counterpart, the Prime Minister has declined to assume his responsibilities and call a meeting with the Quebec premier. He has not done so but encouraged his Minister of Finance in his colossal error; now they are telling us that no

special arrangements are to be made whereas we know perfectly well that on the initial proposal there have been some arrangements with certain provinces. But in the case of Quebec, arrangements are alleged to divide the country and undermine federalism. This is the kind of comments some people conveniently forget. As soon as we opposed the bill, the Prime Minister charged all supporters of the Parizeau proposal with undermining federalism. The Minister of Finance stated that that proposal was likely to divide the country but when the provincial parties headed by Mr. Ryan and Mr. Biron and others and the unanimous opposition on this side and some other sectors of the economy joined the official opposition side, the Prime Minister did not dare repeat his charges in this House. He was less brave here than he was with the media at the time of his first press conference. The Minister of Finance also changed his attitude many times but he tried almost every week to make us believe that we just wanted to support a proposal by a government with very particular option.

Mr. Speaker, at no time have we supported the Quebec government for political reasons. We have supported what we felt were Quebec's interests, and we have fought for a basic principle whereby under a new federalism, the provinces should be allowed to discuss this issue freely and participate in a decision as important as the one proposed by the Minister of Finance. But these negotiations which are said—

Mr. Roy (Laval): That is exactly what they did—

Mr. La Salle: I have just heard the hon. member for Laval (Mr. Roy) who will certainly vote for closure and put a gag on all members without hearing first about the forthcoming solution. Of course, we are all anxious to find such a solution, and a responsible government would certainly have dealt differently with hon. members who are as eager and willing to safeguard Quebec's interests. I suggest that we were entitled to expect a better performance than the one we have witnessed for the past two months.

I know full well, Mr. Speaker, that when the Prime Minister was facing an election call two weeks ago, the position of the Liberals influenced the decision he had to take in terms of an election call which was postponed to a later date, and I hope, Mr. Speaker, that the Quebeckers in this House will raise on this closure motion—

● (1622)

[*English*]

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

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the motion moved by the Minister of Finance (Mr. Chrétien) is based on a Standing Order which was passed by this parliament precisely to avoid any counter abuses. Under this standing order, a minister sponsoring a bill in the House can, by way of a motion, put an end to the debate at a given stage of the study of any bill when it is required by the interests of society and the state, when it seems obvious that the opposition parties are more interested in playing politics than in the subject matter of the bill at stake and that they ignore the well being of the collectivity. So the question arising out of this motion is whether or not the Minister of Finance is justified to resort to a rule which is part of the standing orders of the House of Commons of Canada to limit the debate on the second reading of a bill containing 59 clauses spread over 66 pages.

Now, what we have witnessed during the past ten days, when we were supposed to discuss the whole bill and when actually most interventions dealt only with clause 30 of the bill, is that about ten days have indeed been spent so far merely rising against and attempting to politicize a situation without even trying to suggest really concrete and useful proposals. In the course of that debate which has lasted for ten days now at the stage of second reading, I have never heard the Leader of the Opposition (Mr. Clark), the hon. member for Joliette (Mr. La Salle), the hon. member for Brome-Missisquoi (Mr. Grafftey) or other members of other opposition parties concerned with that issue come forward with some useful suggestion in an attempt to solve what was at the beginning a problem, a matter of principle which is now settled and might have become a simple matter of finding the best way to transfer the money. Not a single constructive suggestion has been made, only destructive and negative criticism.

I find that unacceptable and irresponsible, Mr. Speaker, from people who suggest they want the good of Canadian citizens. I can see that the opposition leader is trying to tell me something. I will be happy to give him a briefing after I finish my short statement, Mr. Speaker, in order to correctly explain to him the principles which are contained in Bill C-56 and which he apparently missed completely. Instead of trying to support the cause of the Parti Québécois, Mr. Speaker, the Leader of the Opposition should endeavour to demonstrate that right from the start of this controversy there was evidence of pettiness on the part of one of the provincial ministers of Finance, that there was a lack of honest cooperation on the part of one of the provincial ministers of finance while the nine others, who were consulted by the federal Minister of Finance, agreed on a helpful solution for the Canadian economy.

They allowed the Canadian government to intervene in a field of provincial jurisdiction, namely sales taxes. They allowed the Minister of Finance to reimburse them the equivalent of two out of three points of general sales tax cut in Canada. However, the Quebec minister of finance dozed through the three weeks of negotiations. He sent his officials. He came. He took part in the discussions. He did not take a stand, that, from the start, it must be pointed out and can never be stressed enough, Mr. Speaker. That was unacceptable

meanness on the part of a provincial minister of finance, that can only be explained by the objectives pursued by the government of which this minister of finance is a member, that is, destroying our country and proving that federalism cannot work. I suggest it is irresponsible for a Leader of the Opposition of a Progressive Conservative member from Quebec to side with a Minister of Finance who resorted to such pettiness. Mr. Speaker, I hear the hon. member for Joliette (Mr. La Salle), yelling from behind the curtains, that I should accuse Mr. Ryan. All Mr. Ryan did was to support a motion dealing with principles. As I said, this goes to show that the hon. member for Joliette is not aware of all the facts, or he does not fully understand the situation.

Mr. Deputy Speaker: Order, please. I would ask the hon. member standing behind the curtains not to interrupt the hon. member who has the floor. If he wishes to speak, he may ask to be recognized.

Mr. Pinard: The unanimity in the Quebec National Assembly was on the principle that Quebec should not be prevented, notwithstanding Mr. Parizeau's meanness, from implementing selective tax cuts. And moreover, notwithstanding Mr. Parizeau's mean trick, the National Assembly supported the principle of requiring that the Canadian government compensate Quebec for up to $226 million. Those were the principles involved, and to all intents and purposes, those principles are now settled, because the Canadian Minister of Finance (Mr. Chrétien) stated very clearly that he had no intention of meddling with the PQ's selective cuts, and that indeed his intention was to compensate Quebec for up to $226 million. Those were the only principles involved, those were the principles that were supported by all parties in the Quebec National Assembly.

But now the problem is totally different. It has become much less important. It is a mere problem of implementing a formula for rebating those $226 million. This is quite different, Mr. Speaker. It is no longer a matter of principle, since the principles have been dealt with. The battle for the principles has been waged. Notwithstanding Minister Parizeau's unacceptable meanness, the Minister of Finance showed plenty of flexibility. He finally said: Listen, you refused to agree as the other provinces did, and we will not intervene in the area of provincial sales taxes. We did so in other provinces, because the provincial ministers of finance were in agreement. Mr. Parizeau, you failed to inform us of your dissenting position, but nevertheless, we certainly realize today that you will not allow anybody to interfere with the provincial sales tax, so, do whatever you wish, Mr. Parizeau. Take it off on four items, suppress the tax on children's clothing which you enacted yourself a year ago, do away with taxes for an additional two years if that is what you want. It is your business, it is your privilege, do whatever you want.

[Mr. Pinard.]

In Ottawa, we accept to pay you back $226 million, but we will pay that back within the limits of our own jurisdiction. We will pay that back to you by way of a reduction in federal income tax paid by Quebeckers, which is exactly the formula used in the other provinces who accepted our intervention in reducing their provincial taxes while compensating them, because in the other provinces, a taxation area is simply liberated and that this is what we propose to do, either by sending a cheque to each and every taxpayer in Quebec or by compensating the province by way of a tax rebate which could be granted by the end of 1978. Those are only matters of procedures, Mr. Speaker, I mentioned it a while ago and, in my opinion, this implies no litigation as to principles.

Mr. Speaker, I have a question for the mini-leader of the opposition who is smiling. What would have been his position if on budget night every province had accepted a general three per cent reduction of their sales taxes? Of course, Alberta would have accepted even if this province has no sales tax, as it has done. What would have been his position if every province had accepted, except Ontario, and if three days after the budget, Mr. McKeough had publicly declared: I did not accept this program from Ottawa even if Quebec and the other provinces accepted it. I do not want those three per cent across the board, I want to reduce my provincial sales tax on cars. I unilaterally decide to reduce my sales tax on cars and I am asking Ottawa to send me $226 million. What would have been the position of the mini-leader of the opposition in such circumstances? What would the hon. member for Joliette have been yelling in such circumstances? What would they have done with the principles which they claim to be advocating, Mr. Speaker? I would be curious to see their attitude. However, Mr. Speaker, it is obvious that they are now resorting to politicking. But they should not deceive themselves. It is not by taking up the doctrine and causes of the Parti Québécois that they will stand up for the true interests of Quebeckers. And I insist on that, Mr. Speaker. I wish to say to the member for Joliette (Mr. La Salle) and the opposition that Mr. Parizeau, the minister of finance, has acted shabbily because he wants to distort the system and prove that federalism is inefficient. I maintain that he is irresponsible.

• (1632)

[*English*]

Mr. James A. McGrath (St. John's East): Mr. Speaker, this is a sad day for parliament. It is always a sad day for parliament when a government uses its majority to invoke closure. When this form of closure was introduced by this government ten years ago, we were told that Standing Order 75C would rarely be used because of the provisions of Standing Orders 75A and 75B. Yet we have seen no attempt on the part of the Minister of Finance (Mr. Chrétien) or the Parliamentary Secretary to President of Privy Council (Mr. Pinard) to explain to this House that attempts were made under 75A or 75B to get a sensible allocation of time for this bill, or to have any sensible negotiations in order to get on with this bill.

The hon. member who just took his seat has demonstrated one thing here today with his defence of the government—

[*Translation*]

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

Mr. Deputy Speaker: Order. The Parliamentary Secretary to President of Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: Mr. Speaker, precisely because I know the standing orders, I wish to remind the hon. member that Standing Order 75C provides for previous negotiations with the representatives of opposition parties. Those negotiations were held and failed and this is why we are justified in proceeding today under Standing Order 75C. Therefore, the alleged facts are not true.

Mr. Deputy Speaker: This is a matter of debate.

[*English*]

Mr. McGrath: Mr. Speaker, I hope that is not going to be taken off my time. The hon. gentleman who just made that intervention should know the rules because he is the parliamentary secretary to the government House leader. However, the fact of the matter is that Standing Order 75C is an arbitrary guillotine which is to be used rarely in this House, and certainly not the way it is being used in this case.

Nobody will question the right of the government majority to bring any question to a resolution after what it considers a reasonable time. We accept that, and we accept the fact that governments should rarely invoke the procedure of closure. However, by the same token, no sensible person would question the right of the opposition in the House to use every parliamentary device at its disposal to prevent a bill from going through when the government knows it will never be enforced and when in fact it is unenforceable.

We know this bill will have to be changed before it gets to third reading because it cannot be implemented without the advice and consent of the province of Quebec. Yet we are faced with this invocation of closure, knowing full well that within a few days the Minister of Finance will rise in his place in this House and say that there has been an agreement with the province of Quebec and that the bill will have to be changed.

Why not withdraw the bill now and sit down and negotiate sensibly with the province of Quebec toward an agreement which can then be incorporated in this bill and brought before this House? It would then receive expeditious passage. However, that is not the way this government operates. The Parliamentary Secretary to the Minister of Finance (Mr. Lumley) talks about filibuster. Let me remind the hon. gentleman of a few facts.

We have had nine days on this very important bill. This bill has within it very divisive elements which will divide this country. It is the most divisive legislation we have had before us since this government came to power ten years ago. We have had nine days on this bill, and four of them have been short days, that is, Wednesdays and Fridays, when parliament sits only in the afternoons. During those nine days there have been 18 speakers from the official opposition and 15 from the government side of the House, and the parliamentary secretary talks about filibuster! The hon. parliamentary secretary, for whom I have the greatest respect, has demonstrated a unique capacity in this House to speak out of both sides of his mouth.

We as a parliament are faced with the invidious prospect of having before us a bill with 59 clauses and over 60 pages. It is a very important tax bill which is currently being negotiated in the public press and in the public media by the Government of Canada and the government of Quebec. Surely that has to be a situation which is unprecedented in the history of any parliamentary democracy.

This bill flies in the fact of a unanimous declaration of the National Assembly of the province of Quebec. The parliamentary secretary tried to stickhandle his way around that one. He made Guy Lafleur look like an amateur. He should get the award for being the most valuable player of the year for his performance in trying to skate around the fact that the newly elected leader of the Liberal party in Quebec has come out against this bill and against this government's high-handed and arbitrary manner of dealing with the provinces in an area of provincial jurisdiction.

Eighteen members of the official opposition have participated in this debate. If the government has its way—and it will, because of its majority—there will be many of us on both sides of the House who will be denied the opportunity to speak on this bill.

● (1642)

This is one of the most important bills to come before the House, with all its elements built in for disunity, for tearing this country apart, at a time when the government should be expressing great sensitivity. But it is pretty hard to demonstrate sensitivity and arrogance at the same time, and if this government has demonstrated its ability in one area, it is in the area of arrogance in dealing with the provinces.

We saw an example of this in the House a few days ago when the Minister of State for Urban Affairs (Mr. Ouellet) made a fundamental change in the housing policy of this country. He admits himself that it is a major shift in the social housing policy, and he admits it is a major change in the whole area of housing and urban affairs. So how does he treat the provinces? He lets them know of this change by a 15-page telex. That is the way this government treats the province of Quebec, that is the way it treats the province of Ontario, and that is the way it treats all the provinces of this country. Is it any wonder that this government has lost the confidence of the people of this country, as demonstrated by the Gallup poll?

I believe in this country, I believe in it with all my heart, and I worry about this government's propensity, this government's death wish, to divide and destroy this country, and we see the demonstrated not only in the high-handed, arrogant attitude of the Minister of Finance, but in the high-handed, arrogant attitude of the Minister of State for Urban Affairs.

We saw it today when a loyal member of the government party, a former parliamentary secretary, a former distinguished chairman of a committee, stood in his place in the House and raised a question of privilege vital to the rights of parliament when he questioned the right of the Minister of Energy, Mines and Resources (Mr. Gillespie) to make a major policy statement on nuclear waste disposal at the very time when the committee on which the hon. member sits is still deliberating on this most important issue. What an arrogant government! The Minister of Energy, Mines and Resources made his statement yesterday while the committee was seized of this matter, and he presented to this House a *fait accompli*. Sir, the hon. member for Fort William (Mr. McRae) was quite right in rising in his place today, because that committee was given special terms of reference by the House to study that very matter.

This country will not survive if we have in office in Ottawa a government which shows such callous disregard for the rights of parliament and for the constitution of this country. The Parliamentary Secretary to President of Privy Council (Mr. Pinard) in his speech yesterday asked rhetorically what would be the attitude of the hon. member for Joliette (Mr. La Salle) if the same thing were to happen in the province of Ontario. We say to the hon. member that it does not make any difference which province is having its constitutional rights transgressed. It is the solemn obligation and the responsibility of every member in the House to fight against such arrogance.

Some hon. Members: Hear, hear!

Mr. McGrath: It is our solemn responsibility as members of parliament to uphold the constitution of this country, and if there is one thing that can be said for this government—and certainly not a great deal can be said for the competence of this government—it is that it does not uphold the constitution of this country. The government of Quebec, notwithstanding the fact that it is dedicated to separation, has shown that it is a great deal more competent than the present Minister of Finance, or anybody else who sits in the cabinet over there, because what they did was to present a bill which would have a great deal of sex appeal in an election which subsequently they did not have the guts to call. And that is why, sir, they find themselves in the mess they are in today.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in case there are readers of today's *Hansard* who might wonder what we are debating, may I point out that we are debating a motion in the name of the Minister of Finance (Mr. Chrétien) to close off debate on the second reading of Bill C-56.

Most of the debate this afternoon seems to have been on the provisions of Bill C-56 itself, rather than on the motion before the House. In fact, during the speeches that were made by some of the Liberal members, I felt they were demonstrating that they would like more time to debate the bill because certainly they spent no time at all debating the issue of closure.

I realize that, on the other hand, they do not like to call this closure; they like to call it allocation of time. But I suggest that a skunk by any other name has the same odor. That is the way some of us feel about closure. Indeed, as I have said on a number of occasions, when closure under rule 75C or under rule 33 has been applied, what concerns me most about it is that the government's easy resort to these rules for ending debate precludes any serious study of ways of programming the work of this parliament.

When the Leader of the Opposition (Mr. Clark) referred to this motion yesterday in rather uncomplimentary terms as being unparalleled in the history of parliament, I am reported in *Hansard* as having asked "Oh?" What I meant by that was that I have known of other instances where the abuse of closure has been worse than we are experiencing today. But I will say, along with the Leader of the Opposition, that I know of no instance where closure has been applied in the circumstances that we face at the present time.

I suppose the worst abuse of closure that the Parliament of Canada ever saw was when we went into committee of the whole stage on the pipeline bill in 1956. We got down to the clauses and, lo and behold, Mr. Howe stood up on clause 2, read the marginal note telling us what was in it, and then asked us to move on to clause 3. He did the same thing on clause 3 and all the subsequent clauses. Then, all the clauses having had one sentence spoken on each by the then minister of trade and commerce, the government said we had had debate on these clauses, so closure under rule 33 could be applied. As I say, if any members today wonder why there was such an uproar in parliament in 1956, it was because of that kind of abuse of the government's right to impose closure.

But this, sir, is really an unprecedented and unparalleled situation. We have before us a bill which, as has been said, includes 59 clauses, at least one of which, clause 30, is in a form whih is to be changed. The Minsiter of Finance has told us that, but he will not tell us what the terms of the change will be. He has delayed introducing a new ways and means motion as required by the ruling from the Chair, because he is not going to go ahead with clause 30 in its present form, so he has to wait until he decides what clause 30 is going to say before he brings in a new ways and means motion to cover it. Yet the Parliament of Canada, 264 representatives—except for the 15 who have gone to their reward—is being asked to vote on a measure the key clause of which is not before us. If intelligent men and women could be asked to do anything more unintelligible than that, I do not kow what it is. For the government to impose this form of closure in this circumstance would even arouse the ire of C. D. Howe. He is probably saying that wherever he may be, for he was the master abuser of the closure rule.

Instead of imposing closure, instead of requiring the House to vote on this measure without further debate, what the government should be doing is suspending debate on this measure.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Negotiations are still going on. The Minister of Finance says he is prepared to negotiate. Mr. Parizeau was quoted in the press this morning as saying he would be prepared to offer new propositions. In the light of all that, the minister stated the other day that he does not yet know what the terms of clause 30 will be. Then why should we be debating, day after day, a measure, the crux of which has not been determined? It is for this reason I feel that this bill should not be subjected to closure, nor should it be debated at all at this time.

● (1652)

What bothers me every time closure is introduced is that it is a case of putting off, time and time again, a sensible solution to the problem of lengthy debates in the House. I fully agree that the days of unending filibustering are over. I fully agree that the work of the House should be planned so that we do not take up so much time on one measure that we do not get to others which may be equally important, or even more important. I have seen times in sessions of this House when important measures did not get reached because so much time was taken on one measure.

I believe there is enough sense, intelligence, and good will in the House of Commons to attempt to devise a means of planning our work. There is no time in these ten minues at my disposal to spell out the ideas which I have. I have spelled them out on other occasions. Even as a member of the opposition I have proposed ways and means by which some debates on routine and housekeeping measures could be kept short or transferred to a committee so that there would be ample time for debate on important measures. As long as the government has the right to resort to closure, it does not feel any pressure to solve the problem of developing a program for the work of this House.

Rule 75C is there in the Standing Orders, and the government has the right to use it, according to the parliamentary secretary to the Deputy Prime Minister. As the hon. member for St. John's East (Mr. McGrath) just pointed out, it is there because in 1968 the Liberal government, with the Hon. Donald Macdonald as government House leader, brought it in. It used the old closure rule, rule 33, to force the House to vote on 75C. It is as out of place as the manner in which the original closure rule was introduced back in 1913. That was before I was here.

Some hon. Members: No!

Mr. Knowles (Winnipeg North Centre): At that time the Liberals were debating at length a bill brought in by the Tories. Of course the present hon. Leader of the Opposition was not here then either. In fact, he was not anywhere! They stopped the debate on the naval aid bill to bring in a batch of changes in the rules, one of which was the closure rule of that day. The Liberals fought it, they opposed it. They thought it was a dastardly thing to do, to change the rules in the middle of the game. But the Liberals have used it over the years far more than the Tories. They used it in 1968 to put into effect this measure which not only creates havoc in the general running of parliament but puts off, time and time again, dealing with the issue of using our time in a sensible way.

For these reasons I am opposed to closure, and my colleagues and I will be voting against this motion. I agree with the words expressed yesterday by the hon. Leader of the Opposition. Considering the fact that we are being called upon to vote on a bill, the heart of which we do not yet know, this is a form of closure which is unparalleled. Even at this moment the government ought to have the sense, the decency, and the respect for democratic procedures, to withdraw this closure motion, and let the House get on with something else.

Some hon. Members: Hear, hear!

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, since the hon. member for Winnipeg North Centre (Mr. Knowles) has brought to our attention what we are debating, perhaps it would be worth while to remember that there is such a thing as a 79A, 79B and 79C.

Mr. Knowles (Winnipeg North Centre): You do not even know the number. It is Standing Order 75C.

Mr. MacFarlane: I am sorry. Being a football coach I made a mistake, because Standing Order 75 is on page 79. I should have indicated that I was talking about page 79, for the hon. member's edification.

In any case, Rule 79A indicates—

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): You mean Rule 75A.

Mr. Benjamin: Sit down. You blew it.

Mr. MacFarlane: Are you using closure on me?

Some hon. Members: Hear, hear!

Mr. MacFarlane: Rule 75A indicates that all parties must agree. How many times have people seen that used? When it is used, opposition parties stand and make big speeches about using allocation of time unfairly. Then they tell us to go ahead, that we can have the three days, but that they do not agree. They vote against it so that they can receive the credit for doing something which is horrible and hideous. The same thing happens with regard to Rule 75B. In this case the two were investigated, and no one agreed to it. Then we went to Rule 75C.

Mr. Hnatyshyn: Why should we agree?

Mr. MacFarlane: I did not say members opposite should agree, but they should not indicate that we should not use the rules. It is not a matter of the things members should do. It is a matter of the things we must do in the House in order to make it work.

Some hon. Members: Oh, oh!

S.O. 75C

Mr. MacFarlane: That is the truth of it. The hon. member for Winnipeg North Centre will remember that quite often the opposition in the British House lets governments muddle through what it considers to be mistakes, so that these mistakes are carried, put into effect, and then the populace votes them out. Governments over there are not so wont to delay so that nothing is done. That is the indictment the opposition faces.

For all of the time I have been here, the opposition has expressed a desire not only to disagree with what the government has done, but to stop the government from doing anything for anyone.

Some hon. Members: Oh, oh!

Mr. MacFarlane: The hon. member for St. John's East (Mr. McGrath) mentioned seven days of debate.

Mr. McGrath: I mentioned nine.

Mr. MacFarlane: Did the hon. member say "nine"? In any event, he conveniently forgot to mention the budget debate which lasted for six days. Thus, all of us have been contributing to this for perhaps 14 or 15 days. When he referred to the number of speakers, conveniently he forgot to include the speakers who participated from the Social Credit and New Democratic parties. He counted only the speakers who participated from his own party. He did not say that 22 opposition members have spoken, and that 11 government members have participated. Twice as many on that side of the House participated. We have all had a say. That must be kept in mind. Hon. members opposite are not alone. We are in this parliament together.

Mr. McGrath: I mentioned the numbers 18 and 15, as well as 60.

Mr. MacFarlane: I do not agree with the hon. member's figures, in any event.

Mr. Knowles (Winnipeg North Centre): You do not even know what rule we are talking about.

Mr. MacFarlane: I have given my numbers, and the hon. member opposite has referred to his. Perhaps one of us is incorrect. I would have expected a more credible remark from the hon. member for Winnipeg North Centre.

Mr. Knowles (Winnipeg North Centre): Rule No. 75A appears on page 81 of the Standing Orders.

Mr. MacFarlane: One must remember there were meetings of the finance ministers at the beginning. Quite some months ago there were further meetings of the finance ministers and of the first ministers. Then there were three weeks of negotiations and discussions concerning the budget of the Minister of Finance. All the provinces agreed, except one. One province said, "maybe". The other provinces agreed to what was done ultimately.

Mr. Clark: Check the record.

[Mr. MacFarlane.]

Mr. MacFarlane: That should be kept in mind. Now the hon. member for Winnipeg North Centre has indicated that Mr. Parizeau has new ideas. Only a few days ago reporters were talking about new negotiations, and there were press releases indicating how we were going to get together hopefully to work all this out. Then Mr. Parizeau had a special press conference and said that it was full of bunk.

How can we be expected to wait to hear what Mr. Parizeau has to say? He has proven what he has to say. He said without any doubt at all, "We do not intend to do anything that does not suit us. In the final analysis we intend to be separated. In the final analysis we do not intend to belong to you at all. We intend to negotiate a financial arrangement after we have separated." That is what he has said, without any doubt, and there is no question about that. That is the manner in which he proceeds. It is a guerrilla warfare type of thing.

● (1702)

After all, this is the government that must take responsibility. It is this government that has to stand up and say, "This is the one government in the land which does deal with confederation, and this is the government which has more of an understanding of confederation than many hon. members on the other side. This is the government that has co-operated historically, and continued to do so when the Minister of Finance contacted all of the provincial ministers of finance, but all he got for that was a slap in the face from the NDP because something might have been leaked."

There is no desire on the part of hon. members on the other side to see this bill in its true light. There is a political desire on the other side. Someone mentioned something about the difficulties being the fault of the government because it really wanted to call an election. I suggest it is a fault associated with envy, greed, and the desire of hon. members over there to sit on this side. You covet the seats over here so much it makes you speak that way. It is not that you deserve them or that you can earn them because you can present good legislation and could solve the matter; it is simply because you covet the seats over here, seats which, praise God, you will not obtain.

Mr. Deputy Speaker: Order, please.

An hon. Member: Carry on.

Mr. Deputy Speaker: Order, please. The hon. member has not used all his time. I just wanted to remind him that he must address the Chair.

Mr. MacFarlane: I apologize, Mr. Speaker, but when you look into a Newfoundlander's eyes it is like being hypnotized by a cod; you are trapped there.

Mr. McGrath: It takes a cod to know a cod.

Mr. MacFarlane: Mr. Speaker, in conclusion let me say it would be of benefit to all members to remember that the responsibility for presenting legislation rests with the government over here. It is the responsibility of the opposition to—logically and in a fair way—

Mr. Clark: Tell us what is in the bill.

Mr. MacFarlane: Were you not instructed by the hon. member for Winnipeg North Centre not to speak on the bill now but to speak on this motion?

Mr. Clark: What is in the bill?

Mr. MacFarlane: Were you not instructed in that regard?

Mr. Knowles (Winnipeg North Centre): Order, please. Address the Chair.

Mr. MacFarlane: Mr. Speaker, it is, indeed, the responsibility of the government to present legislation.

An hon. Member: And you have not done so.

Mr. MacFarlane: It is the responsibility of the opposition to criticize the legislation and, if it can, amend it for betterment, or in a way that the government thinks it is better, since the government represents the majority of the people and it is the government's responsibility, in the final analysis, to bear responsibility for the legislation, any amendments by the opposition, and changes made in committee. The government is responsible for every single thing that comes from parliament, and the people make the judgment. That is what you seem to forget in the opposition. Hon. members over there seem to forget that ultimately the government will always pay the debt of responsibility.

Members of the oppositions quite often bring in extraneous matters in an attempt to destroy the credibility of a person like the Minister of Finance. Hon. members often talk about him, as the Leader of the Opposition did, in a ridiculous fashion. I would not think once of speaking like that about the lowest backbencher on either side of the House. I would not waste my time trying to destroy personal credibility. I will talk with hon. members opposite; I will joke with them; I will have a few words with them, and laugh, but I will not attack a member personally in an attempt to show that the person is not capable of performing a task.

An hon. Member: Would you call him a separatist?

Mr. MacFarlane: The government ultimately must consider the future of this country, and will have to negotiate a new constitution. It must do so on the basis that there will remain a strong federal government, and the present case is an indication of the strength this federal government has in the face of all adversity, criticism, and opposition. This government will represent the people by presenting legislation and, as it is doing now, through a motion for the allocation of time to deal with the matter.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, that is quite an act to follow.

[*Translation*]

Mr. Speaker, I wonder why such a motion is proposed now when the minister is conducting negotiations with the province of Quebec. A few days ago we in the opposition supported an amendment to set aside that bill for one month so that the present government would be able to renegotiate the proposal concerning the sales tax with the province of Quebec and all the provinces. The government voted against our amendment to set aside the bill for one month and now, Mr. Speaker, we are faced with a motion for closure. What a joke Mr. Speaker! During this debate on the sales tax, where are all the Quebec members, Mr. Speaker? And let me say this afternoon to the Quebec members that the people from Quebec are listening with interest to know what is most important for them: the interests of the Liberal party or the legitimate interests of their fellow citizens of the province of Quebec.

Where were the hon. member for Matane (Mr. De Bané), the hon. member for Compton (Mr. Tessier) and the hon. member for Maisonneuve-Rosemont (Mr. Joyal) during this debate? They can talk with reporters or in the corridors of parliament, in the parliament buildings, but what counts is their action here in the House of Commons. Why that silence here on the part of Quebec members? To defend the rights of PQ? No, they rather feared to lose the votes of the people of Quebec and you know that as well as I do. The proposal from the National Assembly to abolish the sales tax in traditional sectors like textiles, footwear, clothing and furniture was supported not only by the Parti Québécois but also by the whole National Assembly with the approval of every citizen in the province of Quebec.

Yes, Mr. Speaker, except for the Liberal members. I realize as well as you do that 35,000 of the 36,000 jobs lost in the secondary sector throughout Canada over the last 18 months were in the province of Quebec, particularly in traditional industries such as textiles and others. I wonder why you voted against such a proposal. Again I put this question to the present government and to hon. members from the province of Quebec: What level of government has jurisdiction over the sales tax? You, in the federal government? I think you know the answer as well as I do.

Let me answer. Because of their stupidity, because of their arrogance, because of their intransigence, nobody had done more than the Prime Minister and the Minister of Finance to promote and help the cause of separatism in the province of Quebec. Because of your policy, it is surely an example of several of your measures of confrontation with the provinces; it is not the first time you have locked horns with the province of Quebec and with the other provinces. Because of your policy of confrontation in the present debate, a policy which has been going on for years, nobody has done more than you to help the cause of separatism in the province of Quebec.

• (1712)

[*English*]

Of the 270,000 jobs, Mr. Speaker, in the traditional areas of textiles, furniture, clothing, and shoes, 130,000 of them are found outside the province of Quebec. Leaders in all these

industries have stated that since this infamous budget proposition has been brought down, the proposition emanating, not from the Parti Québécois, but from the whole National Assembly, would aid these sectors and stimulate and aid the economy and employment outside the province of Quebec just as easily as it would inside the province. So why, I ask, did you vote against the proposition, why did the Minister of Finance in announcing his original budgetary measures, since this whole matter is within provincial jurisdiction, not just announce a global, general policy and let the provinces, considering that the sales tax matter is within provincial jurisdiction, apply their priorities according to what was going on? Why did there have to be confrontation with the province of Quebec, when the government was flexible enough to accommodate British Columbia and Saskatchewan?

I can tell you what is going to happen after today; there will be some proposition worked out with the minister of finance of Quebec, then the government will give the province of Quebec the money, one way or another, God knows how. Quebec will then go ahead and do what it did in the first place, namely, abolish taxes within the traditional areas of textiles, et cetera. Why did you not cooperate in the first place?

An hon. Member: With the separatists?

Mr. Grafftey: "With the separatists." How sad it is to hear that! I will tell you why. This is not merely one isolated case, Mr. Speaker; this is the end result of ten years of confrontation. The government never expected to defend this terrible policy on the floor of the House of Commons. Once again it is devising a policy for Quebec and another policy for the rest of Canada.

Some hon. Members: Hear, hear!

Mr. Grafftey: They wanted to go to the people in an election, to inflame the national unity debate and confront Quebec with one policy for English Canada in English and another policy in French Canada in French and, thereby, divide and rule this country.

Some hon. Members: Hear, hear!

Mr. Grafftey: The government did not expect to have to defend this matter on the floor of the House of Commons. They wanted to use it for short-term votes in an election to prove that their Prime Minister was still the indispensible saviour of a union which he has done so much to destroy. The chickens have come home to roost. For the first time in ten years, French-speaking Canadians and English-speaking Canadians have caught the government at its own game. It never expected to have to defend this policy on the floor of the House of Commons, and what is it doing? It is proposing closure. It is saying "we don't want to hear any more; we don't want to stand up to the truth." So, the gutless Prime Minister, who did not have the guts to call an election, and the gutless Minister of Finance say, "We don't want to hear the truth, we don't want to hear this spoken about, we're going to bail out now with closure." This is arrogance and stupidity, the like of which I have never seen before, Mr. Speaker.

[Mr. Grafftey.]

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Algoma (Mr. Foster)—Indian Affairs—Funding for post-secondary education; the hon. member for Surrey-White Rock (Mr. Friesen)—Fisheries—Closing of Swiftsure Bank on west coast; the hon. member for New Westminster (Mr. Leggatt)—Fisheries—U.S. ban on sport fishing in American waters.

ROUTINE PROCEEDINGS

[*Translation*]

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME TO CONSIDER BILL C-56 ON SECOND READING

The House resumed consideration of the motion of Mr. Chrétien:

That, in relation to Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, one sitting day shall be allotted to the further consideration of the second reading stage of the said bill; and

That at fifteen minutes before the expiry of the time provided for government business in such sitting, any proceeding before the House shall be interrupted, if required, for the purpose of this order and, in turn, every question the necessary in order to dispose of the second reading stage of the bill shall be put forthwith and successively, without further debate or amendment.

[*English*]

Mr. Deputy Speaker: It being 5.15 o'clock p.m., the two hours allotted for the consideration of the motion now before the House pursuant to Standing Order 75C have expired. Accordingly, under the terms of the Standing Order, it is my duty to interrupt the proceedings at this time and put every question necessary to the House to dispose of the motion.

[*Translation*]

The question is on the motion of the Minister of Finance (Mr. Chrétien). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Yes.

Some hon. Members: No.

[*English*]

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Chrétien), which was agreed to on the following division:

● (1722)

(*Division No. 48*)

YEAS

Messrs.

Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Basford
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Buchanan
Bussières
Caccia
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Collenette
Comtois
Condon
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupras
Duquet
Faulkner
Fleming
Flynn
Foster
Francis
Gauthier (Ottawa-Vanier)
Goodale
Gray
Guay
Guilbault
Herbert
Hopkins
Horner
Isabelle
Jamieson
Kaplan
Lachance
Lajoie
Lamontagne
Landers
Lang
Langlois
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Marceau
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Pearsall
Pelletier
Penner
Philbrook
Pinard
Prud'homme
Railton
Reid
Roberts
Robinson
Rompkey
Roy (Timmins)
Roy (Laval)
Smith (Saint-Jean)
Stollery
Tessier
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—99.

NAYS

Messrs.

Alexander
Allard
Andre (Calgary Centre)
Beatty
Benjamin
Blackburn
Brisco
Broadbent
Caouette (Villeneuve)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Coates
Crosbie
Darling
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Ellis
Firth
Forrestall
Fraser
Friesen
Gauthier (Roberval)
Gillies
Grafftey
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Jarvis
Jones
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
La Salle
Lawrence
Leggatt
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
MacKay
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Patterson
Ritchie
Roche
Saltsman
Schumacher
Scott
Stanfield
Stevens
Towers
Whiteway
Whittaker
Wise—70.

● (1742)

Mr. Speaker: I therefore declare the motion carried.

* * *

NATIONAL RESOURCES AND PUBLIC WORKS

MOTION TO CONVENE STANDING COMMITTEE

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, the House will recall that earlier this afternoon a question of privilege was raised by the hon. member for Fort William (Mr. McRae). His words certainly fell on sympathetic ears on this side of the House. They related to the apparent duplication of work between a standing committee of this House and an agreement tabled yesterday by the Minister of Energy, Mines and Resources (Mr. Gillespie).

I would request through you, Mr. Speaker, leave of the House to present the following motion, seconded by the hon. member for Fort William:

That the Standing Committee on National Resources be convened as soon as the Minister of Energy, Mines and Resources is available to attend to examine into and report upon the agreement tabled in this House yesterday, June 5, between Atomic Energy (Canada) Limited and Ontario Hydro and the duplication between the work of the committee and the conclusions apparent in the agreement.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of the motion at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Order Paper Questions

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 259, 684, 1,453, 1,606 and 1,624.

[*Text*]

AIR CANADA

Question No. 259—**Mr. Kaplan:**

For a current period, what percentage of capacity was carried by Air Canada on passenger flights at (a) peak (b) off-peak hours of the day between (i) Toronto—Ottawa (ii) Ottawa—Toronto (iii) Ottawa—Montreal (iv) Montreal—Ottawa (v) all Air Canada domestic flights (vi) all Air Canada flights?

Hon. Otto E. Lang (Minister of Transport): (a)(i) 42 per cent; (ii) 45 per cent; (iii) 70 per cent; (iv) 60 per cent; (v) and (vi) Because there are no peak/off periods of the day on many Air Canada routes, such as overseas and southern routes and certain domestic routes, it is not possible to provide this information. (b)(i) 18 per cent; (ii) 11 per cent; (iii) Not applicable; (iv) 10 per cent; (v) and (vi) See (a) above.

CANADIAN COAST GUARD

Question No. 684—**Mr. Howie:**

1. Since January 1, 1975, on how many occasions did the coast guard transport RCMP officers to investigate illegal smuggling attempts involving ships off the (a) Atlantic (b) Pacific coast?

2. Since January 1, 1975, how many reports of alleged smuggling incidents did the Canadian Coast Guard forward to the RCMP?

Hon. Otto E. Lang (Minister of Transport): 1. (a) eight. (b) four.

2. None.

NOTE: Canadian Coast Guard vessels and helicopters frequently assist or transport RCMP officers in the course of missions, the purpose and results of which are not disclosed to the Canadian Coast Guard. Therefore, the Canadian Coast Guard may have been involved in transporting RCMP officers on additional investigations into smuggling cases without being aware of this fact.

CAPITAL GAINS TAX

Question No. 1,453—**Mr. Balfour:**

What amount of capital gains tax was assessed against taxpayers in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Under the Income Tax Act, one-half of capital gains realized since 1971 are added to income for tax purposes. Capital gains, therefore, are not taxed under a separate capital gains tax. Because of this, it is difficult to determine precisely how much income tax is attributable to capital gains as compared to other components of income for tax purposes. Using available data, estimates can be made of the approximate amount of income tax attributable to the taxable portion of capital gains. Rough estimates for the years 1972-1975 are as follows:

Federal Income Tax on Capital Gains

($ millions)

	1972	1973	1974	1975
Individuals	40	70	80	100
Corporations	30	60	70	90
Total	70	130	150	190

No estimates are yet available for 1976. It should be noted that capital gains are subject to provincial income tax in addition to the federal income tax. Provincial revenues from this source would be approximately one-third of the federal revenues.

CONCILIATION COMMISSIONERS

Question No. 1,606—**Mr. MacKay:**

1. Between January 1, 1977 and April 30, 1978, did the Minister of Labour appoint conciliation commissioners or conciliation boards and, if so, how many?

2. For the same period, how many conciliation commissioners or boards of conciliation were requested and not granted by the Minister of Labour?

3. Were any conciliation commissioners or boards of conciliation requested by two parties to a dispute, not appointed by the Minister and, if so, for what reason?

4. Were any conciliation commissioners or boards of conciliation requested by (a) international unions or companies in dispute with other international unions (b) Canadian unions or companies in dispute with other Canadian unions and, if so, in each case, how many?

Hon. John C. Munro (Minister of Labour): The decision to appoint conciliation commissioners or conciliation boards to assist parties in resolving collective bargaining disputes is the sole prerogative of the Minister of Labour and, as such, is not dependent upon requests for such action by either of the parties or both of them, for that matter. It is a discretionary move by the minister and is but one of a number of options available to him under the Canada Labour Code to resolve industrial disputes.

Between January 1, 1977 and April 30, 1978, the minister appointed 46 conciliation commissioners. No conciliation boards were appointed during this period.

MR. MAURICE GAUTHIER

Question No. 1,624—**Mr. Epp:**

1. Was Mr. Maurice Gauthier, La Broquerie, Manitoba appointed to a position in the government and, if so (a) for what period of time (b) what remuneration does he receive for his services?

2. Does Mr. Gauthier have an expense account and, if so, in what amount?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The answer to this question may be provided by the Commissioner of Official Languages who reports directly to parliament and not through a minister. Question may be made directly to him.

[Mr. Speaker.]

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

[*Text*]

*FORMER MANITOBA GOVERNMENT EMPLOYEES

Question No. 1,700—**Mr. McKenzie:**

Have any former Manitoba government employees (term, contract or otherwise) been hired in any capacity by any federal department, agency, Crown corporation or board since October 12, 1977 and, if so (a) how many (b) in each case, what is his/her (i) name (ii) job classification (iii) yearly remuneration?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The information requested is not readily available. To provide an accurate reply in its entirety would entail a lengthy and costly examination of all personnel files of every department, agency, board, commission and Crown corporation. The costs in manpower and time to undertake such a large amount of work would be exorbitant or prohibitive.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed from Friday, June 2, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial tax reductions, be read the second time and referred to the committee of the whole.

Mr. Lang: Mr. Speaker, I understand there might be some agreement—

Mr. Speaker: Order, please. The hon. member for Don Valley (Mr. Gillies) was the last speaker before the debate was concluded on Friday.

Mr. James Gillies (Don Valley): Thank you, Mr. Speaker; I believe I have a few minutes of my time left to me. I am one of those across Canada who has been very concerned about the way in which parliament has been abused and the way in which people are losing all respect for this institution. What happened today can only confirm that this institution is a mockery and a farce.

Here is a government imposing closure because it wants to force upon one of the provinces something which that province does not want, something which every member of the Quebec

National Assembly voted against. The Minister of Finance (Mr. Chrétien) is so incompetent that he has brought in a bill which he cannot get through by normal means. The people of Quebec do not want it, and now the government is forcing parliament to impose upon a province something which that province rejects.

If there were ever a demonstration of the government's incapacity to manage the affairs of the nation, we have it here. We have once again been shown that the Liberals have no capacity to govern this country, no capacity to keep it together. Has there ever been a government so insensitive to what this country is all about, so indifferent to the fact that is is a confederation, so insensitive to the needs and aspirations of people in the various regions? It has been demonstrated unequivocally for everyone that the present government is simply incapable of dealing with the issues which are coming before us.

• (1752)

The budget is really a very peculiar document. The Minister of Finance now says he is doing the same thing in all parts of the country, but he is not. It is not a question of a cheque going to everyone on the tax roll as of December 31, 1977, or something. That is an absolutely ridiculous proposition. It is ridiculous and hardly believable that we are debating a bill the central element of which the government has not told us about. Yet here we are trying to debate that bill. Presumably the government does not know what that element is, yet it brings in closure.

The situation is so preposterous that it makes "Alice in Wonderland" seem like Plato's logic. What we are doing to the parliament of Canada is absolutely incredible. When hon. members go around the country and talk to its citizens, they find over and over again that people are asking what is happening. They wonder what this institution is all about. When we try to explain something like today, people just cannot believe it, and that is understandable.

How can we possibly find ourselves in a situation such as this? The federal Liberals have said that there will not be different proposals for different parts of the country. That is what they thought. They are so incompetent that they do not know that there is a fundamental principle in public financial administration that people with the same taxable income should pay the same amount of tax. We have a government which has abandoned that principle. The Minister of Finance has said over and over again that he is doing the same thing in all parts of the country. What he is doing is not the same in all parts of the country. The federal government brings closure into this House of Commons to put through something which a government and a people do not want. He is violating every fundamental principle of proper taxation. He is not doing anything in terms of basic economics of this country, and that is a disgraceful situation.

However, there is one good side to this fiasco. Those of us who represent the province of Ontario and who have always had difficulty persuading the people in that province to follow

the lead of those bright people in British Columbia and to get rid of an incompetent government no longer have that difficulty. We have always had to fight the belief that the Liberals understand Quebec and that they are probably the ones who can keep the country together. After what has happened in this House today, we will never hear that again.

The myth that the Liberal party is the party to keep this country together has been totally expelled, and I am certain that after the Prime Minister (Mr. Trudeau) has had the courage to go to the people we will not be talking about a small majority for the Progressive Conservative party. We will see a sweep into power of the Progressive Conservative party because the people of Canada want this country to stay together. They wonder how it can be that the Liberals, who are supposed to be able to keep the country together, since 1968 have created alienation in the west and brought about the election of a separatist government in Quebec. Those who are in authority must take the responsibility. The Liberals have been in authority and they have presided over the decline in this country. Canadians wonder how that could happen because for years we have heard that the Liberal party could keep the country together.

We have seen a case history of lack of understanding by the Prime Minister and the Minister of Finance regarding what confederation is all about. There is a lack of understanding that we are a confederation and that the provinces are important. The Liberals run roughshod over the wishes of the people of a province which is very important to this nation. They have demonstrated that they cannot govern and, fortunately, after the next election they will be out. Mr. Speaker, may we call it six o'clock?

Mr. Deputy Speaker: I would like to inquire of the hon. member as to whether he has completed his remarks, because by calling it six o'clock he leaves the impression that he wants to continue his speech. He has four minutes to go, so he could complete his speech before six o'clock.

Mr. Gillies: Mr. Speaker, on an issue such as this we could talk for a very long time.

An hon. Member: There isn't much more to say.

Mr. Gillies: The hon. member is quite correct that there is not much more to say. It is very apparent that the critical issue is which party can govern this country. The critical issue is whether the Liberals know how to administer this country. They do not.

That has been well demonstrated by the Minister of Finance, who is so incompetent that he does not even know how to have consultation. He thinks he has consultation when he does not. His idea of budget making is that at two o'clock in the afternoon he should be waiting for telephone calls from ten ministers of finance across the country. This is the way this budget was made, and that is preposterous. I can understand, however, because there is nothing in the budget of any significance. However, when the minister does not get agreement, he says he does. He does not have it. The minister used up two or three weeks in this colossal blunder. He is now trying to correct it by putting in a proposal that will produce a different tax system for one part of the country.

There is not much more I can say about a situation such as this. This country desperately needed a budget. We have the highest unemployment rate since the depression, an increasing inflation rate and a huge balance of payments deficit. While most countries of the world which have resources are getting richer, this nation is getting poorer. The rate of real growth in our gross national product has slowed down. It will be less than 2 per cent in the first half of this year. Between the fifties and the seventies we had an average rate of growth of 5.5 per cent. The reality is that the rate of growth of our economy has sunk to its lowest level since the 1950s and 1960s.

Anyone who thinks we are unique does not read the record. The rate of real growth in England has gone up. The rate of real growth has gone up in Japan and France. This is another indication from the Liberals opposite that they do not read or study anything. All they want to believe is their own rhetoric. The reality is that we needed a budget to turn this country around as we never needed one before.

The Minister of Finance has created a divisive situation in Quebec. He has ignored the needs of the nation. He is still relying on economic policies which will not work. His budget displays no imagination or initiative. There are no new ideas whatsoever. The nation is crying for imaginative and effective budget measures to make this country move again, but now we find ourselves tied up for a couple of weeks because we have a Minister of Finance who has so little understanding of the province of Quebec that he gets us into this problem.

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, debate on the bills relating to the budget and the income tax bill in particular has been going on now for a long time. Since May 15 the House has been dealing with little else, after having previously had the budget debate, so that the general issues and the issues related to taxation matters now before us have had a great deal of discussion. Yet, in all of that time, a certain number of them have been obscured and dealt with in a limited fashion only because of the attention paid to one particular item about which I will also say a number of things. The item which has tended to dominate the attention has been the attempt to see a reduction in sales taxes across the country, and particular focus has been put on the difficulties which arose in relation to the province of Quebec and their separatist government's attempt to deal rather differently with the issue.

I do not think that before going into that matter one should neglect the many important aspects of the budget which are touched on in the bills now before the House.

First of all, as a person from the west, I think of the further step taken to deal with the rollover of capital gains in the case of families engaged in the farming operation. It carries out the attempt to ease the tax burden in that particular situation and, to show the government's concern that farmers be able to pass their assets without difficulty from one member of the family to another and to recognize the special circumstances which can exist in terms of the amount of capital having to be put into this relatively modest income earning operation. The government has recently announced a similar kind of approach in connection with small business for a similar reason. In both cases the Liberal policies are designed to encourage those operating a family farm or a family business to continue to do so, to prosper, and to see the business or the farm handed over to another member of the family.

In the case of this budget, the extension of this rollover provision to the small corporate farm is simply the completion of a piece of work which was started in a previous budget when the direct transfer of a farm from parent to child was already made a matter of special consideration so that the capital gains tax need not be paid at that time.

Those were not the first items with which the government dealt in an attempt to give special consideration to our farmers and, if I may say so, particularly to western farmers. I refer to western farmers because I am thinking of another measure in another budget in which we provided, immediately upon the need becoming apparent, for the deferral of tax on the delivery of grain where, because of the particular western grain situation, the quota system on which farmers deliver led a farmer to want to deliver his grain even though it might have been against his tax interest to do so, and led the Wheat Board to accept his wheat because of the selling they were doing.

Therefore the Liberal government responded quickly to the needs of western farmers in that regard and created, without any great furore or demand for it in the west since we acted so quickly, tax deferral rights so that the farmer could deliver his grain and postpone his receipt, and therefore also his tax burden, until the following tax year. In effect, he could dispose of the grain but treat it as though he had kept it in storage on his farm so far as his tax position was concerned. It is important to notice the government's reaction in this regard. It was so fast that no great demand for this had been built up. We responded because we saw a need, and we acted effectively.

● (2012)

There are a number of other provisions in the budget as well. We see the provision for improved tax positions for those who invest in research and development. Clearly, encouragement in research and development is important to all of us in this country. It is important for the development of businesses to come and for techniques of operating such which we would like to see developed. It is important in encouraging research and development capabilities, which in turn encourages industries to locate here because the manpower to do other related things is available.

I need not go too far from my home area to find examples of the government acting effectively to encourage research and development in order to produce and develop home industries. I am thinking of the protein oil starch plant which has been created at the University of Saskatoon. It is an operation designed for research into the use of grain and its components. Also it makes it possible for those who have ideas to test them, put them into effect, move them into the developmental stage as real products seeking the market, and then hopefully follow up with the actual location of enterprises producing those products in the region where development is wanted. Accordingly we have designated the area for purposes of special grants when plants are created and set up. In that regard the budget is consistent, and is one further step toward the encouragement of research and development. It is important to all regions of the country, without any exceptions at all.

The budget contains special provisions with regard to the development of heavy oil plants. That measure is of particular interest to the west, Saskatchewan and Alberta. Hopefully that will lead those provinces to follow up, because it creates the necessary provincial tax climate which will encourage the development of plants and the processing of heavy oils in the Lloydminster area and across that broad expanse where a vast volume of this resource exists.

Also the budget contains provisions for improved depreciation for the railways. In terms of this country's development, that is a significant measure. We all know that the railways, particularly our two great national railways, have been carrying grain below the cost of carrying it to them. Part of their losses in passenger services were not paid for, even though they were directly related to maintaining the service.

The government believes that must be changed. Those burdens in relation to grain and passenger services are imposed upon the railways by the national policies of the government and the country. The railways should be compensated for the losses they bear in connection with those operations. We have committed ourselves in principle to doing that. We have gone a long way toward doing that in the case of grain by our commitments to rail line rebuilding, the purchase of hopper cars and the repairing of boxcars.

We have instituted and carried out those commitments to a very extensive degree. In the case of passenger service, we created VIA Rail. We have moved toward complete compensation to the railways for their costs in providing passenger service, and it is right that we should do so. If the railways are forced to carry losses in connection with passenger and grain services or any other aspect of transportation, either they will be short the capital and income to maintain a viable railway system, or they will have that income by obtaining more than they ought to from other goods and services which they perform. Surely that is not in our interests. By moving to clear these burdens from the railways, we are allowing them to have

fairer rates and more equitable treatment for the other goods which they carry and the other services which they perform.

By improving accelerated depreciation on several other items in the budget, as was the case in a previous one, we have assisted the railways in having a greater current cash availability to proceed with important railway developments, maintaining equipment, expanding their track facilities, expanding the capacity through the mountains in the case of recent western developments, the Canadian Pacific double-tracking, and improving its grade as a result of the incentives offered to it.

These are important matters. There are other important matters in the budget as well which have been overlooked because of the attention paid to this particular issue which has dominated the thoughts of hon. members of the opposition and of people in the country. I am referring to the problem which was created as a result of the attempt to reduce sales taxes across the country. It is important for us to look back at the beginnings of this issue. It is important to recognize that foremost economic opinion indicated a reduction of sales tax would be most helpful to the encouragement of faster economic growth.

Sales tax at the retail level is within the provincial scheme. At least, we are in the habit of seeing those taxes imposed by provinces across the country. In all but one province sales tax exists. Also the economists told us that additional spending and a lower level of taxation by the provinces could be an encouragement to growth, without the side effect of inflation which occurs when the federal treasury spends and incurs a larger deficit.

That was the background against which the Minister of Finance (Mr. Chrétien) was working. Many months ago he first proposed to the provinces an arrangement which would reduce sales taxes across Canada, and a certain amount of compensation would be made available to the provinces from federal tax revenues in return. At that time the provinces did not find the offer generous enough. They did not accept it.

In moving toward a budget in the spring of 1978, the Minister of Finance thought he should attempt once again to arrange for a sales tax reduction. He proposed an increase in the compensation he would give to the provinces compared to what he had offered before. He instituted formal consultations with the ministers of finance of all the provinces. It should be noted to the everlasting credit of this Minister of Finance that he sought out all of the provincial ministers of finance in consultation in an attempt to produce a budget which was ideal for this country. He tried to work in a co-ordinated way, riding over and working with the jurisdiction of the provinces and of the federal government together. This Minister of Finance tried that and it should be remembered.

● (2022)

Some hon. Members: Hear, hear!

Mr. Lang: In the process of doing what sound economics dictated, what the Minister of Finance offered was a certain significant additional expenditure from the federal treasury; and what he asked from the provinces was that they contribute a part as well of the tax reduction which was to go into place. It was, after all, to be a tax reduction in excess of $1 billion in provincial taxes. He asked that they share a part of that reduction while he offered to pay the greater share of it. He had a significant amount of success in that consultation.

Earlier today the hon. member for Don Valley (Mr. Gillies) asked: What does the Minister of Finance know about consultation? How could he work at this late hour with the provincial ministers of finance? How could he fail to have a written and sealed agreement in respect of the tax arrangement he has entered into? Yet even as he consulted, and even as he asked these ministers of finance hypothetical questions about how they would react to various possibilities, the media got word of this and questions of privilege were raised in this House about this manner of consultation being some breach of budgetary practice.

I wish that for once opposition members in this House would be willing to be consistent in deciding whether they approve of consultation in advance of a budget being proposed or disapprove of it, and not attempt on one hand to disapprove of it when they hear a few hours before the budget that there has been some consultation, and then a month later criticize by suggesting that there should have been much more. They cannot have it both ways.

Some hon. Members: Hear, hear!

Mr. Lang: In the course of that consultation the Minister of Finance obtained significant agreement from the provincial ministers of finance, including, I would like to note again as a westerner, an agreement from the minister of the province of Alberta that that government would understand if it was not included in the sales tax reduction program because it had no sales tax, and that other provisions in the budget might in fact favour that area or region. Several of the items I have mentioned this evening did just that.

In eight of the provinces the Minister of Finance obtained agreement as to what they would do quite specifically in relation to the sales tax. In six of those provinces there was agreement with his initial proposal, and in two others there was required a small modification in terms of a change that British Columbia and Saskatchewan wished; instead of a 3 per cent reduction over six months, they wanted to engage in a 2 per cent reduction over nine months for effectively the same amount of revenue. That was a modest modification of the initial proposal.

In all of this there was some understanding among the ministers of finance that they were trying to work together as a group of eleven, and there would be limits as to how far they could go or expect anybody else to be allowed to go in terms of producing an arrangement that was consistent with the objective of the Minister of Finance. His objective, after all, was to follow the advice of some of the best economic advisers that a sales tax reduction would immediately produce a return to the economy of $1 billion to $1.2 billion, and was one of the best

ways of spurring the economy and encouraging employment and development. And the provinces understood this.

However, he had one other minister of finance, the minister for Quebec, who heard him, and heard him again, and decided not to give a firm answer, and even at the last hour said: "I will answer you later". Our colleagues in the official opposition are once again not quite clear about what they are saying in that regard. The howls we would have heard from them if the budget had been postponed would have echoed throughout this land.

The Minister of Finance felt it necessary to accept his responsibility on that point and in fact make in his budget the offer which he had by implication made in his conversations with the ministers of finance across this country. Then when the negotiations with the ministers of finance had been completed and the budget was announced, the separatist minister of finance, whose objective may be economic in some short term manner, but whose real and fundamental objective is to divide this country, came forward with a proposition that was not designed to deal with the situation but to deal with the cause he holds dearest, and that is to separate from this country.

That minister of finance attempted to come just so close to the proposition which had been put before him that he might tempt the Minister of Finance into accepting it—just so close, but just so far away that he did not choose to put it on the table for days and weeks before the budget. He could have put that proposal forward and had it tested by the Minister of Finance and the other ministers of finance and seen it rejected on the basis of the consistency we were seeking to have in this sales tax reduction. The significant thing is he did not put it on the table, he did not have it accepted or rejected, and he did not accept or reject the proposal of the Minister of Finance because he wanted to keep his separatist options open in order to cause as much difficulty in this country as possible.

Some hon. Members: Hear, hear!

Mr. Lang: Then he came forward with his plausible proposition that, instead of reducing the sales tax across the board by a few percentage points, he would select certain items and reduce it all the way on those. This was plausible because it sounds somewhat close to the original proposition, but a little devious in its separatist aspect because he was choosing those particular products which were slightly more favourable to production in Quebec. That in itself is an objective of this government. This government has always intended, and has gone out of its way, to help regional development in this country, particularly in the Atlantic region and in the province of Quebec.

Some hon. Members: Hear, hear!

Mr. Lang: He came forward with this plausible proposal which, if he had put it forward in that period before the budget, would have been taken by the Minister of Finance to the other provinces, and the minister would have asked how it would meet their views of the arrangement they were trying to make. The arrangement had, however, been made, and when Mr. Parizeau came forward with his proposal our federal Minister of Finance went to several other ministers of finance with whom he had made the arrangement and reached understanding and asked them whether that would be acceptable to them. They said no, it was not consistent with their view of the arrangement which was being struck.

● (2032)

As a result, after hearing from Manitoba, British Columbia and Ontario, the Minister of Finance agreed with them that he could not, in fairness to the other provinces, change the arrangement now. The key is that in this House the Conservative opposition did not see that what was being played was one step of hundreds and hundreds of steps we will see until that separatist government is defeated. If they could not see it from the coolness of opposition—

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. The hon. minister's time has not expired. It is only the hon. member for Kootenay West rising on a point of order.

Mr. Bob Brisco (Kootenay West): Thank you, Mr. Speaker. I regret that you described me as just being only the member from Kootenay West, but I will accept that particular position for the moment. I wonder if the minister would entertain a question now or after his speech with reference to his comments regarding the government's approach to development incentives for the various provinces.

Mr. Deputy Speaker: Order, please. The hon. member knows, of course, that he needs the consent of the hon. minister to ask a question.

Mr. Lang: If the hon. member had contented himself with simply saying "could I ask a question", I would have said yes; but he has made it clear that he is off on another branch of the subject. I would prefer to take that at the end of my remarks rather than in the middle, but I appreciate his interrupting me so that we could have a bit of a pause at this time.

I was saying, Mr. Speaker, that what we saw was the Conservative party falling into a trap that they will find presented frequently enough in this country. We have in this country a separatist government which has many techniques at its disposal, and among them is one of creating confrontations with the federal government. Over this past period of time we have been fairly free of those sorts of confrontations, notwithstanding their objectives.

In this particular case the Minister of Finance had the choice of either not attempting to have sales tax reduced in the province or of taking the risk of dealing in this fashion with the minister of finance from the province of Quebec. The record, however, on his part was clear and it should have been simple, but the minister of finance in the province of Quebec reduced sales tax in a different way, a way which favoured certain

goods in a selective fashion which, as I indicated, had its own separatism about it. It is subtle but it is there.

Secondly, it happened that by reducing those sales taxes to zero, it made it rather difficult to monitor the program to determine how much sales tax was indeed lost by the reduction. In other cases when the tax was reduced from, for example, 5 per cent to 3 per cent or from 7 per cent to 5 per cent, you could tell how much sales tax was collected and basically how much therefore had been forgone. That was the proposal with the other ministers of finance with whom the federal Minister of Finance was dealing and with whom he had to act in good faith.

I ask the hon. member for Don Valley (Mr. Gillies), could the Minister of Finance of Canada, having had an arrangement with the nine ministers of finance, accept the final proposal from the tenth minister of finance, who had not the good grace to put it forward before the budget and who came along afterwards with it? Could our Minister of Finance have gone along with that proposal in the face of disagreement with the other ministers of finance? Clearly, he could not. Yet the Conservative opposition began immediately to pursue their route of assistance and aid to the separatist cause—whether it be knowing or unknowing, I know not. I know they have little enough advice about the subject of mentality in the province of Quebec because they have so little strength there.

However, even they were not sure how they were going to proceed. I notice the first reference to the subject in the House was when the hon. member for Joliette (Mr. La Salle), in putting a proposal under Standing Order 43 before the House, cited all the facts about what had happened and what had gone on. Presumably, in view of their present position, he should have ended by demanding that the Minister of Finance immediately pay the money to the separatist finance minister, but having put the whole proposition before the House, do you know, Mr. Speaker, how he ended his motion? He ended his motion in this decisive way, by saying that the Minister of Finance be required to reply as soon as possible to the minister of finance of Quebec. He did not say how he should reply, he said he should reply.

Then he began a series of questions, and if you look at *Hansard* at page 4453 you will find that first of all he asked this sort of question: "Has he responded, will he respond?" When it became clear that the Minister of Finance had responded in a negative manner, finally the Conservatives got drawn into saying that they really thought he should have responded positively; that he should simply have done what the other ministers of finance in this country said would not have been consistent with the arrangement made; that he should have bowed and given the money over.

The Minister of Finance had some difficult choices to make. He could have simply stood his ground and said that we made an offer which has not been taken up by the province of Quebec, or that it has only been taken up to the extent of a 2 per cent reduction on a certain number of goods, and since in those goods their cut was the same we will therefore pay them $40 million or $45 million.

He did that, but he also felt that the separatist government ought not to have the victory of depriving the people of Quebec of the benefit which was available to them if they had gone about their sales tax cut in a different manner. The subtlety of what we are dealing with when we are dealing with separatists in this cause is that they will try in every way to disrupt this country. They will try to avoid co-operation with the federal government, as they did in this case by not making their position clear to the minister before the budget; and then they will make an offer or produce a situation where the minister looks as though he is in a difficult position if he does not comply, as though he is depriving the people of the province of Quebec of certain money if he does not act.

The federal Minister of Finance decided that he would find a way to return that money to the people of Quebec. That is what he has offered to do, and he, in his flexibility, has indeed offered to do it in one of several ways. Perhaps one of those ways will yet be acceptable even to the separatist minister, in the absence of the collapse which the Parti Québécois wanted from this federal Minister of Finance. In his objectives, Mr. Parizeau was well served by the members opposite, who care little about the fact that in this case and in occasion after occasion after occasion a separatist government will attempt to make trouble in Canada and create difficult situations.

In a responsible House, one should see an opposition seeking to form a bipartisan policy in the face of this kind of separatist attack. It is as important to deal with the separatists in Canada as it is to deal with the enemy in war in the international scene.

Mr. Brisco: Tell us about Claude Ryan.

The Acting Speaker (Mr. Béchard): Order. The hon. Minister of Transport has the floor.

• (2042)

Mr. Lang: What we have in this House—

An hon. Member: —is an incompetent government.

An hon. Member: Totally incompetent.

Some hon. Members: Oh, oh!

Mr. Lang: —is a Conservative opposition which does not care to consider the impact on this country's unity and which does not care indeed if its actions, time and time again, drive wedges between people in this country.

Some hon. Members: Oh, oh!

Mr. Lang: The hon. member for Annapolis Valley (Mr. Nowlan) shrieks—

Mr. Nowlan: I hope to speak after you.

Mr. Lang: —but let me tell him about colleagues of his having urged in this House on the one hand that the Minister of Finance immediately pay the money to the government of Quebec, when they would have gone across certain areas of

this country saying to the people in the rest of Canada—in Saskatchewan where I live and in neighbouring provinces—"There is the government once again giving this special form of treatment to Quebec". They would have said that once again.

Some hon. Members: Hear, hear!

Mr. Lang: Time and time again, Mr. Speaker, the tragedy of the action of the Conservative party is that, whatever its public and apparent stand is here in this House, back on the hustings across this country they seize upon every—

An hon. Member: Grit failure.

Mr. Lang: —opportunity—

An hon. Member: Like price and incomes controls.

Mr. Lang: —to encourage feelings of hate and antipathy in this country.

I am going to invite the hon. member for Joliette to go on a trip with me—

Some hon. Members: Oh, oh!

Mr. Lang: —and to watch what some Conservative friends of his have been saying in urging in this country a lack of patience for Francophones, people who seize upon an easy and ancient prejudice. It is there, Mr. Speaker. It is there to be picked up in our hands and grappled with. And grapple with it we must if this country is to stay together. But instead of grappling with it, the Conservatives go into Anglophone Canada and feed it with their lies and deceptions and their urgings to hate—

An hon. Member: Don't you wish you believed that?

The Acting Speaker (Mr. Béchard): Order, please. The hon. member for Saskatoon-Biggar is rising on a point of order.

Mr. Hnatyshyn: Mr. Speaker, I realize the minister is trying to make a point, even though ever so inadequately.

An hon. Member: He is desperate.

Mr. Hnatyshyn: But I think he would want to reconsider his reference to lies, because that certainly is unparliamentary.

Mr. Lang: No, Mr. speaker, I would not. Unfortunately that has been the course of action of the Conservative party in the west, which I know so well, where they have—

Mr. Hnatyshyn: Mr. Speaker, on a point of privilege—

The Acting Speaker (Mr. Béchard): I have listened to the point of order raised by the hon. member—

An hon. Member: A point of privilege.

The Acting Speaker (Mr. Béchard): The hon. member first rose on a point of order.

Mr. Mazankowski: With the greatest respect and deference to the minister, he did indicate and did suggest that western members of parliament go out and perpetuate lies—

Some hon. Members: Oh, oh!

Mr. Mazankowski: —about Francophones in this country. Those Conservative members are western members of parliament. The implication was directly toward Conservative members, Mr. Speaker. I am a western Conservative member. If the minister can categorically state in this House where I have deliberately lied or misled, either directly or indirectly, I would challenge him to make that statement right here and now.

Mr. Paproski: And put his seat on the line.

Some hon. Members: Oh, oh!

Mr. Mazankowski: I ask that the minister do the courteous thing and withdraw that remark.

[*Translation*]

The Acting Speaker (Mr. Béchard): Order. I did hear the remarks of the Minister of Transport (Mr. Lang) but I do not think I heard him say the hon. members of the Conservative party; I believe he said the Conservative party. However, if the Minister of Transport did say the hon. members of the Conservative party, then that was certainly unparliamentary.

[*English*]

Mr. Lang: Mr. Speaker, incidentally I have in mind some kinds of promotion. I understand recently the Conservative party has been promoting a book by a certain hotliner in British Columbia which talks about a $1 billion bribe to Quebec under the DREE program. If that, Mr. Speaker, is not lies and deception, I do not know what is.

Some hon. Members: Hear, hear!

An hon. Member: You are sick.

An hon. Member: You are fighting for your life.

Mr. Lang: This is a very serious matter—

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

An hon. Member: He is sick and expired.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Béchard): Order, please. I understand the hon. member for Kootenay West would like to ask a question of the hon. minister, but as his time has expired we would need unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Brisco: Mr. Speaker, I would like to thank my colleagues for giving me unanimous consent. The minister in his speech made reference to the fact that his government's policy has been one of lending assistance in considerable measure in the form of DREE funding for those areas that need regional incentives. That was the minister's statement, or words to that effect.

An hon. Member: Who cares?

Mr. Brisco: If that is government policy, would the minister explain why it is that a small segment of the Department of External Affairs provides $1.4 billion for CIDA, whereas the budget for his much-touted DREE is $514 million?

Mr. Lang: Mr. Speaker, it is interesting that the hon. member would compare those two budgets, that of CIDA and that of DREE. I presume the implication of the question is that this government is spending too much on one or the other, or both. Certainly one can find members opposite who will attack the spending by DREE when it concerns the province of Quebec. I have seen them isolate Quebec when it is clear from the evidence that, because their need is greater, the Atlantic provinces get more. But they will isolate the province of Quebec in attacking DREE spending. That is an example of what I was talking about.

Some hon. Members: Hear, hear!

An hon. Member: Right on.

Mr. Lang: Surely now in that question we have the excitation of another prejudice against another very important policy of this country, and that is to help those areas of the world which are less fortunate. If I believe, as a person from an area which now happens to be becoming a have province rather than a have not, in the principle of helping now and in the future of those regions of the country which are poor and which need the help, so will I now and in the future believe in working for those parts of the world. Because their poverty is so fantastic that they do not compare with the poor of the poorest region in this country. If in that question the hon. member if for a moment expressing as Conservative policy that our foreign aid is too great, then I hope all others on his side of the House, as they jump up so fast in other cases, will in this case too jump up and disown the suggestion that we give too much in foreign aid. It is a despicable suggestion.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member for Prince George-Peace River on a point of order.

Mr. Oberle: Mr. Speaker, my point is one of privilege rather than of order. I cannot believe that we would, as lightly as we have, overlook the minister's comment as he was concluding his speech. He clearly said, and he left the impression, that members of the Conservative caucus were going throughout this country, and particularly western Canada, spreading lies about the performance of this government. He made an innuendo about a publication that appeared recently in western Canada which is bought and distributed by the Conservative party in western Canada. Does the minister have the courage to name the publication and its author so that we can judge as to what connection the Conservative party or any other party has with this particular author? We can then look at the publication to see what kind of lies may or may not have been spread in it.

[The Acting Speaker (Mr. Béchard).]

• (2052)

In the party of which I am a member, honesty has always been the best policy. It will be the best policy in spite of the assiduous attempts by those across the aisle to prove differently. I want the minister to withdraw the reference about members on this side lying to people in western Canada. I would also like him to have the courage to identify the publication and the author about which he has spread this innuendo.

Mr. Lang: Mr. Speaker, I hope I will have the opportunity to check the record. This is rather interesting. It is my impression that I talked about the lies and deception of Conservatives without necessarily identifying members of parliament. I did not go out of my way to exclude them, and sensitivities opposite may lead me to believe there is something there.

As far as the publication is concerned, the record will show, interestingly enough, that I said they encouraged distribution of it. The hon. member for Prince George-Peace River (Mr. Oberle) said something about the Conservative party buying and distributing a publication. Is that what they are doing? I did not know that for a fact and I am interested to hear that. The fact is the hon. member for Winnipeg South Centre (Mr. McKenzie) recently quoted extensively from that publication, so the hon. member can get the reference to it that I am making.

Mr. Hnatyshyn: Mr. Speaker, I first raised the question of privilege with regard to the statements made by the Minister of Transport in this House. According to my recollection, and I want to reserve my right until I look at the transcript of the proceedings, the minister referred to Conservatives lying. Certainly there was reference in the context of the official opposition. On the basis of precedents by Your Honour of very recent date, that is definitely and clearly unparliamentary language.

I reserve my right to raise this matter again. I will not stand here and have him, of all people, accuse people on this side of the House of lying. It is clearly unparliamentary. It is one thing to make some sort of general reference, but in the context in which the minister was speaking it was clearly a reference to people on this side of the House.

Aside from everything else, common decency should possess the minister to stand up and withdraw unequivocally any reference to anybody on this side of the House lying. My recollection is clear in that regard. If he would do the proper thing, the minister would stand in his place and withdraw any allegation of lying by any member on this side of the House.

Mr. Lang: In terms of making direct references, Mr. Speaker, it would have been better if the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) had chosen not to say "the Minister of Transport, of all people". What kind of reference was that nice phrase meant to have? I have in the past respected the hon. member for Saskatoon-Biggar.

I did refer to the lies and deception with which the Conservative party practices its spread of insidious incitement of dislike across this country. I stand by that. It is part of their program in terms of tactics that any one of them may want to associate with or may very well dissociate themselves from.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: With regard to the last intervention of the minister, I do not think he is helping the Chair in clarifying his point of view as far as accusations are concerned. I must bring to the attention of hon. members that this House is a place where debate is engaged in. It is not always possible to identify points of order or remarks that could be unparliamentary on one occasion and acceptable on another.

At this time I can only refer hon. members to citations at my disposal. They must make their own personal judgment as to what action they might wish to take on a further occasion. I do not want to prevent them from looking at the transcript of the debate before deciding to raise the matter at a later date. They should be left with that possibility. At the same time, I wish to bring to their attention that one of our most renowned authors, Erskine May, in his nineteenth edition of parliamentary practice states at page 430, and I quote:

> Abusive and insulting language of a nature likely to create disorder. Certain expressions which have caused the Chair to intervene from time to time are listed as an Appendix to this Chapter.
>
> Expressions which are unparliamentary when applied to individuals are not always so considered when applied to a whole party.

This might open the door to abuse. I am not going to judge whether it does in this case. I was not in the chair when the remarks were expressed.

With regard to what the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and other members might have expressed, it is my first impression that the minister has been passing judgment on party policies or members who are identified as a party. In that way, I do not at this time see that there can be any question of privilege or point of order.

If the hon. member thinks otherwise, it will be his decision as to whether the remark of the minister goes beyond the citation that I have quoted. I could give other citations from Beauchesne's where the Chair is requested to intervene at the earliest opportunity to prevent abusive language, passing judgment, or reflecting on hon. members. However, I will not take the time of the House at this time. I will leave it to hon. members' own judgement and decision at the next sitting of the House.

Mr. Nowlan: Mr. Speaker, I rise on a question of privilege. I appreciate Your Honour's trying to de-escalate a situation which was starting to escalate. The difficulty is, as Your Honour said, that you were not in the chair when some of this unfortunate rhetoric came from the lips of the Minister of Transport (Mr. Lang). I heard all of his speech, and I heard some of the gratuitous references he made at the close of his speech.

I am somewhat surprised at the sort of ruling tentatively made. If I understand it correctly, the minister can smear a party for spreading as party policy lies and deception, but he cannot do that in terms of members of the House of Commons. As I heard the minister, he said he was deadly serious in his allegation of spreading lies and deception as party policy. However, before Your Honour came to the chair, the Minister of Transport said definitely that the western Conservative party were spreading lies and deception. I can speak somewhat objectively on this because I am not a member, whatever that means, of the western Conservative party. Whether he is trying to get over the generic word of party followers, which none of us can control, I do not know.

● (2102)

I do not believe the minister would be so naïve as to think that sometimes in the province of Quebec things are not said which the minister himself would not support in the heat of debate and/or when the battle lines are drawn in terms of an election. But the minister, in the calmness and coolness of the House of Commons tonight—not on the hustings during election time—said distinctly those words. I am not sure about my deputy House leader, but I, for one, would like to reserve the right to raise a very definitive question of privilege if the blues support three different references I heard the minister make specifically to members of the western Conservative party spreading lies and deception, let alone as party policy.

Mr. Deputy Speaker: The hon. member for Annapolis Valley (Mr. Nowlan) would agree with me, I am sure, that I have already allowed him and any other members who think they have been offended to raise the matter at the next sitting of the House. There is no restriction as far as that goes. I did give a chance to hon. members to start from a reference I have given them, but they can look up any other reference or interpretations of the rules and they can question the point of view or the remarks of the minister if they wish.

Mr. Gordon Towers (Red Deer): Mr. Speaker, I trust that my colleagues will not be too harsh on the Minister of Transport (Mr. Lang) for his defamatory and derogatory remarks. One reason Canada is so divided today is because of attacks by this government.

Some hon. Members: Hear, hear!

Mr. Towers: "Divide and rule" has been the approach taken by these people and, now that we are hearing the cries of an individual whose empire is crumbling around him, I do not think we should be too hard on him. We should recognize we only have to tolerate him until the end of this session.

He said he would like to take the hon. member for Joliette (Mr. La Salle) for a ride. Well, if the hon. member for Joliette

goes for a ride with the Minister of Transport he had better make sure he has enough money to get back to Ottawa or he will find himself like a certain nanny—he will only get halfway home.

Some hon. Members: Oh, oh!

Mr. Towers: I hope I am clear in what I am saying to the minister. One of his first remarks was to the effect that he was not clear about what we were saying.

One of the reasons I am here tonight is to make it clear that we who live in Alberta expect to be treated like residents of any other province but, no matter how you cut the cake, there is no way the government can say that Albertans have been so treated. The hon. gentleman told us that the minister of finance from Alberta did not say anything when the original proposal was made, rightly so. The minute the Minister of Finance (Mr. Chrétien) changed the rules of the game, Alberta wanted to be considered. It is my contention that Alberta has the right to be considered and, until a better argument is produced, we will retain that view in the province.

I wish the Minister of Transport would do something well. He is trying to do so many things that he is not doing anything right. If he wants to be minister in charge of the Wheat Board, that is fine and dandy, but let him do his job well. If he wants to be Minister of Transport, that is fine and dandy too, but let him do the job well. Tonight he is here trying to save the skins of the Minister of Industry, Trade and Commerce (Mr. Horner) in Alberta and the Minister of Finance, and there is no way he can do that job well. He is not going to save the reputation of either of those ministers.

We have to recognize that Canada is a family and that every member of the family has a right to be considered. Even though, perhaps, Dame Fortune has smiled upon us in Alberta, we want to be considered as a member of the family and as part of the Dominion of Canada. The insolence and the arrogance of the government will certainly not encourage Canadians to stay together. We have to realize that the federal government is responsible for about 40 per cent of all government spending and collects some 49 per cent of all taxes. We in Alberta contribute to that tax revenue. We recognize that this is part of the process which makes the constitution work. When we in Alberta expressed willingness to stand aside while the federal government tried to implement a six months' reduction in sales taxes, it was because we thought that at the expiration of the six-month period there would be a return to the same arrangement as before. We were willing to stand aside while this was happening, although we realized what the Minister of Finance was up to: he thought there would be a federal election and the extra spending which might take place in that period would make the economy buoyant enough to increase the probability of the Liberals being elected again—perish the thought.

Canada has never been so divided as now. The economy is in worse shape than ever. This is the first time we have been obliged to resort to borrowing to pay our interest charges. If we carry on with a $10 billion deficit year after year, bankruptcy is inevitable. The minister planned this tax reduction for a period of just six months. What was going to happen after the six months were up? Canadians are clever people. They will simply step up their spending and do their buying in the six months but, after that period is over business and industry will experience harder times than before. There was only one reason in the mind of the government for doing things that way: it was to try to get beyond the election. If the Gallup poll had not turned out as it did, there is no doubt we would now be in the middle of an election campaign.

The Minister of Finance has entered into a new arrangement whereby the provinces are being involved in the preparation of the federal budget. I think this is a dangerous course, however good the idea may be. If sales taxes can be cut, fine and dandy. But ministers on the opposite side had better not be in a hurry when contemplating such a course. They should not rely upon telephone conversations on the afternoon of the day on which the budget is to be presented.

I think it is dangerous for any federal government to become involved in provincial taxation. It is not a requirement of confederation and there are other means by which the federal government can intervene in the taxation field.

One of the best ways of stimulating the economy would be to reduce the building tax. If ministers opposite want to speed up development in this country, let them cut out the building tax which has nothing to do with the provinces. Why do they not cut out the manufacturing tax if they want the economy to become more buoyant? Why do they not remove the 10 cents excise tax on gasoline? This is a tax I thought should never have been imposed. We have been asking successive ministers of finance to drop that tax because it is recognized that it costs 1 per cent to collect it in the first place. Retailers and users, whether they be truck drivers or farmers, have to pay an extra cost. It costs the government 1 per cent for collection, so it is nonsensical for the government to be involved in this kind of taxation. I do not understand it. It just does not make sense.

● (2112)

The Minister of Finance says the reason Alberta was left out of this tax scheme was that it receives benefits other provinces do not. I challenge that statement because I believe the benefits which accrue to Alberta in the form of incentives for the oil industry also accrue to all Canadians. All Canadians will have cheaper oil as a result. The figure runs into the billions of dollars. My friend and colleague, the hon. member for Vegreville (Mr. Mazankowski), said the other day that over $10 billion has accrued to the economy of Canada because we have enjoyed oil at prices lower than the world price. If this is not a significant contribution from one province, I do not know what is.

The minister says that is to our benefit so we get nothing else, but I do not think he is being fair or just. He certainly is causing a great deal of ill will in Alberta. We are getting certain benefits, but let me impress upon the minister that

these are costly. People in Alberta have a higher cost of living as a result of developments which are taking place there.

Let us consider housing. I have figures which show that in the years 1973 to 1977 in British Columbia the cost of housing went up 78 per cent; in the province of Quebec it went up 56 per cent; in Ontario 49 per cent; in Manitoba 100 per cent; in Saskatchewan 122 per cent, and in Alberta it went up 125 per cent. It is significant that Alberta has the highest cost housing in the Dominion of Canada. That means individuals who are renting accommodation pay increased rents. Those who are living on old age security in Alberta are getting very little more than their counterparts in other provinces. Granted, Alberta is contributing a small amount, just a few dollars, toward the welfare of those who are caught in that. So it should, because of the increased cost of housing which puts a tremendous burden on these people.

Calgary has the second highest cost housing in Canada. In 1977 the average house cost $66,428. In Oakville, Ontario—which had the highest cost housing—the average house cost $72,641. In Montreal the cost was $39,192, and in Moncton the cost was $44,160. The cost of housing in Calgary over a four-year period went up 80 per cent. In Oakville it went up 20 per cent, in Montreal 14 per cent and in Moncton 19 per cent. People in Alberta are suffering because of the high cost of housing. People are moving into the province. They are welcome. We love to have them. They are good people, and they contribute to our economy, but they are putting a strain on our over-all economy.

Alberta is also experiencing an increase in criminal activity. Criminal activity seems to go where the action is. This is causing increased costs for policing and other services. Just recently I learned there is concern among the peace officers of Alberta because so-called junkies from other provinces are going there. This causes social problems because when these people come to Alberta they do not have the means to sustain themselves, and we have to care for them. Let us realize that the province of Alberta is having problems as a result of developments there.

People in Alberta are entitled to participate in this tax scheme just as much as the Minister of Finance. An Alberta couple with two children, with only one person in the family working, has to pay $100 in income tax if the family income is $7,771. If that couple has to put out $250 or $300 for an apartment or $400 to $500 for a house, what else do they have on which to live? I am sure these people would like to have their $100 income tax rebated to them. I think people in Alberta have just as much right to that rebate as the Minister of Finance or some Senators who will be getting that benefit. I just do not see that this is fair.

Further, we in Alberta have other costs to pay; for instance, it costs $400 to move an automobile out there. This is all part of our cost of living, on the understanding that we want to carry on as we are and as other Canadians can. I think we are entitled to that. These are things which the Minister of Finance has completely overlooked, and this is why there is unrest in the province of Alberta. There is unrest when Albertans hear other Canadians are going to get an income tax rebate but they are not.

Let me deal for a moment with some of the other benefits which are in this bill, and we recognize that there are some. We on this side have been working for a long time to get a roll-over benefit on capital gains tax for family farms. We started with the Hon. John Turner. Hon. members will remember when he first brought in his bill the roll-over was only to be at the time of the probate of a will. We said then that was not good enough because a 60-year old might have or operate a farm while his parents are still living and in their eighties. There was no way to proceed until the passing of the parents. We said it had to be during the course of the lives of the two individuals concerned. The minister said that that was fine and brought in an amendment so that this roll-over could transpire at any time during the lives of the two individuals.

We asked him about the incorporated farm, and he asked us to wait. The minister said we should not push too hard because that would be brought in later. The succeeding minister of finance would have no part of that.

Then the House will remember the present Minister of Finance brought in a mini budget. We were after him as well. We were asking him about this roll-over, and we suggested it could be accomplished with a dollar figure. He asked what figure we had in mind, and we suggested possibly about $5 million. That shook him up. He did not think it could be done. However, we are pleased that he has now seen fit to allow an incorporated family farm to be rolled over so there can be a deferral on the capital gains tax.

Once again we find the minister in charge of the Canadian Wheat Board has missed the point entirely. He says this problem is now solved. Let me impress upon him that it is not. We are not finished yet because there is a discrepancy in this roll-over provision which has to be cleared up during this session of parliament if we are to satisfy the farmers who are caught up in this. The farmers who are caught up are those who have incorporated their operation but have kept their land outside of the corporation, so they are not the sole operator of that property because they and their family are part of the corporation. There is no provision in the bill to roll-over that piece of land to the succeeding generation. That is fine and dandy if the property was turned over at the time of the incorporation. But if it was not, they are caught. This is one of the anomalies in this legislation which should be corrected. While the Minister of Transport may believe it is completed, it is not in fact and that portion of it should be cleared up.

● (2122)

One of the other areas of concern in Alberta is that our cost of living has gone up, as it has in the rest of Canada. Perhaps Alberta's cost of living has gone up a little more than in the rest of Canada because of the fact that we have to pay freight costs on all products going out there, such as clothing. The

increased tariffs that are being imposed in eastern Canada are reflected in western Canada and are of little benefit to the people out there and it should be considered by the government that we in Alberta have a beef in that respect.

The Prime Minister (Mr. Trudeau) has stated time and time again he wanted a voice from western Canada, and especially from Alberta, in his cabinet. He has that voice now but he has muzzled it, as he has previous ministers, therefore, Albertans feels that the Prime Minister has betrayed them. He has made a sacrificial lamb out of the Minister of Transport and, if anybody is to stand up and voice the disapproval of Alberta, who would be in a better position than the Minister of Industry, Trade and Commerce? Instead of that, the minister covers up the tracks behind the Prime Minister and the Minister of Finance, and we do not accept that.

This is the most discriminatory treatment that has ever been handed to Alberta since it became a province, the worst treatment we have had in 73 years. Not only do we feel we are being neglected financially, but we believe we are neglected from the human point of view also. As I said earlier, we want to be considered. We want to be part of the family, and if we are to be part of the family, then the programs which are put in place should make room for the residents of Alberta. If not, we must believe that the Prime Minister, who purports to care for and protect culture, cares much less for people, especially if they happen to be Albertans.

I think the Minister of Finance has been remiss in not giving greater consideration to the pleas from this side of the House on behalf of the province of Alberta. In the *Globe and Mail* of this day we find the following statement:

> Finance minister Jacques Parizeau said yesterday he will present another proposal later this week aimed at solving the continuing dispute over sales tax cuts between his government and Ottawa . . .
>
> Mr. Parizeau said his offer, to be considered first by the Quebec cabinet tomorrow, will deal "exclusively with transfer methods" for the $226 million involved in the dispute . . .
>
> Federal finance minister Jean Chrétien made the motion in the Commons and said he would press ahead with the bill until he gets another proposal from Quebec.

The reference here is to the closure motion imposed today. He is certainly leaving Alberta out in the cold as he deals with Mr. Parizeau. The article goes on to state:

> Mr. Parizeau said the federal government has already come some distance from its earlier positions.
>
> Mr. Parizeau said the only question now is the method of payment.

I should like to impress upon you, Mr. Speaker, that we too would like to have some payment in the province of Alberta because the incentives and the money that have been put into the oil projects in Alberta will bring return to the Government of Canada and to the province of Ontario. Let me impress upon you, Mr. Speaker, that not a dollar is going out of the federal treasury to the province of Alberta as a result of this budget. Some business incentives are contained which will benefit all of Canada, not just the Albertans. Let me quote the statement that was made by the hon. member for Algoma (Mr. Foster), as reported at page 5977 of *Hansard*. He said:

> If we look at the Syncrude project, which is a projection sized, scale sized plant in which both the federal and provincial governments of Alberta and Ontario invested some $600 million, we see a very good return to the governments because the three governments involved hold an equity of some 37 per cent in that plant, and yet some 77 per cent of the revenues from the production scale plant will be accruing to these governments. The revenues over the next 25 years are estimated to be some $25 billion. The federal government will collect some $3.5 billion in taxes towards the end of the production life of that plant.

This proves beyond reasonable doubt that the federal government is going to enjoy benefits from development in Alberta. I hope the government will mend the error of its ways when dealing with Mr. Parizeau and that tomorrow the Minister of Finance will telephone the Alberta minister of finance to ask him what he considers will be a fair share for that province in this budget proposal which is being presented to the House of Commons and to the Canadian people.

Thank you very much, Mr. Speaker, for giving me the opportunity to express the views of at least one Albertan.

Mr. Derek Blackburn (Brant): Mr. Speaker, I was somewhat dismayed a little while ago when the Minister of Transport (Mr. Lang) spoke. He started out in a very professorial manner in addressing himself to Bill C-56 and made some rather interesting remarks about what the government has done in his own part of Canada as well as in the prairie provinces. Then he made mention of the fact that Bill C-56 will be of great help to various groups on the prairies.

But then, without any provocation, so far as I can recall—this was only about an hour ago—he took off in a very emotional way and began to play what I call pretty dirty politics. I use that term advisedly and I mean to stay within the rules of our House. The minister started making certain statements to the effect that one of the opposition parties was responsible for spreading certain misconceptions in western Canada with respect to a province in eastern or central Canada. I am surprised to hear a cabinet minister of the intellectual calibre of the Minister of Transport allow himself to become so entangled in that kind of verbal crossfire which does nothing but bring disrepute to us, not only as members of parliament but as Canadian citizens. We are going through a very, very difficult time in our history. We do not need statements which excite, get us up tight and make us say things that normally we would not say.

● (2132)

At the outset I should like to say that no party in the House has a premium as far as popularity is concerned in western Canada, central Canada, Quebec or the Atlantic provinces. As members of parliament, we are required to talk about our constituencies as well as the country as a whole. We should do what we can to hold Canada together and not divide it. We must not use methods or means which will incite emotions in this chamber and create division instead of attempting to narrow the gap between the various regional, ethnic and racial groups within the country.

I do not want to use up all my time on that issue, but I was, as I say, somewhat dismayed by the remarks of the Minister of Transport. I will not say they were unwarranted in a political sense because I am not an expert on prairie federal politics. I got the impression that the minister was speaking extremely defensively. He created the impression that both he and his party were in trouble in western Canada. Otherwise, I do not know why we witnessed a burst of emotionalism on his part, especially since he was a former minister of justice and dean of a law school. This is the last thing one would expect from a person with such a background. Perhaps someone like myself, a small town school teacher, could be excused for becoming very emotional over an issue similar to that.

Dealing with Bill C-56, there is one matter I should like to zero in on this evening. I do not want to spend a lot of time because there are a number of other speakers who want to address themselves to this important piece of legislation both this evening and perhaps tomorrow.

In order to provide a brief background to the major problems in the economy, on this date we are still faced with a major unemployment problem. June 6 is a memorable date in Canadian history. On June 6, 1944 our veterans stormed the beaches of Normandy. At the present time approximately one million people are registered as unemployed, and another 500,000 have given up. Inflation is still increasing in very important sectors of the economy. There have been various federal job creation programs over the last several years which have flopped. The figures indicate this. New jobs have not been created. Certain private sectors have done their best in the area of job creation. Members of this House have not accomplished in the last few years what we should have.

As a result of the April budget, one program was introduced. I am referring to the $100 million employment tax credit program. Obviously no one in the Department of Finance, including the minister himself, took a look at the British experiment which occurred three years ago. At that time a tax credit program to employers did not work. It has never worked anywhere in the western democratic world, not at a time when there is falling demand. We have been experiencing that for the last two or three years. Even business and labour groups have indicated that the program is a flop.

For example, the program was supposed to create 50,000 new jobs in the first year. It was implemented approximately three months ago. Thus, I am talking in terms of the first quarter of this program. Approximately 25,000 of those new jobs were to be created in the province of Ontario. In the first three months of this program, approximately 1,900 jobs have been created in Quebec which has an 11.8 per cent unemployment rate.

Perhaps that is why the minister was somewhat upset about possible falling fortunes in Quebec at the present time, or at least the ongoing battle between the Quebec minister of finance and the federal Minister of Finance (Mr. Chrétien) as to who will receive the votes and who will put money in whose pocket in order to buy votes. That is not what the minister said, but certainly that is how I interpret his remarks. If money can be tucked in a person's pocket, one can be assured that that person will be sympathetic to one's party at election time. Of course, we did not have an election, and the entire matter has become somewhat topsy-turvy.

The employment tax credit program is not a bad idea, but employers will not create new jobs within their plants or rehire those who have been laid off unless they are in receipt of orders. I am referring to purchases and a demand for the goods they produce. I do not care if they are subsidized to the tune of $5 an hour, employers will not create new jobs or rehire unless there is a demand for their products. It has not worked before and it is not working now. Approximately 1,900 jobs have been created in Quebec, with its 11.8 per cent unemployment rate; 262 jobs have been created in Ontario; and a smattering of jobs have been created across the country. Demand induces an employer to rehire or create new jobs. One cannot expect to have demand in Canada with its sluggish economy, unless people have enough money to spend on basic necessities.

For approximately a year now, the New Democratic Party has stated that tax cuts for the benefit of middle and low income earners is the only way in the foreseeable future to pump money into our economy, stimulate demand and put people to work producing necessary goods and services.

• (2142)

I should like to make another point in respect of what happened this afternoon in the House in the form of the motion for closure at the second reading stage of Bill C-56. We are dealing with a bill that is creating even greater dissension and animosity between the Liberal government here in Ottawa and the Québécois separatist government in the province of Quebec. In spite of that and the importance of this matter, this government is closing down the debate on second reading, preventing members on both sides of the House from continuing to make some input to this matter. I think it is a shame that we are to be muzzled tomorrow at 5:45 p.m. by a forced vote.

The impression I have been getting is that Liberal members feel they belong to the only party that has any influence in the province of Quebec. Unfortunately, some bigots in my riding are now suggesting that the Liberal party is the French party in Canada. I wonder how many men and women in the Liberal party on the other side of this House realize what is happening in my part of the country. I am just talking about the southwestern part of Ontario and the city of Toronto, where the anti-French feeling is building to the point that things are going to boil over unless the government does something very quickly about Ottawa-Quebec relations.

I am not championing separatism or patting René Lévesque and Jacques Parizeau on the back, saying they are doing a good job. I am simply suggesting that they are in power in Québec. We on this side of the House are not in favour of separatism, yet many members of the federal Liberal party in this House, whenever they rise to speak, damn us on this side of the House for being anti-Quebec and anti-French.

We have had the Prime Minister (Mr. Trudeau) in office for over ten years. He is a Francophone. We have had a party in power for ten years with about 60 seats from the province of Quebec. I forget the exact number but it is in that neighbourhood. Just consider the mess we have fallen into in respect of Ottawa and Quebec city relations during this time when we have had a Prime Minister who should have known what was happening in that province in the last ten years, and throughout the 1960's. Yet we are worse off today in so far as separatism and the dismemberment of this country is concerned than we were when the Prime Minister first came to office in 1968.

Unless the Liberal government decides very shortly that there is to be an election in the fall, and unless that party decides to select a new leader next winter to be followed by an election in the spring, this country will surely fall apart. This government must decide now to stop accusing us on this side of the House of trying to split the country, and begin addressing itself openly and frankly to the problems that exist in Quebec. Unless the government does that quickly and attempts to put an end to the bitterness that has grown among French and English speaking Canadians, this country will surely split apart.

What can this party with 15 members here do to prevent that? What can the official opposition do? The responsibility at this point clearly lies with that party on the other side of the House. Yet today we witnessed the spectacle of a minister of this Liberal government, a former dean of law and a former minister of justice, the Minister of Transport, who is minister responsible for the Wheat Board, standing in his place trying to get a rise from members on this side, and trying to make hon. members here feel guilty in a political sense for not doing our jobs in attempting to understand the people of Quebec and their feelings about Bill C-56. I am not trying to impute motives, but that is how I saw it.

This bill is badly designed and is in a state of transition at this very time when we are debating it. We do not know what is in the bill at the present time. We do not know what phone calls are being made tonight to Quebec city and to other provincial capitals. We do not know what is going on.

The Acting Speaker (Mr. Ethier): Order, please. Is the minister seeking the floor in a point of order?

Mr. Lang: Yes, Mr. Speaker, I rise on a point of order. I am not sure whether the hon. member was here when I spoke, but I do want to point out to him that I was rather careful to distinguish between the Conservative party and the NDP in my remarks, and I was in no way—

Some hon. Members: Order.

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

Mr. Blackburn: Again, I am amazed, Mr. Speaker. Sometimes we transgress in this House when we confuse points of order with simple argumentative statements, but—

[Mr. Blackburn.]

An hon. Member: You can't blame him; he was a lousy dean of law too.

Mr. Blackburn: When the minister is defeated I hope no law school in this country will hire him. I think his knowledge of parliamentary procedure is somewhat lacking, and for someone like myself to have to say that—

An hon. Member: That is a cheap shot.

Mr. Blackburn: Is it a cheap shot? He is the one who precipitated it. I was simply reacting to his statement.

I do not intend to continue speaking much longer as there are others who wish to speak this evening on this bill. I am not happy with the bill. It will not create jobs and it has placed us in a constitutional wrangle, the last thing we need at this time. I am not opposed to the principle of a reduced sales tax approach to stimulate the economy. What I am opposed to is the fact that, as a result of this bill, we are further dividing the country.

I do not place all the blame at the feet of the Minister of Finance, but good heavens, he should have anticipated some of the reactions of the members of the separatist government in Quebec. There should have been more consultation instead of just phone calls to the ministers of finance of the various provinces to obtain agreement in respect of this new mechanism. There should have been anticipation of problems with the province of Quebec. If the Prime Minister and the Minister of Finance are unable to deal with the province of Quebec on fiscal matters, what will they do in the next election campaign? Will they make the situation even more emotional and split the country wider? Will they go into Quebec and say that they are the only ones who can keep Quebec in confederation? Will they then go to English speaking Canada and tell the people that without them Quebec will separate? Is this any way to administer the country?

Another impression I gained today when listening to the remarks of the Minister of Transport was that hon. members of the Liberal party are desperately attempting to emotionalize this controversy in the country between Quebec Francophones and the Anglophones in other parts of the country. I got the impression that they were trying to use this situation as an emotional smoke screen behind which to hide the other issues that are of greater importance, specifically the issues contained in Bill C-56. This is a very important tax bill, but in my opinion it will not stimulate the economy or create more jobs.

I thank you for the opportunity of speaking briefly this evening, Mr. Speaker, and I will now surrender the floor to the next speaker.

[*Translation*]

● (2152)

Mr. Louis Duclos (Montmorency): Mr. Speaker, I wish to take the floor before the end of this debate which has lasted too long already, to say where I stand in the dispute between Quebec and Ottawa concerning the sales tax and to place all that issue in the proper perspective.

Mr. Speaker, I probably will not have enough time to comment on all the excellent measures contained in the last budget of the Minister of Finance (Mr. Chrétien), but I wish to give him my full support for that set of measures designed to spur a vigorous recovery of the Canadian economy in the next few months.

Mr. Speaker, before I get into the subject I must congratulate the Minister of Finance for the initiative he took by consulting his provincial counterparts during the preparation of his budget. This initiative has been underemphasized in the last two months, all the more so since it was the first time, Mr. Speaker, that a federal minister of finance invited the provinces to take part in the budgetary process. By doing so, the Minister of Finance has demonstrated the significance he sees in intergovernmental co-operation in economic matters and I hope he will not depart from that positive attitude in spite of the provincial imbroglio resulting from his budget.

Mr. Speaker, whatever anybody may think of the Quebec government and the federal government position in the sales tax dispute, one thing seems obvious to me: If the Quebec minister of finance had stated his position from the start by saying yes or no, we would have avoided a vain dispute and, as the Quebec finance minister has admitted yesterday, and I quote him, "a conflict of which we are all starting to get a bit tired." In fact the federal Minister of Finance would certainly have attempted to find another way had he been told in time that Quebec could not accept this formula.

Mr. Speaker, if the federal government has proposed a sales tax reduction it is because everyone agreed that it would contribute to increase consumer demand and encourage our economic recovery while reducing price increases. And the soundness of that policy was confirmed by the latest data published by Statistics Canada. I would like to point out to the House that the latest statistics on inflation indicate that the consumer price index last month rose by only 0.2 per cent, which means that if such a rate is maintained during the next 12 months the rate of inflation will be approximately 2.5 per cent for the next year.

Mr. Speaker, many references have been made in the press to the considerable advantages that the selective tax sales cut implemented by Quebec would bring to the economy of that province. I must say, Mr. Speaker, that I am far from being convinced that the total abolition of the sales tax on clothing, textiles, furniture and footwear maximizes the economic benefits that Quebec stands to gain from a sales tax cut. On the one hand, one may doubt the impact that step will have on production and employment when one knows that in those sectors a large number of manufactures are already operating at full capacity because of the quotas the federal government imposed at the end of 1976 on imports from some countries. On the other hand, the monetary policy of the government, particularly with respect to the value of the Canadian dollar, makes those products manufactured in Canada, more particularly in Quebec, in those soft sectors, a lot more competitive on the Canadian market because of the higher cost of imported products.

Mr. Speaker, the management of the Dominion Textile plant in my riding confirmed to me recently that the employees who had been called back at the beginning of 1978 had been called back before the selective sales tax cut enacted by the Quebec government.

On the other hand, Mr. Speaker, it seems to me that a 4 or 5 per cent cut would have been enough to stimulate demand in those so-called soft sectors which would have allowed the provincial treasury, and this is important, Mr. Speaker, to recover through an increased volume of business part of the lost revenues resulting from the partial sales tax cut whereas by abolishing entirely the sales tax they are depriving themselves of any source of revenue even if the volume of business were to increase.

In any event, Mr. Speaker, whether the government of Quebec was right or wrong, it was certainly perfectly entitled to do what it did, and this without suffering any financial penalty. If the government of Quebec did not take the most appropriate action to stimulate the Quebec economy, it is up to Quebeckers to voice their opinion at the next election. I believe it is essential to note, Mr. Speaker, that the economic sectors for which the tax was completely eliminated in Quebec also have a great impact on employment outside Quebec, especially in Ontario. For instance, 10,000 of the 20,000 jobs in the footwear industry are in Ontario and 9,000 in Quebec. As for the furniture industry, it provides 22,000 jobs in Ontario, 19,000 in Quebec and 6,000 elsewhere in the country. Moreover, Quebec accounts for only a little over 50 per cent of the 78,000 jobs provided by the textile industry. In fact, it is only in the clothing industry that Quebec has the lion's share of the jobs since the province accounts for approximately 70 per cent of the 120,000 jobs provided by this industry. Having said this, Mr. Speaker, it would therefore be wrong to suggest that the action taken by the Quebec government will benefit only the economy of Quebec and go against a healthy federalism.

In reality, Mr. Speaker, I am afraid that the present conflict is largely caused by the way this government sees federalism. It seems to me that federalism can survive in a diversified form and that federalism does not necessarily mean uniformity.

In other words, I believe that our federal system must be flexible enough to enable the provincial authorities to take the most appropriate economic action to meet the particular needs of each province.

In this case, I believe that the fact that Quebec has reduced its sales tax the way that it has does not seriously distort the Canadian economic system which can tolerate a sales tax of over 11 per cent in Newfoundland while Alberta has no sales tax at all, or which can accept the interventions of the Department of Regional Economic Expansion is certain disadvan-

taged regions or which must live with different purchasing policies for each provincial government.

Since it is ten o'clock, Mr. Speaker, I shall continue at the next sitting.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

INDIAN AFFAIRS—FUNDING FOR POST-SECONDARY EDUCATION

Mr. Maurice Foster (Algoma): Mr. Speaker, on May 15 I put a question to the Minister of Indian Affairs and Northern Development (Mr. Faulkner) concerning post-secondary education funding, especially as it applies in the Sudbury district office of the Ontario region of his department. The Indian band councils in the Sudbury region were advised several weeks ago that there was a shortfall of some $539,000 in that region for post-secondary education. This not only applies to students who will be going to university, but it also applies to those going to post-secondary institutions such as community colleges, and to a small training centre in the Wikwemikong Indian reserve called Wasse Abin College.

This particular training centre is making a great contribution to young people who have either dropped out of high school and not been able to complete their grade 13 or grade 12 courses so they can go to post-secondary institutions, or as well those who are not quite prepared to leave the Indian reserve and go to a university such as Laurentian in Sudbury or Cambrian College, where many of the students in Sudbury go.

● (2202)

I raised this matter several times with the Minister of Indian Affairs and Northern Development and had one delegation come here to meet with the parliamentary secretary. It seems to me that this matter should be resolved in the very near future.

The minister in his statement on May 15 said:

> Mr. Speaker, on the general commitment, I certainly maintain the commitment I have given before. On the two specific cases the hon. member has referred to, I would have to look into the actual amounts.

It would appear to me that that answer is very indefinite. We are not talking about an abstract subject here or of something away off in the wide blue yonder. We are talking about young people who are completing their grade 12 or grade 13 education and who want to apply to go to post-secondary institutions this fall. We are talking about a small training centre on the Wikwemikong Indian reserve, where three or four weeks ago 18 fine young people graduated from that college and every one of them is going on to a post-secondary institution this fall. But no students will be going in September of this year unless this matter is resolved.

I understand that an application has been before Treasury Board for the additional funding, which has been approved but not broken down. What we need is a firm decision by the minister as to what amount of funding will be provided. Surely with over 900,000 people out of work in this country, this is not the time for cutbacks in post-secondary education. All through the years we have been encouraging young people from the 12 Indian bands of the Algoma riding and the Algoma-Manitoulin districts of northern Ontario to go on and take post-secondary education in order to open up opportunities for better employment and a fuller life for them. Now with high unemployment is not the time to be cutting back on post-secondary education. It is a time for decision by the government on this matter so that these young people can apply and go on to school this fall and be able to take advantage of post-secondary education.

I hope we can get a firm commitment from the minister right away so that this matter will not be left with the uncertainty as to whether the Wasse Abin College will resume its function this fall and whether the several hundred young people in northeastern Ontario who are served by the Sudbury district office will have funding for post-secondary education.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I am pleased to respond to the hon. member's statement. I would like to point out that I have discussed this issue a number of times with the hon. member in detail. I appreciated the fact that some local Indian representation came to Ottawa to further substantiate the hon. member's concern on this issue. I was impressed by the sincerity by which they put forward their case.

There is no question about the support of the minister or the ministry for education. In this particular instance we are talking about bridge education between the secondary schooling and post-secondary education. If this is valid in any area, it is certainly so in the native community where they face many disadvantages and need this kind of support to ensure that they go on to post-secondary education with every confidence and opportunity to succeed.

● (2207)

Having said that, I want to put on record that the department is labouring under some difficulty in that, under the restraint program, it is necessary to meet the statutory requirement first to accommodate the price and volume increases that go forward both in education and in other areas, then to look at the non-statutory items and, last, any new programs. As the hon. member said, additional money has been approved.

In conclusion, I cannot tonight give a very definite answer to the hon. member's representation other than to say the request will be met if at all possible, given the many demands and the

fixed budget. In addition, I give the undertaking that we will do everything we can to have a definite answer on this by mid-June.

FISHERIES—CLOSING OF SWIFTSURE BANKS ON WEST COAST

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, last Wednesday, May 31, I asked the Minister of Fisheries (Mr. LeBlanc) the following question:

> Today the minister received a telegram from some very irate fishermen in British Columbia because the minister made a very major concession to the United States by closing the Swiftsure Bank without getting anything in return. How much longer will the fishermen have to wait for an agreement, and what are they going to get in return for all their losses?

The minister replied:

> As to how long the resolution of this issue will take, I can tell the hon. member that it will not take very long.

As we know, the answer came last Friday with the Canadian ultimatum to American fishermen and the American government. That does have some attractive emotional solutions for the short term, but it has a very long term disaster built into it. It is a case of brinkmanship in this whole matter.

For the past several years, the Americans have been getting the best end of the deal. Now it is like a withdrawal from cocaine or heroin. The withdrawal symptoms are pretty bad. When our ambassador starts getting tough in his negotiations, they do not like it. That is why they asked us to close the Swiftsure and were giving us a hard time.

The problem is that in all of these negotiations, our fishermen have been kept in an extended period of uncertainty. As I said, in the short-term it has some emotional gains. It has the support of the fishermen at the present time because they have seen their position in the fishing areas off the Pacific coast taken away from them year by year by American fishermen and our weak-kneed approach. Friday's announcement is the tough posture and the tough stance which all of us have been looking for and for which all of us are grateful. It inspires in us some hope that we will make some gains.

We have to keep in mind that Canadian fishermen, as a result of having to draw back out of the water they are accustomed to fishing in, stand to lose something like $7 million this year. The parliamentary secretary shakes his head. Some reports say $3 million or $4 million, some say $7 million. In any event, it is a lot of bucks and it is the fishermen who will feel this loss.

In the long haul, it is not going to be very attractive to our fishermen. Rest assured they support the decision right now in the hope they are going to get something in return in the long haul. Our hopes are pinned on the negotiations that will come on June 19 and 20. All of us in the House hope something substantive will happen then and that the Canadian fishermen, for whom we are responsible, will benefit as a result.

The related question is, how do you make up the losses as a result of the dislocation that takes place because of having to draw back? We can say to these fishermen, go to the Swiftsure Bank as we did in 1956. We can tell them to go to the Swiftsure Bank, fish for 24 hours a day, catch all you can before they go up the Strait of Juan de Fuca and to Georges Bank before the Americans have a chance to get at them. That will cut off the fishing supply to the Americans. I would point out it also cuts off the supply to the Fraser River run.

The question is, what are the fishermen going to do who are accustomed to fishing in the Fraser River and who will have their catch lost? We say tell them to go to the open water, but at least 50 per cent of them do not have the kind of equipment which would enable them to do so. This will mean a great deal of dislocation for fishermen in the lower mainland of British Columbia.

● (2212)

After so much brinksmanship we are entitled to some answers. What does the minister intend to do for the fishermen who are affected? Will he provide them with some assistance in the short term? In the ensuing few weeks will he introduce stop gap measures which will assure them a livelihood? What steps does he intend to take to make sure that the Fraser River fishermen can gain the livelihood to which they are accustomed and entitled?

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, Swiftsure Bank is now open to salmon trollers, and has been since June 2, when Canada announced its decision to suspend the provisional implementation of the 1978 interim reciprocal fisheries agreement. Although we lost almost three weeks of fishing on these grounds, this was in a last ditch attempt to resolve the west coast salmon troll problems that arose under the agreement.

A relatively small group of trollers would have been involved; however, the rest of the fishing area off British Columbia was available to them. Therefore, Mr. Speaker, although these fishermen were not permitted to fish Swiftsure during that period, it in no way meant that they were prevented from fishing in other areas.

I say this with respect to the hon. member: this afternoon we had a meeting in the fisheries committee with the boundary negotiators and there will be a further meeting with the boundary negotiators on Thursday. Because of the limited time available to me during this period I would recommend to the hon. member, in view of his interest in this subject, that he attend the meeting on Thursday. This will give him an opportunity to question the officials in detail, a procedure which I think would be to his benefit.

Mr. Friesen: I will be there.

FISHERIES—U.S. BAN ON SPORT FISHING IN AMERICAN WATERS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my intervention concerns a similar subject but I want to deal with sport fishing rather than with the commercial fishery. The matter arises from a question I asked in the House yesterday concerning the enforcement of the United States law which

covers not only Canadian commercial fishing in U.S. waters but Canadian sport fishing boats in such waters.

The minister has been quoted as saying that such restrictions were the "name of the game" and that Canada would have to consider reciprocal action. But at that point there had been no enforcement of the ban on Canadian sport fishing in their waters. Today, however, at Haines, Alaska, the U.S. coastguard swept all Canadian boats which had been engaged in a traditional salmon derby from the water, not only to the discomfort of the Canadian competitors but also to the discomfort of the Alaskan sponsors of the derby who rely a great deal upon the participation of Canadian boats for the success of their enterprise.

If Canadian sport fishermen were excluded from the ban, perhaps the coastguard in Alaska did not get the message. I am not sure about that. In any event, we are running the risk of seeing a substantial number of Canadian sport fishing boats prevented from continuing to fish in American waters; I refer particularly to the Point Roberts area which is almost exclusively fished by Canadian boats from the Crescent Beach side. I do not know whether any action has been taken in that regard.

● (2217)

I would therefore like the parliamentary secretary to deal with at what stage enforcement is at in terms of the U.S. legislation and in terms of Canadian boats. I want to know whether there will be any warning to Canadian fishermen to stay out of American waters.

The second aspect of this question deals with reciprocal action. It is my own view that we should not ban American fishermen from Canadian waters. The reason is that the economic impact of that would be tremendous, not merely in British Columbia but all across the country. According to the figures we were given today in committee, there is a ratio of almost ten to one in favour of Americans having boats in Canada versus Canadians having boats in the U.S., and 20 to one in terms of individual fishermen fishing on the Canadian side of the border. There is a considerable tourist benefit as a result, so I am not suggesting that we should reciprocate with a ban on U.S. fishermen. What I am saying is that this gives us a golden opportunity to re-examine a couple of areas in terms of the way U.S. fishermen fish for salmon in Canadian waters.

To some extent this may apply to the east coast, but I want to deal just with the Pacific coast. British Columbians are tired of 50-foot alleged American sport boats coming up and canning salmon for weeks and weeks, shipping that salmon to the United States and selling it. They are tired of seeing the use of fish finders, which are electronic devices not dissimilar to the ones which our own commercial trollers are using. They are tired of seeing downriggers which can catch any level of troll for salmon, exactly the same equipment as our own sophisticated commercial trollers are using. I do not call that sport fishing. That is just trying to get as much meat as possible in a short time. That, to me, violates the principle of the use of a recreational resource.

What I am suggesting is that we have to give consideration to limiting the amount of salmon which can be taken and held by one boat, limiting the amount that can be exported to the United States, and restricting the kind of gear which is now being used in Canadian waters. I do not say that that is a response to the U.S. position. I do not say that that is a reciprocal action. I think that is something we should have done a long time ago, and we now have a golden opportunity to re-examine our position.

I might say that tonight in committee the Secretary of State for External Affairs (Mr. Jamieson) indicated that an announcement may be forthcoming very shortly with regard to the export of sport-caught salmon in Canadian waters. I look forward to that announcement, and welcome it. I think this is a good time to decide to start controlling the extent of alleged sport fishing by major U.S. charter vessels. We have to keep in mind that those charter vessels quite often buy nothing in Canada. They load up in Bellingham. They buy all their provisions in Bellingham. In fact, there are many cases of yachts in B.C. water radioing to Bellingham when they run out of supplies. They make sure they do not have to buy in Canada. They bring provisions by ship to supply their needs. It seems to me that that is not the kind of sport fishing we want in Canadian waters, so we had better have a careful look at the way we regulate sport fishing.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, as the hon. member is aware, both the Canadian and United States notes on the question of suspending the implementation of the 1978 interim reciprocal fisheries agreement—both of which have been tabled in this House—indicate that the reciprocal halibut fisheries should continue. However, the implementation of this will be under discussion between officials of the two countries with a view to the Canadian government's being able to provide firm advice to Canadian halibut fishermen as far as possible in advance of the June 19 reopening of the halibut fishery.

As to the hon. member's second point with regard to the decision of the United States to enforce its fisheries management and conservation act against all Canadian sport fishermen, I can only repeat the statement of the Minister of Fisheries and the Environment (Mr. LeBlanc) in the House yesterday that Canadian waters are open to United States recreational fishermen.

I should also point out that the Canadian government has not taken any action against American recreational fishing craft in Canadian waters, and the minister stated today in the House of Commons that Canadian waters were open to licensed U.S. recreational fishermen. In any event, no action is contemplated at any time with respect to American tourists using Canadian craft. The minister sent a telex stating the foregoing to all his provincial counterparts.

I would add that when the minister refers to "licensed fishermen", he is referring to the various provincial licensing requirements which prevail in inland waters.

With regard to the third point brought out by the hon. member, I think he is aware from comments made in the fisheries committee that a long time prior to the action we took against the United States commercial fishermen discussions had been taking place in the province of B.C. regarding the catch limit for tourists coming into B.C. and the amount of canning that can be done by them. As he is also aware, that subject will continue to be examined, and I hope that an announcement will be made in the near future.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until two o'clock tomorrow afternoon.

At 10.22 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 7, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

STATISTICS CANADA

FILLING OF CENSUS COMMISSIONER POSITIONS—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of the recent conformation at a provincial court case in Winnipeg by Mr. Harold Kenna, a program manager with Statistics Canada, that lists of Liberal party supporters to fill census commissioner positions for the 1976 census were sent out to Statistics Canada by the federal Liberal party, a practice which can be used for the purpose of gathering political information, I would move, seconded by the hon. member for Lisgar (Mr. Murta):

That the Minister of Industry, Trade and Commerce instruct his departmental officials to abandon this obvious patronage policy which is undermining the political privacy of millions of Canadians, and adopt a policy whereby impartial lists, free of political affiliation, are given to Statistics Canada for the census commissioner.

Mr. Speaker: Under the terms of Standing Order 43, a motion can be presented only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXPORT DEVELOPMENT CORPORATION

LOANS BY CORPORATION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity to draw attention to recent loans made by the Export Development Corporation, one in the amount of $47 million and the other in the amount of $50 million, to the Beloit Company of Canada, Sorel, Quebec, a totally-owned subsidiary of the Beloit Company of Wisconsin, U.S.A., for the manufacture of newsprint machinery to be used by two American companies, namely, the Bato Company in Virginia and the Midtec Paper Corporation in Wisconsin. I, therefore, ask leave to move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

In view of the fact that the machinery thus produced will be used in the United States to produce paper in direct competition with Canadian paper producers, something which could result in serious loss of business and jobs in one of our major industries, the House condemns the action of the government in sacrificing the long-term health of a truly Canadian industry, namely, the pulp and paper industry, in favour of a short-term benefit to a Canadian machinery manufacturer which is wholly-owned by American interests; and, finally, that the Minister of Industry, Trade and Commerce explain to the House why such steps were taken by ministerial order against the recommendations of senior officials of the Export Development Corporation.

● (1412)

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

STATISTICS ACT

MAKE-UP OF CENSUS FORM—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to seek the unanimous consent of the House on a matter of urgent and pressing necessity. In view of the fact that Mr. Bill Watkins, a constituent of mine, has been charged under the Statistics Act with failing to complete a census form, that the section of the form which Mr. Watkins refused to complete did not provide for the accurate listing of the mother tongue of his children, which was neither English nor French but was both, since the children are fluently bilingual, that Mr. Watkins had pointed out this failing in the census form to the chief statistician in 1971 and had been informed that the census form would be changed, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House urge the government to charge the responsible minister with an infringement of section 8(1) of the Statistics Act for discrimination against bilingual Canadians and, further, that this House urge the government to introduce a special bill to cover the legal expenses of Mr. Watkins incurred for contesting this charge brought against him by this government.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

URBAN AFFAIRS

CMHC DATA ON MORTGAGE DEFAULTS—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the Minister of State for Urban Affairs (Mr. Ouellet) has not allowed CMHC to release information relating to mortgage defaults, including AHOP defaults which will quadruple those of last year, and knowing that this information is critically important and necessary, first, for the evaluation of existing government housing programs and, second, for the analysis, projection and prospects for success of the government proposed graduated payment mortgage program, I move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That this House direct the Minister of State for Urban Affairs immediately to authorize CMHC to release all data relative to mortgage defaults in the past five years.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

REGIONAL ECONOMIC EXPANSION

FUNDS FOR SYDNEY, N.S., STEEL MILL—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that Mr. Tom Kent, president of the Sydney Steel Corporation, has announced an agreement with the Three Island Steel Company Limited of Richmond, B.C., to sell 1.8 million to 2.4 million tons of steel billets between July, 1980, and December, 1990, and in view of the fact that this will amount to sales for the Sydney plant of about $30 million a year by 1980, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That the Department of Regional Economic Expansion make funds available immediately for the repair of the billet mill in Sydney and for renovating the plant so that by 1980 a Q-BOP furnace capacity will replace the outmoded open-hearth steelmaking facilities in order to guarantee that this order will be profitable to SYSCO and increase employment at that mill by over 500 by 1980.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

HOUSING

DIRECT FUNDING TO MUNICIPALITIES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question was for the Minister of State for Urban Affairs who I saw outside the chamber but who is not in his place. In his absence, perhaps I could direct it to the Prime Minister.

As the Prime Minister will know, the minister's proposed new directions in housing in one part propose the extension of direct funding to municipalities by the federal government well beyond the present limited state of that direct funding, in a manner which at least four provinces oppose and which is against the law of at least one province. Can the Prime Minister give us a categorical assurance here in this House that the government will not implement this aspect of that policy without the agreement of the provinces?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition is asking a question which can be answered only by someone with intimate knowledge of the negotiations with the provinces, which the minister has. He will be in attendance in the House in a moment. Of course, the plan of the minister, in general terms, is to fund the municipalities, after consultation with the provinces, to choose precisely the kinds of areas which have been agreed to with the provinces. I cannot speak in any detail about the results of those negotiations, but I repeat that the minister will be here in a few moments.

• (1417)

Mr. Clark: The Prime Minister certainly knows that the most serious possible exception has been taken by at least four provinces to this proposal. I wonder if, as a matter of ensuring that the conduct of federal-provincial relations in this country continues, or begins to proceed, in a civilized way, he would raise with his minister the necessity of giving the House a categorical assurance that the government will not proceed with an invasion of provincial jurisdiction without the agreement of the provinces. We can wait for that answer.

Let me ask the Prime Minister a question in relation to a statement made by the Minister of State for Urban Affairs. Was the minister stating the position of the Government of Canada when he said yesterday:

The role of municipalities must be legally enshrined in the constitution as a full-fledged level of government with powers of their own.

Is that the position of the Government of Canada?

Mr. Trudeau: Mr. Speaker, the Government of Canada has not taken that position. If the minister said those words, he was expressing his own views.

Mr. Paproski: Goodbye, Ouellet!

Mr. Clark: Since the minister was expressing these personal views when he attended a national conference in his public capacity as a responsible minister in the field of urban affairs, will the Prime Minister indicate to the House of Commons at the earliest possible opportunity, since this matter has now been raised, the precise position of the government in relation to the constitutional status of municipalities? Will he also, since the matter has been raised by his responsible colleague, give us a categorical assurance that there will not be the proposed encroachment into provincial jurisdiction in the field of municipal affairs without concrete, advance discussion with the provinces?

Mr. Trudeau: I say once again, Mr. Speaker, that I have not seen the particular words to which the hon. member refers. If they referred to municipal affairs, then of course under the present constitution municipal affairs come under the jurisdiction of the provinces. When we get to constitutional discussions on a new sharing of powers, of course, we will be prepared to discuss even this aspect of jurisdiction. No doubt the Minister of State for Urban Affairs has some views on that. But because municipal affairs come under provincial jurisdiction does not mean that everything having to do with municipalities comes under the jurisdiction of the provinces. We take a contrary view and I support the minister in so far as he takes that view.

Mr. McGrath: Mr. Speaker, I want to reserve a supplementary question in the hope that the minister will eventually show up.

* * *

LOTO CANADA

EXTENSION OF LOTTERY

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Minister of State for Fitness and Amateur Sport and it is based on my understanding that she is meeting tomorrow with the provincial ministers to discuss the general area of Loto Canada.

Is she prepared, today, to give the House the assurance that the commitment which was made by the Prime Minister in 1976, as well as by the Minister of Finance, namely, not to extend Loto Canada beyond 1979 without the agreement of the House and, what is more important, without the agreement of the provinces, will be respected at her meeting tomorrow with the provincial ministers, and that the meeting will be based on that underlying principle?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the commitment was made to have legislation in the House if we should wish to continue the lottery. I think we should put first things first. I should meet with our provincial colleagues first, which I am undertaking tomorrow, and if we move into a future lottery I will be pleased to bring it to the floor of the House for discussion.

Mr. Oberle: Will the minister be discussing tomorrow with the provinces the extension of the lottery beyond 1979 and, as well, further cost-sharing agreements? Furthermore, will she undertake to report to the House, so that in future we can avoid these on again-off again negotiations, the outcome of the discussions with the provinces so the House will know where the provinces stand on this very important question which is also under provincial jurisdiction?

Mrs. Campagnolo: There is no clear jurisdiction in lotteries. Obviously, the Fathers of Confederation did not foresee such an event. I will be very pleased to report to the House in due course when I bring in legislation, if I do bring in legislation to the House.

* * *

CONSUMER AFFAIRS

BEEF: PRICE INCREASES FAVOURING MORE EXPENSIVE CUTS—PRICE OF SKIM MILK POWDER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my questions are to the Minister of Consumer and Corporate Affairs and they relate to the price of a couple of particular foods. I am sure the minister is aware of the fact that farmers are now, finally, getting a decent and well deserved price increase for the beef they are producing.

● (1422)

I ask the minister a question arising out of studies done by the Manitoba department of agriculture which show that in the city of Winnipeg, from August 12, 1977, to May 26, 1978, the price of hamburger increased by 128 per cent and blade roast by 120 per cent, and that more expensive cuts such as T-bone steaks increased by only 19 per cent and sirloin steaks by 27 per cent.

Is the minister aware of this tremendous price differential? Can he explain to the House why the cheaper cuts which lower income earners have to buy have gone up by such a drastic amount in the last few months, while the more expensive cuts while are purchased by wealthy people have had only minor price increases?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, it is my understanding that with the shortage of beef there is less low-price beef available to lower income consumers. We are very much concerned about that, and I will be discussing some initiatives with my colleagues very shortly.

Mr. Nystrom: Mr. Speaker, also in the area of food prices, on Tuesday, May 30, 1978, the minister said he would be looking into the tremendous increase in the price of skim milk powder. As we know, in April the Minister of Agriculture took off the 34 cents per pound subsidy on skim milk powder. Price increases have been as high as 45 cents and 46 cents a pound. Now that the minister has had approximately seven or eight

days to look into this matter, can he say why there has been such an excessive increase in the price of skim milk powder?

Mr. Allmand: Mr. Speaker, as the hon. member pointed out, he asked me that question about a week ago: I immediately referred it to the officials in my department, including the director of investigation in the combines bureau. They are investigating this matter. The hon. member made an allegation that there was profiteering in that particular business. That is now being investigated, but I do not have a report.

* * *

ROYAL CANADIAN MOUNTED POLICE

ACCESS OF FORCE TO INCOME TAX RETURNS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General: it relates to the ongoing policies of the government regarding the confidentiality of income tax returns. Does it remain the government's policy to permit law enforcement officers access to confidential income tax returns in files of private citizens who are reasonably suspected of being involved in organized crime?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member is very much aware of the terms of the agreement entered into between the Department of National Revenue and the Solicitor General. The terms are self-explanatory. Both the Department of National Revenue and the Royal Canadian Mounted Police comply very specifically with the terms of that agreement.

Mr. Jarvis: Mr. Speaker, the Solicitor General is aware that access is only permitted on the basis of a citizen being suspected of being involved in organized crime, the official definition of which is "two or more persons concerting together on a continuing basis to participate in illegal activities either directly or indirectly for gain." It has been pointed out in the McDonald commission that that could include a husband and wife conspiring together to cheat on an unemployment insurance claim.

In the area of access by law enforcement officers to confidential income tax files of those suspected of being involved in organized crime, is this rather broad definition used, or is a more restricted, pertinent definition of organized crime used to permit that access? If so, what is that more restricted definition?

Mr. Blais: Mr. Speaker, as the hon. member fully knows if he has read the proceedings before the McDonald inquiry, the definition was one suggested by counsel through a leading question. I can assure the hon. member that the definition relating to a husband and wife attempting to conspire to defraud the unemployment insurance system is not one which is of any interest to the RCMP.

Mr. Jarvis: Mr. Speaker, as the Solicitor General knows full well, that definition has been accepted by the minister and by the commissioner of the RCMP, in committee, as being the only official definition of organized crime. Is access being granted to confidential income tax returns on the basis of that definition? If not, on the basis of what definition is such access being given?

• (1427)

Mr. Blais: Mr. Speaker, the hon. gentleman knows that the purpose of the agreement was to permit co-operation between National Revenue and the RCMP in order to prosecute offences under the Income Tax Act. That particular arrangement has been very successful in terms of the number of prosecutions undertaken. In terms of non-compliance with the Income Tax Act, there has, indeed, been information made available by the RCMP to National Revenue that permitted these prosecutions. Surely the hon. gentleman knows that the full purpose was to deal with individuals who are known to, or who are suspected of engaging in activities that come within the definition of organized crime as the hon. gentleman understands that definition.

* * *

[*Translation*]

AIRPORTS

POSSIBILITY OF INSTALLING LANDING INSTRUMENTS AT EASTERN QUEBEC AIRPORTS

Mr. Eudore Allard (Rimouski): Mr. Speaker, I should like to put a question to the Minister of Transport.

Since it is important for eastern Quebec to have satisfactory air connections with the remainder of the province, and since the Gaspé and Magdalen Islands airports have no instrument landing facilities, as a result of which 15 to 20 per cent of flights are cancelled, does the minister intend to correct those conditions in the near future?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as earlier answers in this House to the two members of parliament from the areas of Gaspé and Bonaventure have indicated, we have this matter under active consideration. There are several solutions, including the possible use of Dash-7 aircraft, and certainly improved landing systems in the long run will be part of the improvement to the air system in the area. The complications at the moment include, in at least one case, the location of an ideal site for the airport. We hope to come to a conclusion on this matter at a fairly early date.

[*Translation*]

Mr. Allard: Mr. Speaker, I should like to put a supplementary question.

Since the Dash-7 STOL aircraft seems to be a temporary solution for those two airports, does the minister intend to subsidize Quebecair for the purchase of a Dash-7 to improve

the service for the citizens of my constituency and those of eastern Quebec?

[*English*]

Mr. Lang: Mr. Speaker, again as answered in this House a few days ago, we are looking at this question of regional airlines, several of them, their possible use of the Dash-7 and the financial arrangements that may be required to enable them to acquire the aircraft.

* * *

HOUSING

REQUESTED WITHDRAWAL OF NEW PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is for the Minister of State for Urban Affairs. The minister has been repudiated by his leader, the Prime Minister, for his clumsy intrusion into constitutional questions.

Some hon. Members: Oh, oh!

Mr. McGrath: At a meeting of the Canadian Federation of Mayors, at Edmonton, he was repudiated by at least four of the provinces for his failure to consult with the provinces on his clumsy intrusion into provincial jurisdiction. Now that he has been repudiated by the Canadian Federation of Mayors and Municipalities for not consulting with them on his new housing and community services program, I ask the minister—who, surely, has some logic and common sense left, although we doubt it sometimes—whether he is prepared to withdraw that program which lies shattered, in any event, since it was designed as an election gimmick, and nothing more?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the hon. member, in asking the question, has bad timing because I was just reading some of my correspondence. I have here a telex which I just received from one of my provincial colleagues, who says:

I wish to acknowledge your telegram and to assure you that the province of Manitoba wishes to reach an agreement on an appropriate method of administering the proposed community services grant program as soon as possible.

Some hon. Members: Hear, hear!

Mr. Ouellet: That is one of many positive responses I am receiving in relation to the proposal I have put forward to my provincial colleagues. Next week I will go to a federal-provincial conference in Toronto in a spirit of co-operation to reach agreement with all provincial governments in order to make the housing and community services proposals workable, in the interests of all Canadians, and of creating more jobs as soon as possible at the local level for the benefit of the municipalities.

Some hon. Members: Hear, hear!

● (1432)

Mr. McGrath: Mr. Speaker, it speaks volumes for the minister's program when he can boast that only one province has agreed even to talk about it, let alone agree to it. The fact remains, sir, that over a month has gone by since the minister's telex to the provinces setting out the new program. Since that time the province of Quebec has rejected it outright, the province of Ontario has rejected it and, indeed, the very meeting which the minister refers to is being called at the initiative of the provinces.

I ask the minister, is he prepared to sit down with an open mind and discuss this program with the provinces, whose jurisdiction has been clumsily intruded upon by the minister? While the minister is on his feet, perhaps he could assure the House that when he does sit down with the provinces, he will not only recognize the constitution of this country but he will recognize his solemn obligation to low income earners to ensure that they have adequate housing, which they will not get under his program.

Mr. Ouellet: Mr. Speaker, this is a surprising change of mind by the hon. member. About a month and a half ago he was urging me to increase federal funds for neighbourhood improvement programs, precisely the type of community services which the federal government wishes to expand for the benefit of Canadians. I do not understand the rationale of the hon. member who on one hand is asking us to do more for community services in his own province, and today is saying I am intruding into a field of provincial jurisdiction.

Mr. Clark: The Prime Minister understood when he repudiated you.

Mr. Ouellet: There is great contradiction in the words spoken today by the hon. member and the letters he sent to me some weeks ago in relation to the neighbourhood improvement program.

Some hon. Members: Oh, oh!

Mr. Ouellet: With regard to the latter part of the question by the hon. member, on whether or not I will go to Toronto with an open mind, there is no doubt that throughout the negotiations with the provinces I have kept a very open mind, which I will continue to keep despite the hope of the hon. member that there will be confrontation. I will not go there with a spirit of confrontation: on the contrary, I will go there to meet the provinces in an attempt to agree on a positive policy that will be to the best advantage of every Canadian living in any province.

Mr. McGrath: Mr. Speaker, the fact is that the minister has been repudiated by the Prime Minister this day, just as he has been repudiated by the Co-operative Housing Federation of Canada which has accused him of misleading this House on Monday in the answers he gave to my colleagues on questions with respect to what will happen to co-operative housing under this program.

Can the minister tell the House how the low income earners of this country will benefit from a program which most of the main lenders of this country are saying will cost low income earners, over the life of the mortgage, $10,000 more under the graduated mortgage program than it would cost if they were to

get conventional loans? Let him explain that to the House and to the low income earners of the country, Mr. Speaker.

Mr. Ouellet: Mr. Speaker, I think the hon. member is a bit confused. The graduated mortgage payment will apply to the Assisted Home Ownership Program, while the other programs in relation to co-operative housing and non-profit housing are entirely different.

Incidentally, when I am in Toronto next week I will take the occasion to meet representatives of the non-profit groups to explain further the ramifications of the program and to clarify the aspects of it which they have misunderstood. Clearly, the objective of the government is to create more public housing in Canada to allow people in lower income brackets to take advantage of our program, not the contrary.

MORTGAGE PAYMENTS UNDER CO-OPERATIVE HOUSING PROGRAM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my questions are for the Minister of State for Urban Affairs, on the same subject. I would like to say at the outset that I, for one, am not surprised that he got agreement from the government of Manitoba on a program that will be detrimental to low income housing.

I would like to ask him very specifically, in that context, considering that the head of CMHC made a speech recently in which he admitted that 280,000 families in Canada spend more than 50 per cent of their income on housing—clearly demonstrating the need for more, not less, low income housing—if he could explain why he has virtually scuttled the non-profit and co-operative housing sections. That is the accusation made by people in the field. In answering that question, will the minister take the opportunity, if he wishes to, to deny that the financing changes proposed by the federal government in the co-operative field will, in fact, mean that people, over the course of paying their mortgage in co-operative housing, will pay much more than they do under the present legislation?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am sure that when we have the meeting in Toronto next week the ramifications and details of the program will become quite clear. It will be obvious that the intention of the government is to substantially reduce the interest rate that this group has to pay. In fact, rather than paying 8 per cent, they will pay—

An hon. Member: They are going to pay more.

Mr. Ouellet: Under the current program, Mr. Speaker, the interest rate these people are paying is 8 per cent. We will reduce the interest rate to 1 per cent, which means that they will be paying 7 per cent less than they are presently paying under the existing program.

Mr. Broadbent: For how long?

Mr. Ouellet: For the duration of the loan, that is, 35 years.

[Mr. McGrath.]

Mr. Broadbent: Mr. Speaker, if what the minister is now saying is the case, it is certainly very different from the regulations—he is nodding his head—or very different from the announcement which he made not long ago in this field, which upset virtually everyone in the country concerned with low income housing. If what he says is correct, we on this side of the House will welcome that change. I would say to his colleague, who is cheering on the right, that he has just had an about-change, again, of 180 degrees, which is typical of that side of the House.

I would like to question the minister in another area, Mr. Speaker. The federation of Canadian municipalities, meeting in Edmonton, have said of the minister's general changes in housing that the government leaves all of that area of social policy in Canada, to use their phrase, "in the twilight zone". In this context specifically, would the minister explain to the House why the federal government is withdrawing from the capital financing of housing, particularly at a time when starts are down by some 20 per cent compared with last year?

Mr. Ouellet: Mr. Speaker, one of the fundamental decisions that must be taken in relation to federal subsidies in the area of housing is to decide where to put the emphasis. Indeed, the emphasis should be put on low income housing and housing for old-age people. In order to do more in this area, to take all our available resources and increase our activity in that area, we had to cut some of our expenditures in other sectors. We decided to ask the provinces to borrow in the market through the normal financial institutions, rather than coming to the federal government and using us as banker.

This allowed the government to have more money available and to use it to help people of low income and people who need more in society. That is where the emphasis is. We will no longer put the capital on the table, but we will restrict our activities to subsidies to reduce substantially, as I indicated earlier to the hon. member, the interest rate which these groups must pay.

Mr. Broadbent: Mr. Speaker, the minister has acknowledged in his answer, by shifting the burden to the provinces, that this means the poorer provinces and people living in them will be worse off than those living in the richer provinces. If the federal government maintains its program, that will not necessarily be the case.

Mr. McGrath: It is a Mickey Mouse program.

Mr. Broadbent: More specifically, on the question of finance, as the minister knows, his proposal in part involves the shifting of obligation to the provinces and in part to the private financial institutions. I ask the minister whether, in getting out of direct financing the federal government has obtained specific commitments from the banks and other lending institutions that they will fill this financing gap at low interest rates.

● (1442)

I ask this question in light of the failure of the former minister, the Minister of National Defence, who promised us

in 1975 that we would get $1 billion in financing for housing from the banks, but it turned out that we got only $300 million.

Mr. Ouellet: Mr. Speaker, in our negotiations with the lending institutions, I could say that while they have some reservations and a prudent and cautious approach to the proposal of the graduated payment mortgage, on the other hand their responses to our initiative on the low income housing proposal were very positive. The lenders responded positively to the federal initiative in this area and indicated a willingness to invest in social housing programs in support of provincial, municipal or private non-profit or co-operative associations.

We have received this assurance from the lending institutions, and therefore we believe that the provinces or the private non-profit or co-operative groups could get the money from the banks. We have indicated that, at any rate, the federal government could be there as a banker of last resort.

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[*Translation*]

OFFICIAL LANGUAGES

LINGUISTIC AND CULTURAL EQUITY

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Right hon. Prime Minister. Given the fact that the Premier of Ontario has abdicated his responsibilities with respect to the linguistic situation, given the urgency there is to stop the galloping assimilation of the French-speaking minorities living in provinces with an English-speaking majority and, finally, in order to secure a federal leadership which will assure the existence of a united Canada which will respect the rights of all Canadians, can the right hon. Prime Minister tell the House whether he intends to table very soon the constitutional proposals he promised in the Speech from the Throne in order to enshrine in the Canadian Constitution, before it is too late, the fundamental rights in the field of linguistic equality and justice which will allow all Canadians to achieve their legitimate aspirations?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will remind the hon. member of what he surely already knows, and I mean that since 1969 at the least, the federal government has been making proposals to the provinces aimed at enshrining into the Constitution an unfailing protection for the rights of the minorities, whether they are the French-speaking minorities in the rest of the country or the English-speaking minority in Quebec. Those proposals are to be reiterated and restated in the proposals the government will table before this House within a few weeks.

[*English*]

INDUSTRY

AUTOMOTIVE PLANTS IN ONTARIO AND QUEBEC

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Can the minister advise the House of the proposals he and his officials have made to General Motors, Ford and others regarding the establishment of a new automobile assembly plant and a parts plant in Ontario and Quebec?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we have been over this one several times in the House. I have said repeatedly that when I have an announcement to make, I will be only too glad to make it. In our continuing negotiations with the Big Three auto manufacturers in North America, we hope we will be successful in landing a plant or two, or three for Canada. To date I have no announcement to make.

Mr. Kempling: A supplementary question, Mr. Speaker. Can the minister confirm that this package of more than $150 million is broken down into roughly $50 million each for Ford and General Motors? Can he confirm that an amount of money is being offered to Chrysler for the refurbishing and renovating of the Tecumseh truck plant at Windsor, and tell us whether these proposals will require renegotiation of the auto pact between Canada and the United States?

Mr. Horner: Mr. Speaker, we know that Chrysler is interested in making substantial improvements and an expansion of their van plant at Windsor, but they have not really outlined a proposal to the federal government on which we could make a concrete offer to assist them in any way. We are talking to Chrysler, however, and when they determine exactly what their proposal for expansion will be, then we will sit down and see how we can best assist them.

We are always willing to assist the expansion of industry within Canada. We are at the service of the Big Three and we have notified them. I really do not know where the hon. member got the figures he has quoted.

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HEALTH AND WELFARE

DISPOSITION OF SOCIAL SERVICES LEGISLATION

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Minister of National Health and Welfare. The hon. lady is aware of the extended visit to Canada recently of Dr. Paul Dolfus, chairman of the international commission on technical aids, housing and transportation for the handicapped. His purpose is to promote the rehabilitation international congress in Winnipeg in 1980.

In view of the importance and the urgency of the minister's new social services legislation, and the necessity of having it on the statute books as part of the preparation of the congress in

1980, can the minister indicate what priority she is giving to Bill C-55 and her proposal for the debating schedule?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, any proposal for a debating schedule is a question that the hon. member knows should be addressed to the leader of the House. The government has given the highest possible priority to Bill C-55. I do not know when the caucus of the official opposition takes place, but the hon. member could do well to negotiate an agreement with his party in order to speed up the passage of the tax bill; then we could deal with Bill C-55 which includes a section concerning a rehabilitation fund of $50 million for capital expenditures. This will certainly be welcomed by handicapped groups and is awaited impatiently by several provinces.

Mr. Dinsdale: Mr. Speaker, I think the tax bill will take care of itself, under the present plan for closure by the government. Because of the emphasis of the new social services legislation on meeting the special needs of the disabled, can the hon. lady give the assurance that the Standing Committee on Health, Welfare and Social Affairs will be charged with the responsibility at the committee stage of bringing in a comprehensive report on the rehabilitation movement in Canada as background to the 1980 congress?

Miss Bégin: Mr. Speaker, through their steering committees, the committees of the House decide on the witnesses and support documents they presented. It will be a pleasure for me to be a witness, if invited, and to bring with me whomever the committee would like to hear as witnesses on the question of rehabilitation. This is one of our top priorities in this country. We all know it is a matter to which the hon. member contributes very actively.

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TRANSPORT

USE OF CANADIAN RAIL CARS BY U.S.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is for the Minister of Transport. Last week, the president of the Canadian Transport Commission indicated there were some 23,000 CN railway cars located in the United States and said this was some 13,000 more than would be considered normal. He further indicated that the U.S. railways are using these rail cars for the movement of goods in the United States and are getting their use at no charge.

Has the minister looked into this matter, or will he look into it? Would this type of subject come under the consideration of the new special investigating committee announced last week by the hon. member for Assiniboia?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, this committee would not normally consider the expediting of grain movement. Grain cars as such are rarely involved in this problem with United States traffic, since they are rarely moved into the United States for any great distance.

[Mr. Dinsdale.]

There is a higher than normal number of cars in the United States. A number of factors contribute to this, including a combination of heavy traffic into the United States, some difficult weather conditions during the winter and, without doubt, some weaknesses in the United States rail system which cause an increasing number of slow orders to be issued across the rail system, thereby slowing down the return of the cars.

● (1452)

There is a penalty or payment in respect of many of these cars when they are used against the rules; indeed, when they are used in any case. My information is that this penalty was doubled recently so that there would be more inducement for the cars to be brought home. We are still not satisfied with the situation and are paying close attention to it to see whether other steps can be taken to ensure the return of cars, particularly in the case of potash and lumber, more quickly than at present.

Mr. Mazankowski: The minister indicated that none of these cars would be used for the movement of grain. That point of view is different from that of the president of the Canadian Transport Commission.

I have a related question, Mr. Speaker. Since many points in western Canada will not be able to take advantage of the current delivery quotas which will terminate on June 9, for example, Kyle, Saskatchewan, where some 300,000 bushels are waiting to be shipped, with trucks lined up, is consideration being given to extending the termination date for quotas so that the grain can be moved to port position?

Mr. Lang: Mr. Speaker, I indicated in my earlier answer that grain cars as such are not involved in movements to the United States. Obviously, there are occasions when potash cars which are no longer needed for carrying potash could be helpful. I do not deny that there may be some slight implication for grain movement in relation to cars.

As far as quotas are concerned, I can tell the hon. member that the Wheat Board, as ever, is watchful of the situation of whether farmers are able to deliver on quota. It has already announced its extension of the June 9 quota date to June 30.

STUDY OF WESTERN CANADA GRAIN HANDLING

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a supplementary question for the Minister of Transport. On June 3, the government made what turned out to be a form of press statement in Saskatchewan. The general thrust of it is that they are going to initiate one more study with regard to grain transportation in western Canada.

Will the minister inform the House who the government will appoint for that study, the length of time it will take, and will he outline some of the general guidelines that the person who will be appointed to carry out the study, for whatever reason it is being done, will operate under?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the appointment has not yet been made. The study is being undertaken because we are not certain we have done everything that can be done; that is to say, we collectively, the railways, the elevator companies, the Wheat Board and all the rest, in order to get the maximum out of the equipment we have. We have done a great deal. We have the bloc shipping system, co-ordinators at the terminals, some improvements in the way cars are handled by the railways, and I could go on to many more things.

There are some very difficult constrictions in the system, such as union relationships at the terminal and the relationship among the elevator operators and their managers with regard to hours of work. There are some in the way the railways handle their cars and give them priority. It is our intention to again study these fundamental problems, with the optimistic view that we will not stop at the first objection from one or another of the parties involved that it is difficult to accomplish a particular end. We will go beyond that and look with imagination at how that goal can be accomplished so that we can get perhaps 40 per cent more use out of all the hopper cars that we are acquiring.

* * *

[*Translation*]

NATIONAL DEFENCE

INQUIRY WHETHER NAVAL VESSELS REPAIR PROGRAM WILL BE ACCELERATED

Mr. Raynald Guay (Lévis): Mr. Speaker, my question is directed to the Minister of National Defence. I would like first to thank him for having responded to the requests made by hon. members in anticipating the program for repair and assistance to the shipbuilding industry which is aimed at improving the situation which faces shipbuilding at the present time. I would like to know whether his department has secured the necessary funds, that is $2 million, following tenders which have been received for the building of the *Protector* for which the Davie Shipbuilding had made the lowest bid at $9 million.

[*English*]

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, we are looking at this matter very carefully. We hope to be able to find the funds to make this work possible in the St. Lawrence shipyards as quickly as possible.

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AGRICULTURE

PLANT BREEDERS' RIGHTS LEGISLATION

Mr. John Wise (Elgin): Mr. Speaker, my question is directed to the Minister of Agriculture. It relates to the progress or, perhaps more accurately, the lack of progress with regard to the plant breeders' rights legislation. The plant breeders require this legislation: they have been asking for it for months and the government has promised it for months. I simply ask the minister when we can expect to see the legislation.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I doubt very much whether the legislation will be brought in before the end of this month. It depends on how long the House sits. If it is not brought in at this time, it will be given a priority position in the early fall.

Mr. Wise: I am disappointed by the minister's response and I am certain the plant breeders will share my view. Can we get an assurance from the minister that this legislation will not be like the Canadian meat import law and the stabilization payment to beef producers—promised and never delivered? These kinds of promises we can do without.

Mr. Whelan: Mr. Speaker, our plant breeders have been without this kind of legislation since plant breeding began in Canada. If they do get it, it will be something they have never had before.

GRANTS UNDER GRAIN ELEVATOR PROGRAM

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is also for the Minister of Agriculture. It has to do with the elevator program which was announced jointly by the Minister of Agriculture and the minister responsible for the Wheat Board, about nine months ago. I understand Treasury Board has given approval to it in the last two weeks. When may announcements be expected with regard to individual grants? I am particularly interested in the one in the south part of Hastings.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I can understand why the hon. member is concerned about the one in this area. I signed a press release on this and outlined that the regulations would be announced very shortly for people such as the hon. member is talking about who want to take advantage of the program. People in the feed deficient areas of eastern Ontario, western Quebec and eastern Canada, will be able to take advantage of this program. We hope to have the regulations by the end of this week or the first part of next week so they will know how to apply.

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INDUSTRY

SALE OF HALIFAX SHIPYARD

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is directed to the minister of industry, trade and tourism or the Minister of Industry, Trade and Commerce. Can he report any progress as far as the Halifax shipyard is concerned? He must have been made aware by his confreres in the province of Nova Scotia that many of the shipyard workers are running out of unemployment insurance. Will there be a buyer for the shipyard? If not, why does the government not take it over and run it?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are carrying on conversations with the Nova Scotia government and the owners of the Halifax shipyard in the hope that if they no longer want to run it, between the three of us we can find someone who will take it over and continue the business of repairing ships at Halifax.

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EXTERNAL AFFAIRS

CANADA-U.S. NEGOTIATIONS ON UNDERSEA ENERGY RESOURCES

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is to the Secretary of State for External Affairs. According to published reports today, the minister's Canadian negotiators on the undersea boundary dispute question have proposed a shared 50-50 access to oil and gas production in disputed territories with the United States. My question to the minister is, is this true?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Without being the least offensive, Mr. Speaker, I do not think I ought to tell the hon. member. It is obviously part of a negotiating posture. It is a story in the newspapers. However, I would not want to confirm or deny it in precisely the language the hon. member has put to me. If he can rephrase the question in some way, I will be glad to be as forthcoming as I can.

Mr. Lawrence: Regarding any giveaway of undersea mineral rights on the continental Canadian shelf, regarding which many Canadian provinces feel they have a very just claim—and that view is shared by many in the country and in this House—may I ask the minister if any of the provinces concerned were involved in the discussions ahead of time, or will they be before any such offer is made to the United States?

● (1502)

Mr. Jamieson: Yes, Mr. Speaker, I can answer that question clearly. We have had discussions with the provinces and we are continuing to discuss the matter with them. I am speaking from memory, but I do not think there has been any firm position taken by either side. A number of possibilities are being explored. As I understand it, even if a clearcut line is delineated there is a necessity for some agreement on each side of the line because deposits, particularly our deposits, may be located under the seabed on each side of that dividing line. So there are some complications involved. But the provinces are being consulted and we shall take their representations very much into consideration in reaching any final decision.

Mr. Lawrence: A final question. Does the minister not think it possible that we could at least discuss this subject in the House, with the minister leading the way, and consider some of the legal questions involving jurisdiction, instead of some of us having to pick these things up in the newspapers? Could we not discuss these things in the House first?

[Mr. Hogan.]

Mr. Jamieson: I do not know what mechanism might be adopted. There are two considerations involved. One is the restriction imposed during the question period. The other is this: I do not know whether members opposite would genuinely wish to get into a discussion in terms of indicating what the posture is while the negotiations are under way. However, in committee or anywhere else where it could be done without causing problems to our negotiators, we would have no objection to the subject being dealt with. We have asked the provinces for their views, and there is no reason why we should not let members in on our position.

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PRIVILEGE

MR. HNATYSHYN—REMARKS OF MINISTER OF TRANSPORT IN DEBATE

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I gave you the usual notice of my intention to raise a question of privilege on a matter I brought to your attention yesterday evening. It relates to the performance of the Minister of Transport (Mr. Lang) in this House.

Mr. Basford: A great performance!

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: It is interesting to note the kind of action on the part of this minister that government supporters are applauding. I raise this matter because I feel it is one which should receive serious attention by Your Honour and by members of the House. We have, unfortunately, become used to intemperate and petty outbursts from the government side.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: We regret that the minister is incapable of making his point in debate without indulging in personal reflections. Members on both sides of the House occasionally infringe the rules in their warmth of expression and are usually quick to withdraw any remarks of theirs which the Speaker has described as unparliamentary. I hope the minister will take this opportunity to improve his record in this regard.

Yesterday evening, the minister stated:

> But instead of grappling with it, the Conservatives go into Anglophone Canada and feed it with their lies and deceptions and their urgings to hate.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Mr. Speaker, it would be hard to imagine language which more grossly offends against the standard usually enforced in this House. It was suggested yesterday that the minister saved himself by referring to the Conservative party generally. I agree that vague references have often been passed over. However, I suggest that in this case the violence of the language, and the fact that western members appear to be singled out by a subsequent statement of the minister, removes that defence.

For similar language, Mr. Speaker, a member of this party was ejected from the House two weeks ago. The words "lie" and "liar" have always been withdrawn after being used in this House. I also suggest that the words "urgings to hatred" offend the spirit of Beauchesne 155, in that they accuse a member of base and offensive motives.

It would not be very gracious of the minister to fall back on the defence that he did not single out a particular member, but accused all of them. It seems to me that a minister of the Crown should be fully supportive of the dignity of the House, and realize that we are here to debate policies and not debase the personal reputation of fellow members.

In the interest of preventing the kind of breakdown in the House that I know Your Honour would like to avoid, I hope the minister will take this opportunity to withdraw the remarks and allegations he made yesterday.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think it is clear that the language I used does not fall within the definition of what is considered unparliamentary. I agree that it is strong language; statements about "lies" and "deception" do, indeed, constitute strong language. Nevertheless, the fact of the matter is that I have frequently seen this used as a tactic, particularly in western Canada, and what I was addressing last night was the serious consequence for this country of that tactic being used in a way which permits, preaches and evokes dislike for either a region of the country or of a particular linguistic group. I have seen this time and time again.

I would be delighted to have a committee of the House look into the question of how these things are done and how hatred and separation are spread. I recall one instance particularly in the home town of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) which I share with him. It was very clear from the Conservative advertising that they were suggesting a Quebec plot—it would be funny if it were not so sad. They said the picture of the prairies had been removed from the dollar bill and replaced by a picture of the Parliament Buildings taken from the Hull side.

Going on from there, you have a greater combination of suspicion and lies. The example I used last night had to do with the way in which Conservatives across the country assert that the government is favouring the province of Quebec in DREE programs, winter works programs and the like. The fact is that Quebec may indeed benefit more than Ontario, Alberta or some other province, but in all cases it derives less benefit than the Atlantic provinces because the principle is to try to help those areas which most need help.

Some hon. Members: Hear, hear!

Mr. Lang: At the very time we are making our case against the separatists in Quebec, pointing out that the province does receive a good deal from the federal treasury given the economic circumstances of the province, we find these neo-separatists from other parts of the country spreading dislike—

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. There is a natural temptation for hon. members to get into the merits of the question when words such as "lies" and "deception" have been used, and to go behind such phrases to demonstrate a certain position or support a certain argument. Nevertheless, I think we should avoid going into the merits and confine ourselves to the procedural question.

The Minister of Transport (Mr. Lang) has indicated that the description he was using was not applied to members of the House of Commons but to Conservatives generally.

Some hon. Members: No.

Mr. Speaker: Order. On a straight reading of the language objected to, I would be prepared to accept that possibility. However, I go back to the beginning of his remarks, to the paragraph in the middle of the second column of *Hansard* at page 6126. In cases where there is any possibility that unparliamentary expressions have been directed against members of the House, I think we have to take action quickly.

● (1512)

The minister says now that he did not intend to direct this comment against members of the House of Commons and, if that is so, I will ask him to make that perfectly clear because of the following language the minister has used. I will read it without including interjections:

> What we have in this House . . . is a Conservative opposition which does not care to consider the impact on this country's unity and which does not care indeed if its actions, time and time again, drive wedges between people in this country . . . The hon. member for Annapolis Valley (Mr. Nowlan) shrieks . . . but let me tell him about colleagues of his having urged in this House on the one hand that the Minister of Finance immediately pay the money to the government of Quebec, when they would have gone across certain areas of this country saying to the people in the rest of Canada—in Saskatchewan where I live and in neighbouring provinces—

And so forth. In light of that language, if the Minister of Transport was endeavouring to make an accusation only a few lines later in respect to Conservatives outside the House and not members in the House, that certainly is not the context which is described by the language which I have just referred to; and if the Minister of Transport says today that he was talking about Conservative organizers and so forth, he is excused. However, on the basis of this language I would have to have him state here in this House that that language somehow did not refer to members of the House of Commons, and that if he did refer to members of the House of Commons he now withdraws that remark in respect to members of the House.

Some hon. Members: Hear, hear!

Mr. Lang: Mr. Speaker, I am not quite sure I understand your adjudication.

Some hon. Members: Oh, oh!

Mr. Lang: I would like to make it perfectly clear that in the later reference to lies and deceptions I was referring to a

general Conservative tactic and conduct and certainly not specifically to any members of parliament.

Mr. Baker (Grenville-Carleton): Cheap.

Mr. Lang: In the earlier one I did indeed, I think, describe exactly what I thought they did in the way of a tactic, in terms of talking one way in this House and talking another way outside the House. That did apply to members. But I am presuming that Your Honour does not indicate that that earlier reference is the unparliamentary one, so I do separate those two very completely.

Mr. Speaker: What I am saying is that the combination of the two references, so closely related, leads to a very clear suspicion, which the minister says is not the case. We accept the word of members in this House, but it leads to the clear impression that the two are tied together. He separates them in his mind, and I accept that; however, I would want the minister to make clear today the intent of the language he used, "lies and deceptions". I think we always have to be very careful. When we enter into that kind of language, we have to be absolutely clear that it is not in reference to members of the House of Commons, and I would want the minister now to make it absolutely clear that he was not making that reference in relation to members of the House of Commons.

Mr. Lang: Yes, Mr. Speaker, that is what I meant to do in my previous intervention. I do not so intend.

[*Translation*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, as the national Leader of the Progressive Conservative party and as a member of this House, I am responsible in quite general terms for the strategy of my party. It is that very strategy which was attacked by the Minister of Transport (Mr. Lang) last night in the House of Commons.

[*English*]

I am quite prepared to accept the ruling which Your Honour has made and the retraction you have extracted from the Minister of Transport. I will accept that on the very narrow procedural grounds which are the grounds to which Your Honour, by necessity, is confined.

What is of greater concern to me here, as I am sure it is to all hon. members of the House of Commons, is that we know that in this House we set a standard which is followed elsewhere in the country and which forms attitudes toward the goodwill which exists among peoples and regions in this country and also toward the very delicate and difficult question of national unity in this country. I think that whatever the technical ruling Your Honour has made in relation to this intemperate, unfortunate statement by the Minister of Transport, it is very clear that when a senior minister of the Crown of Canada can stand up in the House of Commons and make that kind of allegation, designed in its way to create apprehensions about the Progressive Conservative party and also designed to undermine and to sow discord in the country and to create suspicions where no suspicions should exist, then, sir, I think we have a rather different circumstance.

I quite accept that the circumstance which has arisen now as a result of the unfortunate, irresponsible and childish remarks of the Minister of Transport is one which cannot be dealt with in any further procedural way by Your Honour. But we have in the House with us now—and I appreciate his staying at my request—the Prime Minister (Mr. Trudeau), the leader of the party of the minister who has made this allegation against the Progressive Conservative party as a whole in the country and who has made these statements which clearly can lead to a very serious hostility in the country.

The Prime Minister has heard these remarks stated. He was not here yesterday. I recall that in 1968 when the Prime Minister was campaigning in his first election as leader of his party he had the courage and the courtesy, when faced with an advertisement placed in the name of the then Liberal candidate in Calgary South which made similar unfounded allegations against the Progressive Conservative party, to dissociate himself as leader of his party from those irresponsible remarks, and I hope that the Prime Minister of Canada will use this opportunity here, not to hide himself behind the narrow grounds which have provided some protection under the rules to the Minister of Transport, but instead to accept his larger responsibility to national unity and stand in his place and dissociate himself from the statements which have been made by the Minister of Transport.

Mr. Lang: Mr. Speaker—

Mr. Speaker: Procedurally we are in a very vague area here. On procedural grounds the matter was resolved. The Leader of the Opposition (Mr. Clark) has been given the floor. He has raised a point to which I think the House obviously would expect a reply. However, the matter was raised by the Minister of Transport last night in debate. In so far as the comment was not made about members of the House of Commons, it is a comment which can be made by the Minister of Transport.

Debate on the bill will carry on today. There will be a few hours of debate later on this afternoon, and if there are to be further replies, they can be made in that debate.

In so far as there was an unparliamentary use of language, that has been corrected procedurally. But there are ways of answering the allegations—or repeating them, in fact—if in fact they are parliamentary allegations; and in so far as they do not apply to members of this House, no procedural objections can arise.

I see that the Minister of Transport wants to answer the Leader of the Opposition. I think it is only fair that he make a response and then, from a procedural point of view, the matter ought to be closed.

Mr. Lang: Mr. Speaker, I need not take a great amount of time to respond, but I think the Leader of the Opposition (Mr. Clark) did in fact impute motives to me in terms of trying to create some unfortunate and disastrous results in the country by my comments.

I would just like to assure him that my motives are very much based on the hope that he may take his responsibilities and correct the actions which go on in the Conservative party so that there will not be seized the advantage of prejudices which do exist. If the Leader of the Opposition does not know how extensive they are, I ask him to accept the offer I also extended to the hon. member for Joliette (Mr. La Salle), and that is to let me take him to certain areas in the west and let him hear how deeply these divisions are sown. I have the hope that his party, as one of the traditional and ancient parties in this country, will adopt a standard designed to unite the country and not divide it and feed on prejudice.

Some hon. Members: Hear, hear!

Mr. Stanfield: Mr. Speaker—

Mr. Speaker: Order, please. We are on very doubtful procedural grounds here. The Leader of the Opposition has been given the floor. He made a request by way of intervention which does not in any way relate to a procedural matter. It certainly is not a point of order. It certainly is not a question of privilege. The procedural matter has been settled. The debate will go on for the rest of the afternoon, and there will be all kinds of speeches and suggestions made during the course of the balance of the debate. But there really is no procedural basis upon which we can now go on to recognize other hon. members so that they can make other contributions to a non-procedural point.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, may I respectfully submit that the only retraction here has been about lies and deceptions and urgings to hate. I as a member of the Conservative party in the House have also been accused of seizing every opportunity to encourage feelings of hate and antipathy in this country. There has been no withdrawal of that statement by the Minister of Transport (Mr. Lang).

● (1522)

Some hon. Members: Oh, oh!

Mr. Crosbie: Hon. gentlemen opposite can howl all they like; we have our reputation to defend, Mr. Speaker. At page 6127 of *Hansard* the minister has clearly libelled every member of the Conservative party in the House by saying:

—they seize upon every—opportunity—to encourage feelings of hate and antipathy in this country.

I have never done that, nor has anyone else on this side of the House. So I put it you, Mr. Speaker, that the minister has not retracted that part of his remark.

An hon. Member: The decision has been rendered.

Mr. Speaker: Order, please. The hon. member misunderstands, and I will say it one more time. Procedurally, members of the House of Commons are restricted in making allegations in various forms of unparliamentary language against members of the House of Commons. They are not under the same constraints in respect of other groups of people. Therefore, if any member of the House feels himself aggrieved as part of a larger group, there are several recourses for him. If it is a political aspersion, it can be defended in a political circle; if it is a debating point, it can be carried on in the debate this afternoon. But on procedural grounds, the minister has made an allegation which, in my opinion, indicated it may be directed at members of the House of Commons, and in so far as it was, it was unparliamentary. Therefore, I insisted that it be withdrawn in respect of members of the House of Commons.

I think hon. members should understand that the precedents indicate quite clearly that a general aspersion against a group of people, whether it happens to include members of the House of Commons or not, is not to be included in those parliamentary categories. Therefore, whether a member of the House of Commons incidentally, as part of a larger group, feels himself aggrieved by the aspersion is beside the point.

In any case, I have ruled on the matter procedurally and the minister has indicated his withdrawal of any unparliamentary remarks in the sense that they might have been directed at members of the opposition here, and that closes the matter procedurally.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, what is my position as regards the challenge made by the Leader of the Opposition (Mr. Clark)? I was asked some questions by the Leader of the Opposition. Are you ruling that it is not in order for me to answer them at this time?

Mr. Speaker: I felt that I should indicate a response of equal proportion. I thought that response was taken up by the Minister of Transport (Mr. Lang). If the Right Hon. Prime Minister (Mr. Trudeau) were to make a reply at this time, it seems to me that it would have to be only with the unanimous consent of the House.

Some hon. Members: Agreed.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, just before we deal with the matter of unanimous consent, may I say that I hope we will not get into this matter too deeply, and I will tell you why, sir. Just after you made your ruling and after the Minister of Transport (Mr. Lang) had spoken for the last time—and we will make our judgment on what he said—the hon. member for Halifax (Mr. Stanfield) was on his feet trying to get the floor, but you did not see him—and I use that expression in the procedural sense. I think that if the issue is going to be opened up—and the Prime Minister (Mr. Trudeau) will be allowed to speak if he wishes to do so—then I think the hon. member for Halifax should be allowed to do so as well, and any other member of the House of Commons. I merely point that out to you, sir, to indicate the extent to which we might very well be proceeding if you adopt the practice of asking for unanimous consent.

Mr. Speaker: Order, please. I had indicated earlier my disposition of the matter and I said that the Leader of the Opposition had been given the floor, as is often the case on an

unclear point from the procedural point of view, and that I thought a reply should be given, which it was. I said that there was no procedural basis upon which I could recognize any other member without opening a debate.

I think that is probably the safest course to take, notwithstanding the desire of several members, including the Prime Minister and the hon. member for Halifax, to get into the debate; and I think that upon that procedural basis I should take the safe course and close it off.

MR. BROADBENT—ANSWER GIVEN BY MINISTER OF STATE FOR URBAN AFFAIRS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on an entirely different question of privilege. Earlier in the question period, the Minister of State for Urban Affairs (Mr. Ouellet), either deliberately or inadvertently—and I am assuming the latter until he clarifies the record—told the House that under the changes announced in the housing program those who are going to get a subsidy for mortgages in the co-op housing section would get a mortgage of 1 per cent for 35 years. The clear, commonsense interpretation of that answer is that anyone who is in a co-op housing project would get that 1 per cent mortgage for 35 years.

As the minister surely knows, the reality is that such is not the case. According to a document which was circulated by his own department in the month of May, the reality is that someone in a co-op housing project might get a subsidy down to the 1 per cent level and might get it extended year after year for up to 35 years. Because of other changes made in the regulations by his department, it is most unlikely that anything approaching a significant number of people going to that co-op project, would be eligible for a 1 per cent mortgage and subsidy, on the assumption that a significant number in that project were eligible for a 1 per cent mortgage subsidy.

That is a very important point because the minister, in his remarks today, left the impression that there is a fundamental change in policy which will be to the advantage of the co-ops rather than, as many of them see it, to their disadvantage.

I should like him to clarify the record on that point and make it clear that it is just possible that a few people might get a subsidy down to the 1 per cent level. In that context, would he clarify the other concern which is directly related?

Mr. Speaker: Order, please. I think the hon. member for Oshawa-Whitby (Mr. Broadbent) is raising what is essentially a point of disagreement or interpretation. However, in case there has been, as we have recognized in the past, the possibility of a misleading reference, the minister may contribute now, but I do not think it should go much further.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I think I should say very briefly that perhaps I should send to the hon. member and to other members of the House some background information on the proposal which will clearly indicate its intent and its advantages, as the policy has been amended. This should meet some of the remarks which have been made by the co-op groups and non-profit groups.

* * *

POINTS OF ORDER

MR. WHITEWAY—ALLEGED MISLEADING OF HOUSE BY PRIME MINISTER

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise on a point of order regarding a statement made by the Prime Minister (Mr. Trudeau). I think the Minister of State for Urban Affairs (Mr. Ouellet) might want to correct a misleading statement made by the Prime Minister in answer to a question from the Leader of the Opposition (Mr. Clark), in which the Prime Minister indicated that the new housing initiatives have been taken by the Minister of State for Urban Affairs with the agreement of the provinces.

The Minister of State for Urban Affairs then rose in his place and, in answer to a later question, indicated that the province of Manitoba had not given agreement. The telegram which he quoted clearly states that the province of Manitoba wishes to reach agreement at the earliest opportunity. That is a clear indication that the minister proceeded with the housing program without the consent or agreement of the province. The Prime Minister, deliberately or inadvertently, misled the House by saying, in answer to an earlier question, that the new initiatives have taken place with the agreement of the province.

Mr. Speaker: Order, please. Surely the hon. member raises a matter of disagreement, not a matter of order.

MR. STEVENS—CLARIFICATION REGARDING TABLING OF WAYS AND MEANS MOTION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my point of order touches on the order of business for today and certainly for tomorrow. As you know, sir, we had difficulty with the original tax motion with respect to a portion of Bill C-56, and your ruling called for the tabling of a new tax motion, a new ways and means motion, which would facilitate whatever the government saw fit to do with respect to clause 30 of Bill C-56.

• (1532)

The reason for my point of order was perhaps to receive clarification from the Minister of Finance (Mr. Chrétien) as to whether he intends to table notice of his ways and means motion today, so that it might be concurred in tomorrow on the assumption that we will move into committee of the whole stage tomorrow, at which point we may well reach clause 30.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): On the point of order, Mr. Speaker, in the ruling you made in this House, you indicated that it was not necessary to table a notice of an

amended ways and means motion before we reached examination of Clause 30. If the opposition were ready to guarantee that the 29 preceding clauses will be agreed to quickly, with the unanimous consent of the House, we might adopt an amended ways and means motion which could comply with your ruling a few days ago.

[*English*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise on the same point of order. A rather difficult procedural problem is created for the House by the failure of the Government of Canada, when it first introduced the ways and means motion relative to Bill C-56, to have clearly in its mind what exactly it was going to propose. Your Honour has ruled on that by indicating that before we get to clause 30 tomorrow, a new ways and means motion must be approved by the House in which the Government of Canada spells out what it proposes in Bill C-56.

The government has chosen to introduce closure. That issue was debated and lost yesterday by this side of the House. There will be a vote today, and then we will proceed tomorrow into clause by clause consideration of Bill C-56. Perhaps clause by clause debate in committee of the whole will go very quickly tomorrow. If that is the case, surely it would be helpful to the House of Commons, if we are not stopped by a failure of confidence by the government, to introduce a ways and means motion in time to allow us to deal with that clause if we come to it. We do not know if we will come to it, but perhaps we will. The rules of the House require that notice must be given the day before in order for us to deal with clause 30.

Perhaps some Liberal members will want to hold up debate and perhaps there will be some serious disagreement on the preceding 29 clauses. Also it is important to contemplate that the House of Commons may want to deal with the new clause 30 tomorrow, that part of the bill which the government will change as soon as an arrangement has been worked out with the government of Quebec.

The Minister of Finance (Mr. Chrétien) has two options open to him. He can introduce that ways and means motion today, which would allow us to deal with clause 30 if we come to it tomorrow. Perhaps his difficulty is that he does not know what he wants to propose. Yesterday he imposed closure on a matter the nature of which he did not know. Perhaps he does not know what he intends to put in the ways and means motion.

The other option open to him, since he does not know what he wants to propose and what he wants parliament to deal with tomorrow during clause by clause consideration, is that he may want to suggest to the House leader that we withdraw the bill and go on to other matters where the government is ready.

I see the minister is shaking his head and indicating no. Thus I assume the minister has come to some conclusion as to how he will amend clause 30 and how he will amend the ways and means motion. If that is the case, then it is very much in the interests of progress in the House of Commons and very much the responsibility of the minister to introduce that ways and means motion right now.

Mr. Chrétien: Mr. Speaker, I should like to ask the hon. Leader of the Opposition (Mr. Clark) to use the proper terms. He indicated that yesterday I used the procedure of closure in the House. That is not the case. I used the time allocation procedure. There is a difference.

Some hon. Members: Oh, oh!

Mr. Chrétien: It is completely different. Closure does not permit any more discussion on a bill. We have provided 11 days for the second reading debate. The hon. member should be correct and indicate that we have used time allocation, which is a very proper rule. After nine days of debate, I provided another day and a half of discussion.

Dealing with the ways and means motion, I confirm the decision of the Chair. Your Honour said that I had to table the amended ways and means motion, if I so wished, before the House reached consideration of clause 30. If the hon. Leader of the Opposition is willing to guarantee that the preceding 29 clauses will be passed very early, I would not mind tabling the ways and means motion.

The hon. Leader of the Opposition likes to presume if there will or will not be an agreement with the province of Quebec. I do not know this. For approximately two months I have sought an agreement. Yesterday I read in the newspaper that Quebec will probably propose my own proposition. If that is the case, perhaps an amendment to the bill will not be necessary. We will see when we arrive at clause 30. If the opposition wants to collaborate with me and pass 29 clauses tomorrow, I will be ready to table a ways and means motion with unanimous consent.

Mr. Speaker: Order, please. I should like to refer to the relevant portions of the hon. member's point of order and the second last paragraph of my earlier ruling on this matter. I referred to May's Parliamentary Practice, 19th edition, page 790, which reads as follows:

> If any provisions of a bill are found to go beyond the resolutions on which the bill is founded, further resolutions must be passed—

The operative word is "passed" and not "tabled". It continues:

> —before those provisions are considered in committee on the bill—

The second relevant reference would be Standing Order 60(1) which reads as follows:

> A notice of a ways and means motion may be laid upon the Table of the House at any time during a sitting by a minister of the Crown, but such a motion may not be proposed in the same sitting.

Subsequently the rules indicate that the taking up of such a ways and means motion is without debate and the question for concurrence is put without debate.

The procedural point raised is the question of possible consideration of clause 30 in committee of the whole stage. These are the provisions which apply to it. If that were to take place tomorrow, it cannot take place on the basis of the

precedents I have cited until the amended ways and means motion is passed. It can be passed tomorrow if notice is given today. Notice can be given today at any time during this sitting, in the language of Standing Order 60(1).

Mr. Stevens: Mr. Speaker, it would clarify this issue greatly if the minister would simply indicate whether he has an amended, suitable tax motion to give notice of today.

Mr. Speaker: Order, please. I am sure if the minister had one that he would give it.

Mr. Chrétien: If the opposition wants to agree to pass the 29 clauses tomorrow, I am willing to give notice today.

Mr. Speaker: Order, please. The request that a minister make some sort of notice or table a document surely is not a point of order. If the minister seeks to table a document, a point of order may arise. To simply ask a minister to take such a step does not constitute a point of order.

* * *

[*Translation*]

INCOME TAX ACT AND EXCISE TAX ACT

OWNERSHIP AND OPERATION OF SMALL BUSINESSES

Hon. Jean Chrétien (Minister of Finance) moved for leave to introduce Bill C-59, entitled "An Act to amend the Income Tax Act and the Excise Tax Act in relation to ownership and operation of small businesses".

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

● (1542)

ROUTINE PROCEEDINGS

[*English*]

PUBLIC OPINION POLL DISCLOSURE ACT

MEASURE TO ELIMINATE MISLEADING INFORMATION DERIVED FROM POLLS

Mr. Dean Whiteway (Selkirk) moved for leave to introduce Bill C-459, respecting public opinion polls.

Some hon. Members: Explain.

Mr. Whiteway: Mr. Speaker, this bill would require those who release public opinion polls during the time of a writ, either in respect of a general election or a by-election, to give certain adequate information regarding such polls so that the public could ascertain the validity and reliability of such polls.

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

[Mr. Speaker.]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 491 and 1,375.

[*Text*]

CANADIAN PACIFIC

Question No. 491—**Mr. Caouette (Témiscamingue):**

1. Over the past five years, has Canadian Pacific received any grants from the government and, if so, in each case, what was the (a) amount (b) date (c) allocation?

2. Was a portion of the grants assigned to the North Bay area and, if so (a) what percentage (b) what amount was used for the road that runs through the Constituency of Témiscamingue?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Canadian Transport Commission advises as follows: 1. Yes. The information requested is available in the CTC Annual Reports No. 6 to 10 tabled each year from 1972 to 1976 in the House of Commons.

2. Canadian Pacific Ltd.'s application to abandon its Ville Marie Subdivision, between Gaboury and Ville Marie (7.7 miles), and a portion of its Temiscaming Subdivision from Gendreau running through Gaboury to Angliers (69.0 miles) was filed with the Commission October 27, 1977. No subsidies have been paid to date on either of these lines. Canadian Pacific will not be entitled to subsidy on these lines until 90 days after October 27, 1977, as per Section 256(1) of the Railway Act. Subsidies will not be paid until such time as a public hearing has been held on these lines and/or the Commission has determined that actual losses have been incurred by Canadian Pacific. The future of these two lines will be tetermined on the basis of a public hearing at which time all interested parties may present their views, verbally or in writing. No abandonment of these Subdivisions would occur before such a public hearing is held. Based on the workload before the Railway Transport Committee at this time, it is doubtful such a public hearing would take place before the latter half of 1978, at the very earliest.

In so far as the Department of Industry, Trade and Commerce is concerned:

	(c)	(a)	(b)
1. Company	Program	Amount	Fiscal Year
Canadian Pacific Ltd.	Miscellaneous-repairs to grain cars	$1,430,000	1974/75
Canadian Pacific Hotels	PEMD	5,912	1976/77
	"	1,910	1977/78
Canadian Pacific Consulting Service	PEMD	8,026	1975/76
	"	13,624	1976/77
	"	6,241	1977/78
Canadian Pacific Airlines	Tourism	5,157	1976/77

2. Nil

NOTE: There were some payments under IRDIA, but this information is confidential and cannot be released.

CPR—SUBSIDIZATION

Question No. 1,375—**Mr. Jones:**

Is Canadian Pacific Railway subsidized in part by Canadian government funds, and if so, what are the names of its shareholders and what is the amount of their shares?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): For the first part of the question, please see replies to questions No. 17 ordered December 18, 1974, No. 1,250 ordered April 29, 1977, and No. 491 answered this day. For the second part of the question, see Beauchesne's Parliamentary Rules and Forms, citation 171(dd).

[*Translation*]

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

Some hon. Members: Agreed.

* * *

[*English*]

POINT OF ORDER

MR. ALEXANDER—REPLY GIVEN TO QUESTION 1,216

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise on a point of order in respect of questions on the order paper, and I would beg your indulgence for a couple of moments, sir.

On January 25 I placed a question on the order paper, No. 1,216, which reads as follows:

For each department, what was the total expenditure on air travel during the last year for which figures are available and, in each case, how much was for (a) domestic (b) overseas flights?

A return was tabled last Friday, and I would have been reluctantly prepared to accept the advice of the President of Privy Council (Mr. MacEachen) when his return was tabled as follows:

The information on all air travel booked directly by each department i.e. last minute reservations, etc., is not readily available. To provide an accurate reply would entail a lengthy and costly examination of thousands of travel claims for every department, which cost in manpower and time would be exorbitant or prohibitive.

As I said, Mr. Speaker, I would have been reluctantly prepared to accept that, but we have received further answers in respect of that same question. We find that the Department of National Defence did give a reply to the effect that, because of the complexity of the question, they could not answer it. I would have been happy with that as well.

However, we have an answer in respect of the Department of External Affairs, and it was at this point that I began to feel that the House was being misled by the minister or the office

of the President of Privy Council, or that they were at least being less than honest with members of parliament. This department did answer the question. They were able to come up with the figure of some $4 million.

That is not the end of it, sir. We then received another return, and this is most important because sometimes I find that the office of the President of Privy Council is less than co-operative. I do not suggest officials intentionally attempt to mislead the House, but in this case at least I think they were less than honest. The return from the Department of Supply and Services is as follows:

Insofar as the Department of Supply and Services is concerned:

The total expenditure on air travel booked through the Central Travel Service of the Department of Supply and Services was $30,539,494.00 in 1976-77, the last year for which complete figures are available.

Information is not accessible on the division between domestic and overseas flights.

My point of order arises from the return tabled by the President of the Privy Council through the parliamentary secretary which, in effect, states that the question is too complex, would cost too much money to answer, would call for the expenditure of a tremendous amount of manpower, and accordingly will not be answered department by department. We then find a department answering the same question, namely the Department of Supply and Services, which refers to expenditures in terms of air travel for 67 agencies, including the departments.

I suggest there are too many of these stock type of answers. With all due respect, the parliamentary secretary has egg on his face. I hope in the future when questions are replied to there will be some co-ordination. The replies to question 1,216 would indicate there is something lacking in respect of co-ordination of answers given to questions on the order paper.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, we guarantee one thing: the most serious and complete research possible in order to give answers that are as complete and as accurate as possible. Unfortunately, we cannot give the hon. member a guarantee that he will be satisfied, on the political level, with the replies he receives. We are not here in this House to serve the political ends of the hon. member; we are here, at the taxpayers' expense, to try to give him the most complete answers possible.

As was explained in the reply in most of the departments concerned we could not obtain the requested details; that is why, because of the costs and the time factor involved, the hon. member did not get the answer he had requested. Fortunatly, in some cases, he did get a global amount but no breakdown, precisely for the reasons explained in the reply we gave him. In short, Mr. Speaker, once again, the employees of the Privy Council office always do their best to give hon. members on both sides of the House the most responsible,

honest, accurate and complete answers possible. That has been our attitude in this session when up to now we have already replied to 73 per cent of all questions on the order paper. So I would ask the hon. member to be more understanding and much more courteous, and not to think when we answer questions that we are trying to mislead the House. Such is definitely not our motivation. Once again, we are not here to look after the political yearnings of the hon. member.

[*English*]

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, I should like to bring to the attention of the parliamentary secretary question No. 1,295 which I placed on the order paper on February 7. It is a simple question asked of the Secretary of State (Mr. Roberts) regarding a program called "Open House Canada". I wonder whether the parliamentary secretary could look into the matter and find out why it is taking so long to getting around to answering it.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I also have a complaint in respect of delays in answering order paper questions. Last year on December 7 I placed question No. 895 on the other paper as follows:

> Are Members of Parliament entitled to use DOT Telex "Comcen" facilities for the purpose of sending political messages to their constituency and, if so, how many members used such facilities in 1976-77—

That was six months ago. Last fall I presented evidence at a committee meeting that the hon. member for Assiniboia (Mr. Goodale) was being allowed to use DOT telex facilities to send out political—and I have to refer to it as "garbage". We are entitled to an answer as to how many Liberal members are allowed to use this DOT telex network to send out political messages. This is information that could have been provided within a week. Here we are six months later without an answer.

I realize this is a very embarrassing question to the government but, nevertheless, I am entitled to an answer. Six months is a ridiculous length of time to provide an answer to a question like that. I would like the parliamentary secretary to look into the matter and give some indication as to when I can expect to receive an answer.

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

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

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

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

[Mr. Pinard.]

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, June 6, consideration of the motion of Mr. Chrétien that Bill C-56, to amend the statute relating to income tax and to authorize payments related to provincial sales tax reductions, be read the second time and referred to the committee of the whole.

Mr. Louis Duclos (Montmorency): Mr. Speaker, when the debate ended last night, I was going to say that some people do not seem to understand the facts of the dispute between Ottawa and Quebec concerning the sales tax, a dispute which is admittedly very complex, but some do not really understand the facts of the matter or still they try to make political capital by using arguments which strike the people's imagination but have strictly nothing to do, Mr. Speaker, with the matter before us. For example, how can someone say that to give an $85 or $100 tax credit to Quebec taxpayers is socially unjust because the underprivileged will receive nothing?

I think, Mr. Speaker, that any one who feels he can make a useful contribution to this debate should at least know that the problem is merely to find a means to transfer to the Quebec government an amount of $226 million to compensate the Quebec Treasury for part of the loss it incurred following the removal of the sales tax on a number of items. In short, Mr. Speaker, these tax credits granted by the federal government will be of no use whatever to those taxpayers since their tax burden will be increased by the Quebec government by an amount equal to the federal tax cut. Hence, Mr. Speaker, I find quite irresponsible a statement such as the one made by the Leader of the Official Opposition (Mr. Clark) who said in Montreal on May 28, and I quote:

> We shall never agree to the Chrétien proposal. This formula is unfair because it benefits the wealthy and penalizes the poor.

Indeed, Mr. Speaker, such a statement does not mean anything at all. Either the Leader of the Opposition does not know what he is talking about, in which case he should shut up, or he does, and then he should have the decency to recognize that such a statement is irrelevant. Also, Mr. Speaker, what about the argument to the effect that a tax credit of $85 or less to Quebec taxpayers would have very little effect on the economy since the recipients tend to buy less than non-taxpayers, and thus might not inject the amounts received into the economy.

● (1552)

I repeat, Mr. Speaker, such an argument holds no water since it is a cut in the sales tax, whatever form it may take, which is supposed to stimulate the economy, and not the money given to the taxpayers by the federal government,

which one way or another will end up in the provincial treasury. The same applies to the argument that it would be preferable to give the tax credit on the basis of the 1977 tax returns because a larger number of taxpayers would then be eligible and the economic incentive would be more immediate. I repeat, Mr. Speaker, the tax credit has nothing to do with social justice since the recipients of that money would not benefit from it and would have to turn it over, as extra tax, to the Quebec treasury. The taxpayer, in that case, is nothing more than a conveyor between two governments, and the tax credit would not serve as an economic incentive, since it is only through sales tax cuts that the economy can be put on the way to recovery.

Mr. Speaker, last week's events have clearly demonstrated the willingness of the Minister of Finance (Mr. Chrétien) and his eagerness to find a honourable solution to this legal problem. I commend him for proposing to his Quebec counterpart a $100 tax cut for each and every Quebec taxpayer in 1978. On the other hand, Mr. Speaker, I deplore the fact that the Quebec minister of finance did not find it advisable to explore fairly and immediately the offer which was made to him last Thursday by the Minister of Finance of Canada.

Mr. Speaker, I am quite willing to fight for the interests of Quebeckers, but their elected representatives in the Quebec government should indeed adopt a reasonable attitude which would make negotiations possible. I feel that the reasons put forward by the Quebec minister of finance for turning down the federal government's offer do not carry any weight and cannot stand analysis. For instance, how can he claim that this generous offer will penalize the less fortunate when he knows perfectly well that this tax cut would serve only to vacate a fiscal field which the Quebec government could take over to recover the funds it is entitled to receive? Moreover, Mr. Speaker, he is not very convincing when he criticizes the last federal offer for not providing for a cash payment of some $40 million as compensation for the equivalent of the province's 2 per cent sales tax reduction on clothing, footwear, textiles and furniture. Mr. Speaker, he is fully aware that Quebec will not lose these $40 million which are part of the $226 million which would be transferred to the Quebec government under the new tax cut scheme proposed by Ottawa. Finally, why does he come up with the cost of some $8 or $9 million in interest which would result from the transfer only next year of this tax money, when the federal Minister of Finance has clearly indicated that this question is negotiable?

Mr. Speaker, we learned yesterday from the media that the Quebec minister of finance seemed to have had second thoughts about the whole matter and appeared quite willing to come to an agreement. Whatever may happen, Mr. Speaker, whether the current negotiations come to an happy or unhappy conclusion, I sincerely hope that the federal Minister of Finance will continue to demonstrate the open-mindedness which served to increase his stature over the past week and include clause 30, the proposal he made to Quebec last Thursday, in Bill C-56.

To put it in a nutshell, Mr. Speaker, the idea is to grant Quebec taxpayers a $100 tax-rebate for the year 1978, hopefully, pending an agreement on the procedure to be followed by the Quebec government when it takes over fiscal jurisdiction from the federal government. The Quebec minister of Finance would apparently be prepared to give up the idea of a tax collection agreement. I am happy about this latest development which heralds the end of a useless quarrel. But I think that for the sake of Quebeckers it would be preferable to go one step further than a $226 million reduction in federal taxes and a corresponding increase in provincial taxes. As the leader of the Quebec Liberal party pointed out recently, we should not end up, Mr. Speaker, with some taxpayers suffering inequities in all this matter, such as, for example, double taxation on a short-term basis or retroactive taxing by the Quebec government.

To avoid these difficulties, it seems to me that a collection agreement is practically essential unless it is technically feasible to avoid these difficulties without such an agreement. But if such an agreement is necessary and can be entered into, it should not be interpreted as an additional concession to the Quebec government, but rather as the expression of a federal concern not to penalize anyone in Quebec. I would add, Mr. Speaker, that any agreement between Quebec and Ottawa should include the explicit commitment by the Quebec government to take over the whole power of taxation from Ottawa so that it would not be tempted to gain political advantages by refusing to accept all the monies transferred by the federal government to the Quebec taxpayers under the $100 tax rebate.

Mr. Speaker, I shall close on this note and I am happy to see that the hon. member for Joliette (Mr. La Salle) is in the House. It has been quite natural for the official opposition in the last few weeks to criticize the Minister of Finance and to pretend that it was defending Quebec interests. They thus obtained political capital at little cost by using such nonsensical arguments as the one used by their leader and which I mentioned earlier. I want to say very clearly and specifically to the hon. member for Joliette that his crying and his anger have contributed very little to the solution which seems to have been found for this conflict. Moreover, I would like to caution him that his party should not accuse the government of having been overly flexible towards Quebec once this problem has been resolved.

We are used to this type of double play by the Progressive Conservatives as far as Quebec is concerned. I remember that in last year's federal by-elections, the hon. member for Joliette went around Quebec saying that the right hon. Prime Minister (Mr. Trudeau) was too rigid in his stand on the constitution and that he was refusing to grant additional powers to the Quebec government, on matters of immigration, for instance.

At the same time, at the Standing Committee on Labour, Manpower and Immigration, some of his colleagues accused the Minister of Employment and Immigration (Mr. Cullen) of wanting to sign with Quebec an agreement which would balkanize the country. Mr. Speaker, members of the opposition should stop saying one thing in Quebec and something else everywhere else in Canada. Mr. Speaker, since this bill will not penalize financially the people of Quebec and since the Minister of Finance has shown his good will by offering Quebec a tax rebate of $100 for 1978, I shall support this bill when the vote is taken at the conclusion of the debate on second reading.

● (1602)

[*English*]

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, it was not my intention to enter this debate until I listened to the Minister of Transport (Mr. Lang) speak earlier this afternoon. I participate in the debate mainly in response to the suggestion of Mr. Speaker that this debate might be an appropriate place to make the response that I wish to make to the Minister of Transport.

With regard to the bill itself, I think the position of my party has been very well put and very well stated. We have been asked—indeed compelled—to vote today. I do not know whether the Minister of Finance (Mr. Chrétien) has time enough to come in and hear my remarks or not. We are being asked today to vote on a bill, the terms of which we do not know. It is as simple as that. The Minister of Finance speaks of being flexible, which is another way of saying that the bill, in its most important aspect as far as this House is concerned, may be very significantly changed in committee.

I never expected to sit in this House and be required to vote on closure on a bill, the terms of which I do not know. I think it is most extraordinary. If the roles were reversed and my hon. friends opposite by some strange coincidence found themselves in opposition, I can just imagine what a howl they would put up if they were confronted with a closure motion to vote on a bill, the terms of which are not in the bill itself. They are not even in the head of the Minister of Finance. I take it the Minister of Finance has some things in his head, but that is not one of them.

It is most extraordinary. I do not wish to use excessive language, but surely what is being asked of the House of Commons today is an affront to the House.

Some hon. Members: Hear, hear!

Mr. Chrétien: I presume you do not know what I will do.

An hon. Member: You do not know either.

Mr. Stanfield: I agree; I do not know what the minister will do. I agree that he does not know—

Mr. Chrétien: I think you do not.

Mr. Stanfield: If the minister does know, that makes the affront even more offensive. There is a double affront to this House. The minister sits there grinning. He thinks he has the troops and I am sure he has got the troops.

Mr. Prud'homme: Wait until we read you this letter.

Mr. Boulanger: You are filibustering.

Mr. Stanfield: If the hon. member wishes to speak he will have his opportunity. I am not going to speak for very long.

Mr. Deputy Speaker: Order, please. The hon. member for Halifax (Mr. Stanfield) has the floor.

Mr. Stanfield: I think the hon. member who is interrupting me is fundamentally a good natured man but he finds himself in a tight position on this bill and his usual good nature is giving way under the difficulties in which he finds himself.

Mr. Boulanger: I am surprised that you follow Joe Clark in this manner.

Mr. Stanfield: Mr. Speaker, some people can speak better from the seat of their trousers than on their feet. It is an old gag to be rude to a member when he is speaking, but the hon. gentleman does not really bother me. This is a further indication of the extent to which supporters of the government are bothered by the situation in which they find themselves.

I say it is an affront for the minister to introduce closure to compel the House to vote on a bill, the terms of which are not clear to the House. Furthermore, we are being asked to vote on a bill which does not conform with the ways and means motion. We are being compelled, through closure, to vote on a bill which does not comply with the ways and means motion.

The minister finds himself in a difficult position. He tells the House—and I believe him—that he thought he was doing something useful for the country; he thought a reduction in sales tax was a useful thing to do at the present time and he set up to confront the provinces and get their agreement.

The difficulty is that he did not get the agreement of all the provinces. My hon. friends opposite can criticize the government of Quebec as much as they like and say it is regrettable that the government of Quebec was not prepared to go along with the Government of Canada and the rest of the country. The fact remains, however, that there is nothing in the constitution that requires the government of Quebec to go along with the Minister of Finance or the other provinces. There is nothing in our constitution nor in the spirit of our constitution which gives any of us the right to criticize the government of Quebec for refusing to go along with the proposal.

I hope the Minister of Finance will work this out eventually. I hope he is able to reach an accommodation with the government of Quebec. I say in all sincerity that there is no justification for introducing closure on a bill to bring about a sales tax reduction in the province of Quebec and across the country without the consent and approval of the provinces. In other words, I say in all sincerity that I understand the minister being worked up and feeling badly about the situation he is in.

Mr. Chrétien: Not at all.

● (1612)

Mr. Stanfield: He says not at all. I think he should. I hope he is able to work it out eventually. However, he ought not to ask this House to vote on the question until he has it worked out.

I want to say something else on this point in connection with the bill. The Minister of Finance and other members on that side of the House, realizing that they are in a position of some difficulty, try to work out their difficulty by attacking the motives of myself and other members of the opposition. They take the view that you cannot disagree with or criticize the position of this government unless you are a separatist or have separatist tendencies.

Whenever the Minister of Finance is asked about the level of the dollar or some other aspect of the policy which he finds difficulty in answering, he criticizes the motives of those asking the question. I had hoped we had gotten beyond that in this country. I must protest the tone of that kind of response.

I resent very much hearing the Prime Minister (Mr. Trudeau), for example, suggest that members of the opposition are speculating on the dollar. The Minister of Industry, Trade and Commerce (Mr. Horner) accused members of the opposition of speculating on the dollar. There has been no withdrawal of either remark. The Minister of Finance and others are constantly accusing the members of the opposition of hurting the country, being only interested in securing some cheap political advantage, incidentally never giving any information and never answering the question.

I would not have risen simply to have made these points today, because I think they have been pretty well made already. However, the Minister of Transport took off last night and he took off again in the House this afternoon. He said it was the tactics of the Conservative party to divide the country. Last night he said, and I quote him:

> Time and time again, Mr. Speaker, the tragedy of the action of the Conservative party is that, whatever its public and apparent stand is here in this House, back on the hustings across this country they seize upon every . . . opportunity . . . to encourage feelings of hate and antipathy in this country.

As a former leader of the Conservative party for some seven years or so, I had some responsibility for the tactics of the Conservative party at that time. It was very clear from the minister's remarks that he was speaking about the tactics of the Conservative party for some period of time. He called upon the present leader to correct these tactics.

I recognize the need for all of us who are members of parliament, and indeed everybody who has any part to play in public life in this country, not only to exercise restraint in terms of people in other parts of the country and in terms of people who speak in tongue different from theirs, but to recognize the responsibility we all have to encourage restraint and increase understanding. I say to you in all sincerity, Mr. Speaker, we do not need the kind of vicious, unrestrained remarks that the Minister of Transport made in the House last night and again this afternoon.

Some hon. Members: Hear, hear!

[*Translation*]

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

Mr. Deputy Speaker: Order! The parliamentary secretary rises on a point of order.

Mr. Pinard: Mr. Speaker, I want to reserve the right and privilege of the Minister of Transport (Mr. Lang) to raise a question of privilege regarding the term just used by the previous speaker. Obviously, the word "vicious" is unparliamentary and I want to reserve the right of the Minister of Transport.

[*English*]

Mr. Stanfield: I was making the point, before the parliamentary secretary saw the need to rise and make his point, that we all have a responsibility to exercise restraint and to try to increase understanding in this country. We all have a responsibility to refrain from inflammatory remarks which encourage distrust in our country. We do not need the kind of hot-headed, unrestrained, intolerant, unjustified and, indeed, vicious remark made by the Minister of Transport in the House and the drift of his remarks here this afternoon.

Some hon. Members: Hear, hear!

Mr. Stanfield: I recognize that through the years there has been a tendency among candidates from time to time to get a little enthusiastic in their desire to get votes and succeed in getting elected and to yield to the temptation of attacking some other parts of the country. For many years the Liberal party made quite a thing about attacking Toronto, the people of Ontario and those in my own province of Nova Scotia. One can say that is fair game. I do not make too much about that. It is an old practice. It did not involve any racist element or anything of that sort.

I recognize as well that there are times when advertising during campaigns gets a little out of hand. I recall very well during the 1968 campaign—and I am sure this was not the wish of the Prime Minister—the Liberal party in western Canada running on the basis that the Prime Minister was the one to put Quebec in its place. Some Liberal candidates in Alberta, or at least their associations, ran ads accusing me, as leader of the Progressive Conservative party, of supporting special status for Quebec. Those ads had no purpose other than their obvious purpose, and that was to create doubt in the minds of the people in the west as to how firm I was on Quebec. They wanted to create the impression that I was soft on Quebec and that I would yield to Quebec things that ought not to be yielded to Quebec. I had to chase the Prime Minister through most of that campaign in 1968 to get him to repudiate that kind of approach and advertising.

I had some trouble with advertising in 1972. A couple of constituencies engaged in advertising which was considered doubtful. One was around the Lakehead.

During that campaign I was also in Alberta. Correspondence called to my attention an advertisement being run on behalf of the then hon. member for Crowfoot. I got in touch with the hon. member's campaign manager who stated quite simply they had not considered anything offensive in that ad. I asked that it not be run again, and it was not. I do not make anything particularly of it. I simply indicate there have been instances in which advertising has been run by candidates, or associations on their behalf, which was at least of doubtful tendency in terms of its significance. It has not been limited to the Conservative party.

● (1622)

The reason I am taking part in this debate today is the reference made by the Minister of Transport to the practice and tactics of my party. I am rather proud of my party. I do not want to be too thin-skinned but I like to think that while I did not become prime minister I did at least not pursue or permit tactics which divided the country. There may have been some things in my party which could be criticized. There are a good many things I see in the Liberal party which I have criticized—and I could go back over them today beyond those I have mentioned.

There can be no question that it is a challenge in this country to achieve understanding between the various regions and an even greater challenge to achieve understanding between the French and English speaking people. My party under its present leadership is dedicated to improving and increasing that understanding.

Some hon. Members: Hear, hear!

Mr. Stanfield: I like to think at least that I worked in that direction myself and I deeply resent, both personally and on behalf of my party, the intolerant, unrestrained and savage attack by the Minister of Transport. I think it was unworthy of a minister and his words could do nothing to improve understanding and a feeling of unity in our country. I deeply regret that they were uttered. Perhaps he, also, deeply regrets having said those things last night, but being a stubborn man he was not prepared to back off today.

Mr. Speaker, no one party in this country has a monopoly on good motives. No one party has a monopoly on patriotism. I myself distrust people who talk too much about patriotism. I think there is a lot to be said for the remark of old Dr. Johnson, who said that patriotism was the last refuge of a scoundrel. I suggested jokingly to the Minister of Finance in a private conversation last evening that he should bear those words in mind himself.

To conclude, I do not expect the Minister of Transport to withdraw any more or to express any regret. But as a former leader of the party I repudiate the attack made on my party and indirectly on myself personally. I repudiate it and I say to all members of the House that, if we are going to work to keep this country together, let us stop attacking the motives of those who are opposed to us and let us really seek to improve understanding.

Some hon. Members: Hear, hear!

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I should like to make a few brief comments. Many Canadians, through cable television, are now in the fortunate or unfortunate position, depending upon one's point of view, of being able to watch the proceedings of this House on a regular basis. I do not know what message other members have received but the message I have had is that, by and large, they view us as being long winded, repetitious, frequently fuzzy-minded and sometimes downright boring.

One of my friends was quoting Woodrow Wilson to me the other day in this regard. When Wilson was asked how long it would take him to prepare a speech, he said: "If you want me to talk for two hours, I will start right now. If you want me to talk for 40 minutes it will take me about a week. If you want me to speak for ten minutes it will take me about two weeks". My friend went on to recommend that most of us should be using the ten-minute version in this House.

Some hon. Members: Hear, hear!

Mr. Buchanan: I will endeavour to comply. First, I should like to praise my colleague the Minister of Finance (Mr. Chrétien). We have heard a great deal of criticism directed at the initiative he has taken. I suggest it was a vital and important initiative as far as this country is concerned. For the first time in Canadian history he went out to talk to his provincial counterparts before bringing in his budget to see whether there were any provincial initiatives which could be taken to the advantage of the country as a whole. Such an innovation, viewed against the background of the difficult times which Canada, along with much of the world, is passing, was, it seems to me, crucial to the well-being of the country.

I trust the response my colleague has received will not dissuade him from taking similar initiatives in the future. He would certainly be the first to admit that the result has not been a smooth operation or that there has not been a certain roughness around the edges. Nevertheless he has made a significant and important effort.

It was only after the acceptance of the budget by eight provinces that Quebec said no and produced a scheme designed mainly to benefit that province regardless of its impact on the rest of the country. It was a scheme designed to be divisive and to tear apart the Canadian market rather than unify it. The immediate reaction of the Tory party was: Whatever Levesque and Parizeau approve, we support.

Mr. Stanfield: There you go again!

Mr. Buchanan: I am sorry the hon. member for Halifax (Mr. Stanfield) takes umbrage at that remark. I think it is important that the reality be stated unequivocally. The stand

to which I have referred was asserted day after day in the House of Commons by all members opposite and then repeated in Montreal by the Leader of the Opposition (Mr. Clark).

Mr. Towers: Mr. Speaker, I take exception to that statement. I hesitated to interrupt the minister. Nevertheless, the phrase he used, "all members of the opposition", includes me. The stance I have taken has been an Alberta stance. It had nothing to do with Parizeau. The minister should be more careful when making statements in the House.

Mr. Buchanan: The hon. member is quite correct in that all members opposite have not spoken on this bill. I will say, then, that the vast majority of the members of the Conservative party who have spoken on this subject, including their leader, have taken that position unequivocally.

When the Minister of Finance proposed to finance part of the selective cuts and all of a 2 per cent reduction for six months of the general retail sales tax in Quebec, the Tory party waited for the PQ to reject the counter-proposal and then rejected it themselves. When, for a period of weeks, Mr. Parizeau gave no sign of life, when, in his own words, he "behaved like the cow watching the train go by", the opposition spent its time attacking the Minister of Finance for what they called his inflexibility and bad faith. Never once did it cross the mind of the opposition that the Minister of Finance was faced by adversaries dedicated to the break-up of Canada.

● (1632)

As far as the Leader of the Opposition is concerned, the enemy of the federal Liberals is his friend. We do not want, nor do we need, the Parti Québécois for a friend. I suggest that hon. members opposite should beware of Pequistes bearing electoral gifts. When the Minister of Finance proposed an income tax refund of up to $85 for Quebec federal taxpayers based on the taxation year 1977, the Leader of the Opposition was outraged. Last week when the Minister of Finance stated that he was prepared to change the refund from 1977 to 1978 so as to meet some of the objections to his proposal, what was the reaction of the Leader of the Opposition? On Friday he said that the minister was refusing to give an immediate economic stimulus to the economy of the province of Quebec. He cannot have it both ways. He cannot talk out of both sides of his mouth at the same time.

The lesson of the last many weeks is that we in Canada are dealing with a formidable and dangerous adversary in the separatist government in Quebec. The Minister of Finance made one proposal before his budget which Quebec rejected only after the budget. Since then he has made four proposals, one on April 25, one on May 15 and two last week. All have been summarily and arrogantly rejected by Mr. Parizeau and the Tory party.

It is obvious that an agreement on a national plan of economic benefit to Canada is not in the best interests of the government of Quebec, nor does it fit with its goals. Opposition members seem to be unwittingly going to bed with the Pequiste government and supporting a position held by that government, which is bent on destroying Canada. Its objective is to tear Quebec out of the Canadian confederation. I have a great deal of respect and even affection for my hon. colleagues opposite, but I am distressed because I firmly believe that they are being duped. They cannot continue to do pirouettes with their tongues and dance from one position to another. It is a ballet of politics with no grace and no finesse, and the people of Canada clearly see that. C'est vrai, n'est-ce pas?

The objective of the measure put forward by the Minister of Finance clearly was to increase and to stimulate consumer demand in Canada. Last weekend I was attending a meeting of the Conference Board out in British Columbia. Several ministers from provincial governments were present. One of those, a minister of finance from one of our western provinces, said, "Well, Buchanan, we were not totally happy with what has developed, but there is absolutely no question that it is successful, and we are seeing a dramatic upturn in consumer demand". That was the goal we were achieving.

It has been suggested that we should have stayed out of the provincial bailiwick of direct provincial sales taxes and that we should have used federal sales tax cuts. We have done that before. Unfortunately, we have found that there is a great tendency for the impact of those cuts to disappear somewhere between the manufacturing level and the point of purchase. The actual stimulus turns out to be very minimal. That route was considered. It was advocated by several hon. members opposite and it was rejected. Another route is the personal income tax cut. That is another policy which was advocated. We have had a similar experience in that regard. Those cuts do not turn out to be a direct and immediate stimulus to consumer demand.

Last October the Minister of Finance cut personal income taxes for seven million Canadians by $100. This tax cut was seen in January and February. A distinguished businessman, former banker and sometimes critic of the present government commented last January that, and I quote:

> Relatively little stimulus will come from Chretien's $100 tax credit, yet the measure represents the right approach. Consumers must feel that they are becoming better off in real terms.

His advice, notwithstanding this personal income tax cut, was the following: "We should continue to press for a retail sales tax cut". This commentary is contained in a memorandum dated January 23, 1978 addressed to members of the Progressive Conservative caucus. Its author is the hon. member for York-Simcoe (Mr. Stevens).

I suggest that the Minister of Finance should be commended for his initiative and for trying to work out a collaborative, co-operative arrangement with provincial ministers of finance. His approach is very much in accord with the goal laid down at the first ministers' conference. The feeling was that we are all in this together, and that if we do not hang together we will hang separately.

The first ministers clearly and unequivocally stated that we should be endeavouring to collaborate, to work together and to share common interests in endeavouring to stimulate our economies and to help growth in this country. The minister has

been pursuing that goal, and I suggest that is an extemely worthwhile goal to be pursuing. I hope the shell shock of the experience will not deter the minister from similar initiatives in the future.

There is no question that we are achieving our objective. The figures which are coming in now for the months of April and May show clearly that in the area of retail sales there has been a dramatic impact, particularly in the province of Manitoba.

Throughout the course of all this the opposition has been incredibly inconsistent and opportunistic. With all the good will in the world I feel that hon. members opposite have been naive. They have inadvertently got themselves into bed with a government whose clear objective is to prove that federalism does not work and that provincial governments—the provincial government of Quebec, at least—and the Government of Canada cannot work together. Working together is not the objective of the government of Quebec. Its clear objective is to do the opposite. Hon. members opposite may find themselves with a comfortable bed mate in this case, but I certainly do not.

Some hon. Members: Hear, hear!

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, the Minister of Public Works (Mr. Buchanan) certainly made some interesting comments in criticizing the opposition regarding sales tax proposals. It is his right to criticize, but I find it very strange that he should be criticizing the opposition when there are members in his own party who have voiced strong objections to the formula of the government. We are talking about the tax sales formula, the income tax formula and all the rest. We are not talking about being in bed with any separtist government. Nobody on this side of the House supports that separatist government. I think the people of Quebec will take care of Mr. Lévesque in the next provincial election. He is a one-time deal.

I would like to point out to the Minister of Public Works that federal proposals to compensate provinces for sales tax cuts, a plan rejected by Quebec and attacked by other provinces, have led to pronounced disagreements within the Liberal party caucus. Three Quebec Liberal backbenchers, the hon. member for Maisonneuve-Rosemont (Mr. Joyal), the hon. member for Matane (Mr. De Bané) and the hon. member for Compton (Mr. Tessier), have all expressed doubts about the plan. They were noticeably absent when the House voted on an NDP motion which would have scuppered the proposal.

An editorial in the Montreal *Star* of May 17, 1978 states the following:

"Clumsy rebate": The best that can be said about Jean Chrétien's plan to give an $85 rebate to Quebec income taxpayers is that it provides a way, however clumsy, of getting rid of 186 million embarrassing dollars.

The rebate will achieve none of the aims of the reduction in provincial sales taxes which it replaces. It will not provide the timely economic stimulus, it will not give the help to the lowest income families and will certainly not encourage the federal-provincial co-operation on tax matters that was the aim of the original budget proposal.

Mr. Chrétien, of course, was in a box, largely of his own making.

[Mr. Buchanan.]

In the event, he has chosen a solution which contains a large element of inequity and which has provoked opposition in other provincial capitals anyway. Mr. Chrétien would have done better to admit that he had been out-manoeuvred, pay Quebec the money and make sure that, if he ever again proposes joint tax action with the provinces, he does his negotiating before, not after, the event.

● (1642)

That was our main point, Mr. Speaker, and there are many other editorials around the country. One in the Montreal *Star* reads:

Chrétien deserves his troubles: Finance Minister Jean Chrétien is in deep trouble trying to rescue his April budget proposal for sales tax cuts and he deserves every bit of it.

So it is not just members of the opposition who are critical; it is members of the Liberal party, newspapers across the country and also the provinces.

I listened very closely to the debate and especially to the speeches of the government members. Those speeches which I have not been able to hear in the House I have read in *Hansard*, and I find that government members have come out with some of the strangest comments I have ever heard in my five and a half years here. I would like to refer to some of the comments made by the hon. member for Comox-Alberni (Mr. Anderson) when he spoke about tax reductions. He said:

One must say where the spending can be cut down.

He went on to say:

The people of Canada should be shown where reductions can be implemented—

Many of the government members have said that there is no such thing as tax reductions, that there is no way we can cut down on government expenditures, no way we can cut down on growth, that it is an absolute impossibility. They made that point very clearly on February 2, 1978, and they also made that point very clear two weeks ago when we had a debate on a review of Canada's tax structure. They are against tax reductions and they say there is no possible way in which taxes can be cut down or reduced.

So what did we hear last Friday? We heard an announcement which appeared in the Ottawa *Citizen* and is as follows:

Cut costs $500 million, every department asked.

Prime Minister Trudeau has asked all federal departments to come up with program cutbacks that can slice $500 million from this year's budget.

It is obvious that the Liberal party is divided. In speech after speech and debate after debate month after month they have told us it is absolutely impossible to cut anything, so how can the Prime Minister (Mr. Trudeau) ask the different departments to cut costs by $500 million? This is obviously more window dressing. The article goes on to state:

A letter circulated on May 23 asks all departments to notify Treasury Board as soon as possible which expenditure cuts can be made so reductions can be announced this summer and early fall.

Where is the cohesion in the Liberal party? I read the speech by the Minister of Finance (Mr. Chrétien) made in Toronto on June 5 in which he stated the following to the Canadian Manufacturers' Association:

I want to suggest to you today that in half a dozen vital respects the government is doing things that are contributing to a better business climate in this country.

I see no evidence that they are creating a better climate in this country, and I will go into some detail on that point in a moment. The Minister of Finance went on to say:

I have to add that I am disappointed, so far at least, in the reaction of the Canadian business community to the many changes in government policy that are favouring private sector development. The room is there for private initiative. The incentives are there. With a million Canadians out of work, the need is there for job creating expansion. The first ministers of this country have said: Look, we don't think government make-work and bootstrap operations are the answer to our problems.

I certainly agree with the Minister of Finance on that. It is unfortunate that the Canadian Manufacturers' Association and other business people in this country are not taking advantage of these so-called proposals and initiatives. They are taking them down to the United States. What concerns me in this debate is that there has not been one comment from a government member about the mass exodus of investment money and businesses from Canada. It is absolutely ludicrous for them to ignore this.

I would like to quote from a recent article reporting on Northern Telecom moving to the United States. The article reads:

By 1982, the 100th anniversary of its founding in Canada, Northern Telecom Limited, Canada's largest telecommunications manufacturer, will be largely an American enterprise—consequently, its Canadian employment will screech to a standstill, while its U.S. employment will quadruple. As a result, Telecom's 5,061 Canadian suppliers will be unable to cash in on its U.S. growth because Telecom's U.S. operations only buy in the U.S.—

It is by no means alone. According to the Conference Board, a New York based private business research organization, Canada with 49 investments ranked second in foreign manufacturing investments in the U.S. in 1977, compared with the 53 of leader West Germany.

Telecom Chairman, Robert Scrivener predicts that the U.S. portion—now $228 million—of Telecom's sales will grow from 18 per cent last year to 45 per cent in 1982. By contrast, the Canadian portion—now $925 million—is expected to drop from 73 per cent last year to 40 per cent.

That is just one example, but there are a large number of businesses that are moving out. This tax bill and all the statements and speeches made by government members as well as the Minister of Finance certainly do not encourage anybody to stay in this country. The article goes on to read:

For Telecom's Canadian workers, the implications of Telecom's shrinking Canadian outlook are all bad. If, as Scrivener says, "payroll tracks sales," Canadian employment by 1982 will have levelled off but U.S. employment will have almost quadrupled.

Those are devastating figures. The article goes on:

Already, Canadian employment has decreased 9 per cent from a year ago, whereas U.S. employment is up 29 per cent.

With this trend we will never overcome the problem of our unemployment. As I stated before, unemployment is costing the taxpayers of Canada $8 billion, UIC is costing $4 billion a year, welfare is costing $2 billion, and $2 billion is lost in taxes.

Here is another report on how we are creating jobs in the United States, especially in Florida. Scarcely a single community in Florida does not feel the impact. In Dade County, Florida, a consortium led by Canada's Markborough Properties is spending $1 billion on an 18-year project to build an entire town, Villages of Homestead, that will add more than 14,000 homes to the tight south Florida market and provide 4,000 jobs. Would it not be wonderful if those developers could stay here and develop some of their projects here? But they are taking their money and expertise to the United States.

I have done some research on some of the other companies which are moving to the U.S. or expanding to the U.S. We now find that Canada has moved from being a recipient of foreign investment to being a net exporter of funds. In 1977, Canadian direct investment abroad, CDIA, stood at $790 million, foreign direct investment in Canada stood at $410 million, and the balance or net outflow amounted to a deficit of $380 million. The balance sheet assets of Canada's U.S. affiliates, according to a U.S. study, totalled $24 billion in early 1977. The following corporations, deemed Canadian by the Conference Board, made major new investments in the United States in the third and fourth quarters of 1977.

I would like to read the names of the companies which are moving and expanding to the United States and investing there. They are: Tonecraft, Commercial Label and Tag, Québécoi, Hudson Bay Mining and Smelting, Standard Industries, Santana, Kins Management Ltd., Alcan Aluminium, Bell Canada, U.S. Bell Canada, Tridon Ltd., Sun Pac Foods, Ivaco Industries Ltd., CTC Industries, British Columbia Forest Products, Thomson Newspapers, Harlequin Enterprises, Reichhold Chemicals Limited, Hudson Bay Mining, Renwick of Canada, NRG International, GSC Electronics, Robin Sportswear Ltd., Original Jewellery, John O'Connor and Son and Junjian Company Ltd.

● (1652)

I should now like to refer to some of the investments which are going to the United States to the detriment of Canada. In the first quarter of 1978 in the area of food and related products a number of companies moved to the United States. John Labatt, Ltd. announced plans for a wheat starch and gluten facility in South Carolina.

In the area of textiles, Industrial Knitting has leased a plant in New York State to produce elastic netting. Why could that company not lease a plant to produce elastic netting in Canada?

During the last year and a half members of my party have raised this matter with the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Finance (Mr. Chrétien) and the Prime Minister (Mr. Trudeau). We asked them what they were prepared to do about this serious outflow of business investment money. All we have received are negative responses. Also we are told that we should not raise this subject. We will continue to raise this subject until some action is taken. The government must sit down with these people and find out why they are not prepared to stay in Canada.

In the area of chemicals, Kingston Spinners will manufacture synthetic yarns in Georgia. The initial employment will be 35 to 40 persons.

In the area of rubber and miscellaneous plastics, St. Laurence Steel & Wire Co. Ltd. has leased facilities in New York state and will produce hockey masks. Good Heavens, can we

not produce hockey masks in Canada? Why does that company have to move to the United States? The Minister of Finance and the Minister of State for Small Business (Mr. Abbott) have made no comments about this mass exodus.

In the field of fabricated metal products, Velcro Industries announced an expansion of its New Hampshire facilities. Velcro is a producer of look and loop fasteners.

In the area of non-electrical machinery, Northern Telecom acquired Sycor Inc., which is a Michigan based manufacturer of data processing terminals, for $77 million.

In the field of electrical machinery, C Tech leased facilities in New York to provide radar and sonar equipment. Mitel leased facilities in Florida to produce telecommunications equipment. Also Mitel opened a plant in Puerto Rico to produce printed circuit boards. Northern Telecom acquired Danray, which is a Texas manufacturer of telephone switching equipment, for approximately $23 million.

In the area of transportation equipment, R.C. Machine Ltd. leased facilities in New York to produce aerospace parts.

It is evident that the exodus is ongoing. These companies do not go back and forth. Once they are established in the United States they stay there. I have dealt with this subject many times, but I have received no comments from the Minister of Finance or any other government minister.

The list of companies involved is endless. Recently Canadian Pacific invested $185 million in New York. In 1977 in the province of Ontario 140 Canadian manufacturing firms went to the state of New York. They took $28.6 million with them when they left. Union nationale leader Rodrigue Biron said that $4 billion of economic exodus from Quebec has gone to the United States.

A few weeks ago I referred to the figures for nine states. Approximately $6.5 billion of Canadian investment money has gone into nine states. I do not have the figures for the other 41 states. We are looking at a figure of $50 billion to $100 billion of Canadian money which has left our country. Even so, this government has no comment to make on that. The government has said nothing except to tell us to shut up and that we should not be talking about it. How irresponsible can the government get?

On Monday of this week there was a report on CBC radio out of Winnipeg which indicated that there were one million Canadians in Florida. I do not know where that figure was obtained from, but that is what was said in the newscast. I should like to refer to some examples of Canadian funds which have gone to Florida. Approximately $7.5 million went to a North Miami Beach apartment complex; $1.3 million for Hawaiian Inn; $2.3 million for Beachcomber Motel; $6.3 million for Lincoln Industrial Park; $1.5 million for Industrial Park in Lauderhill; $1.6 milion for Fort Lauderdale Apartments; $1 billion for Housing Corporation from a Toronto-based firms; $60 million for high rise condominiums from a Montreal-based firm; $50 million for a 7,800 unit complex; $50 million for a 1,200 luxury apartment complex in Key Colony by a Toronto-based firm, Fininvest Corporation.

There are others. Genstar, which is a Montreal-based firm, is planning a $8 million operation in Houston. Hillcrest Investment Ltd. of Calgary is investing $11 million for two Denver apartment buildings. Canlea, a Canadian investment group, is investing $16 million in an 850-unit apartment building in Houston. The list is endless.

There has been a $70 million takeover by B.C. Forest Products Ltd. of a Minnesota paper company plant; a $140 million takeover of a Revere Copper and Brass Co. plant in Alabama by Alcan Aluminium Ltd.; and a $95 million acquisition and reconstruction by Co-Steel of Toronto of a New Jersey plant. Trizec Corporation of Montreal has land holdings of $192 million or 26 per cent of its $840 million assets in the United States.

Western Canadians are also fleeing to the United States. Mainly they are buying real estate in Texas and Colorado. The Edmonton based firm of Oxford Development Ltd. is putting up $145 million to buy property and buildings in Denver. The Calgary based firm of Nu-West Development Corporation recently announced a $3 million investment in single family units. York and Olympia Developers of Toronto laid out $350 million for skyscrapers in New York City, which was the largest Canadian investment in the United States.

Another subject I should like to deal with in the area of Canadian taxpayers receiving value for their money is the manner in which the federal public service is run. The morale in the federal public service is not very good. The government has put fear into the hearts of all public servants. There has been no evidence indicating that the government will sit down and discuss this subject with public servants. The morale in the public service started to deteriorate last year and is continuing to do so.

I should like to refer to an article entitled "Members' jobs are on the line as contracting out increases" which appeared in the September 1977 edition of the *Argus-Journal*. My party has no objection to contracting out, but we object to the fear public servants are working under. The article reads in part as follows:

> The government is contracting out more and more of its work; it could eventually, contract out your job! The PSAC since its foundation has fought against government contracting out but now the issue is even more crucial. Every member must know what we are up against.

Public meetings have been held across the country in order to discuss this matter, but apparently nothing has been done to allay the fears of public servants.

I should like to refer to an article entitled "More government employees to lose jobs" which appeared in the May 1978 edition of the *Argus-Journal*. I have discussed this problem on many occasions, yet I do not understand why contracting out is increasing. Many public servants have expressed the same opinion; they cannot understand it because so many of them do not have enough work to do. In part the article reads as follows:

> Although the names in this story are fictitious, the circumstances are factual.

Jim Smith is a trusted and diligent public service employee with 20 years of solid work behind him. He has problems like everybody else: his 10-year old son needs braces and the mortgage doesn't seem to be getting any smaller.

● (1702)

Despite this he felt good about himself, he felt good about the world as he walked to work one cold morning last February. When he arrived at the office a letter was awaiting him.

Dear Mr. Smith:

The current economic climate dictates that all government departments and agencies reduce their man year utilization. An extensive study . . . has concluded that the work presently performed by the R & D Labs is a supportive function that can be provided in other ways. Target date for the phase out will be Oct. 31, 1978.

Just a few lines from a deputy minister and the bottom drops out of Jim Smith's world. "I couldn't believe it. None of us could believe it. Sure we had heard rumours but we figured at the most they might discontinue some parts of the operation as guys reached retirement age. But to drop the whole thing! That seemed unbelievable to us."

That seems to be a cruel way of dealing with an employee, Mr. Speaker. From the May edition of the *Argus-Journal* another article states under the heading "No Job—Bitter Blow":

Although all the men are bitter, those who are close to retirement age have a special grievance. David Martin, 60, gives us his case. "I've been 21 years with the Lab. Three of my kids are in university and two are in high school." If I have to retire now, my pension will be $8,400. You tell me how in the name of all that's holy I can get my kids through school on that income.

They give example after example of similar problems in the civil service. This government and its policies have put a fear into them.

Now we have the irresponsible statement from the hon. member for Ottawa West (Mr. Francis) to the effect that "PCs hurt PS morale". We are not the government, we have nothing to do with the hiring of these servants, and nothing to do with the fear this government is putting into the service. For a Liberal member to try to blame us for this situation in the civil service is absolutely ludicrous. This ridiculous statement that "PCs hurt PS morale" is now being considered by the civil service in Ottawa. This article states:

Ottawa West MP Lloyd Francis accused the Opposition . . . of undermining the morale of the public service with ill-founded, abusive attacks.

The situation is exactly the opposite. I would suggest to government members, including the hon. member for Ottawa-Vanier (Mr. Gauthier), that they should start reading some of these articles about some civil servants to find out what is going on in the public service, because you cannot operate a government department or any government operation while putting that type of fear into the minds of employees.

Some hon. Members: Oh, oh!

Mr. McKenzie: You can yell at me and ridicule all you want. I did not write these articles; civil servants wrote them.

We can talk about taxes, sales taxes and all the rest, but we are never going to be able to accomplish sales tax reductions, or reductions to the extent of $500 million, with this type of threat to the public service, with public servants having to live with these conditions.

I do not know whether any government members intend to speak this afternoon. Perhaps we will hear something from the Minister of Finance tomorrow when we are in committee of the whole in respect of what action the government will be taking to deal with this mass exodus of business and investment money from Canada. I hope he will give us some information on this very serious matter. I will be questioning him in this regard, but I hope that he will make a statement.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, before making a few remarks about the bill I want to say at the outset that I agree with and support wholeheartedly the main purport of the remarks of the hon. member for Halifax (Mr. Stanfield). All of us in this chamber, as well as several million Canadians, are engaged in a struggle to preserve, maintain, enlarge and renew our confederation. Every hon. member of this House is committed to that. In my opinion, and in the opinion of many others, the hon. member for Halifax holds a special place in the hearts and minds of members and millions of Canadians, a place that the rest of us would like to occupy. Not only do I have a great deal of respect and admiration for that hon. gentleman, we even do our hair the same way!

Nobody in this House has the business or the right to get up and call into question the desires of any hon. member or any party in this House regarding the strengthening and renewing of confederation. Using words such as "hatred" and "liar" does not only detract from the efforts all of us want to make, it adds nothing. I may disagree with the official opposition party, its policies and ideas, which I think are nothing more than a renewal of those of R. B. Bennett, but certainly each member of that party as well as others in this House has the same desire, goal and objective. That applies as well to colleagues in my party, the Creditiste members and the three independent members in this Chamber.

The Minister of Finance, his parliamentary secretary, and other government spokesmen have drawn a longbow in attempting to maintain they did not have unanimous agreement or a commitment from the ten provinces in respect of measures the government wanted to take on the levying of retail sales taxes. The Minister of Finance has put forward as an excuse that Quebec announced 48 hours after the budget what it would do regarding its retail sales tax.

The Minister of Finance had no business bringing in a budget until he had a commitment or an agreement from all provinces. If he was lacking a commitment by the province of Quebec, Saskatchewan, or some other province, he could easily have delayed his budget by two days or a week.

Given the circumstances which occurred—the budget being brought down and then 48 hours later Quebec saying what it would do about retail sales taxes—we do have unanimous agreement on the part of the provinces of Canada to reduce retail sales taxes, including the province of Quebec. The fact that Quebec took its entire 8 per cent sales tax of five commodities means simply that the province reduced its retail sales tax, which, is entirely within the jurisdiction of that province, as it is within the jurisdiction of any other province.

It follows, then, that Quebec has complied with the wishes, intent and purpose of the federal budget.

If the Minister of Finance, his parliamentary secretary and others are correct that the separatist government of Quebec — that is, Mr. Parizeau and Mr. Lévesque—are determined and intend not to co-operate in any respect with the national government, Mr. Parizeau would not, and I repeat would not, have had anything to do with a reduction of his sales tax, whether prior to, during or 48 hours after the budget. If there had been some justification for that statement by the Minister of Finance, surely that justification would have been in the actions of the government of Quebec. That has not been the case.

The Minister of Finance and others have overlooked some facts. The first fact I have already given: Quebec has reduced its retail sales tax in a manner that it feels suits Quebec best, and that is entirely its right and prerogative. In fact, I spoke to the minister of finance for Saskatchewan on the telephone last week.

• (1712)

I said to him that I wish that Saskatchewan had taken all 5 per cent of its retail sales tax off five selected commodities, such as farm trucks and clothing. Had they done so, I wonder if the Minister of Finance would be talking the same way in this House as he is about Quebec. If so, he would have created 900,000 new separatists in Saskatchewan. Our minister of finance in Saskatchewan, Mr. Smishek, has authorized me to say in this House that Quebec is entitled to $225 million from the federal government, that the federal government should give it to Quebec, that how Quebec adjusts its retail sales tax is entirely its prerogative, so long as they do not get a nickel more or less than Saskatchewan does.

The Minister of Finance and others on the government side have spoken about a contribution by the provinces to national economic recovery. Let us look at the contributions, Mr. Speaker. Saskatchewan chose to reduce their sales tax by 2 per cent for nine months. This amounts to a reduction of $54 million in Saskatchewan's retail sales tax revenue. Of that, $36 million will be made up by the federal government and $18 million is a contribution or a lost revenue by the province of Saskatchewan. In Quebec the removal of the 8 per cent sales tax in the five areas in which they decided to remove it amounts to a reduction of $340 million. I gave these figures a week ago in the House, and they have not been disputed yet by anyone from the finance ministry or on the government side of the House.

If Quebec obtains $225 million in tax room, their contribution to the national economic recovery as compared to Saskatchewan's $18 million will be $115 million, the difference between 340 million and 225 million. That is in direct proportion, for if you multiply Saskatchewan's contribution to national economic recovery by six, you come very close to the amount of the contribution that Quebec is making by removing an 8 per cent sales tax from five different areas. It is also in proportion to our populations. It is a decision that Quebec has the right to make under our constitution.

My leader, myself and others, including the hon. member for Halifax today, have spoken about our national unity and our confederation. We have said to the minister and the government, and I repeat it again: "Okay, you're wrong a little bit; why not admit it for the sake of national unity and confederation?" We do not need them running around talking about hatred and lying. I do not know of anybody on this side in this debate, for the time it has gone on, who has made those kinds of statements about members on the government side. All we are asking is for the government to say once in a while, and this is one of those occasions, that it just might be wrong. It may be much more statesmanlike, and it would make a much greater contribution to confederation, if they were to say, "We will bring in amended legislation." That we would accept. Whether or not the government of Quebec is right or wrong is their problem, but we accept their constitutional right and authority to deal with their retail sales tax in a manner which suits them the best.

Quebec's contribution to national economic recovery will be as much or more benefit to the manufacturing industry, employers and workers in Ontario as it will be to Quebec. In four of the five areas in which Quebec has removed their sales tax, the majority of the retail sales in those four commodities is manufactured in Ontario. Therefore, Quebec's move benefits Ontario as much as or more than it benefits manufacturers and workers in Quebec.

The fact is that all ten provinces have agreed to reduce their retail sales tax. Alberta has none. When the government talks and brags about their boast that, for the first time in the history of Canada, the national government has received the cooperation of all the provinces in an area which is entirely within the jurisdiction of the provinces, Quebec agreed and Quebec did, in fact, reduce its retail sales tax. I would have thought that this situation would allow the members of the Liberal party and the members of the parties in the opposition to go back to Quebec and say, "Aaha! Where are those separatists now?"

Instead of that, the government has brought in legislation in a manner which plays into the hands of the separatists and reinforces their arguments about economic association, sovereignty or separatism. They have played into their hands, and we in the opposition parties who are joined in the struggle to preserve, enlarge and renew our confederation object to legislation that plays into the hands of those who want to divide this country. The reality is that Quebec has reduced its retail sales tax, and whether the Minister of Finance likes how they have done it or not does not matter. It is their right. I wish that Saskatchewan, British Columbia and Nova Scotia would have decided to knock their sales tax off in five selected areas. They would still be cooperating and making a commitment and living up to it. I wonder if the Minister of Finance would have come to parliament then and accused Saskatchewan, B.C. or Nova Scotia of trying to break up this country. I doubt that he would.

This paranoid Liberal government which has brought about measures that have increased dissension in this nation is now preparing to go to any lengths, including closure, to do what it could have done much easier with the unanimous agreement of every member in this chamber, and that is to provide to the government of Quebec the full amount of money that they are entitled to in this budget and agree that Quebec, like any other province, has the sole right to levy a retail sales tax in any manner they see fit. Quebec would then be answerable to their own public about whether or not the manner in which it was done was proper. It is not the prerogative of the federal parliament to decide whether or not a retail sales tax levied by any province is proper. It is none of our damned business. The fact is that ten provinces have now, today, agreed to reduce and amend their retail sales tax legislation, and they are in fact cooperating with and are committed to what the minister's objectives were in the budget in the first place.

I have one other point to make before I sit down, Mr. Speaker. The minister today spoke about a big increase in retail sales in April and May of this year as compared to April and May of last year. This reminds me of the old vaudeville joke when they asked the guy, "How is your wife?" and he says, "Compared to what?" If you compare retail sales for April and May of this year with April and May of last year, which was a bad year, anything that happens this year is an improvement over last year. It is mythology when the government speaks about the fantastic results that have already occurred in April and May as a consequence of their budget. There is no doubt that it has probably helped, but surely that is no justification for doing a disservice to our constitution with regard to the sovereignty of the provinces.

● (1722)

If the Minister of Finance really wanted to do something about national economic recovery, he could pay attention to what the minister of finance for Saskatchewan said in the legislature on the same night that the Minister of Finance brought down his budget in this House. Referring to Saskatchewan, Mr. Smishek said:

—our preference would have been for a permanent federal income tax reduction for low and middle income Canadians. That would have put cash into the hands of those who need it most and surely would have stimulated consumer spending—

Then he said:

I regret that the federal offer to participate in this tax cut came so late.

And a little later he had this to say:

Certainly, the finance ministers' meeting in January, or the first ministers' meeting in February would have provided an ideal forum for the federal government to present such a tax proposal to the provinces. But this did not take place.

Further, the minister of finance for Saskatchewan, as well as authorizing me to say in this House that Quebec should get its $225 million, went on to say:

In my view a better form of stimulus would be selected personal income tax reductions—

And later he said:

I am concerned that the federal government intruded into an area of provincial jurisdiction by trying to establish policy for the provincial retail sales tax.

He said, in effect: "We agree to co-operate; we are committed; we will live up to our word." There cannot be any question that Mr. Parizeau will not live up to his word about taking tax off five areas of retail sales for which they are responsible. They are committed to that and they are co-operating.

It will take only an amended bill to get unanimous agreement on the legislation. I hope that even at this late hour the Minister of Finance and his parliamentary secretary will tell us that they will do this very thing in committee of the whole, starting tomorrow. If they do, they will be surprised how fast this bill will go through.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, while I listened to the various speeches made by the previous speakers, it was obvious that Bill C-56 was presented to solve a fiscal problem due to a defective distribution of taxes, since the relations between Ottawa and Quebec have been constantly mentioned during the debate on the bill. Although it includes a good many things, we will no doubt be compelled to vote against it, because the procedure used to make that distribution makes no sense. Unfortunately, that bill has not succeeded in restoring order in the confusion we have witnessed for a couple of months.

For almost two months now we have been hearing in the House of Commons a debate where the speakers are inconsistent. It reminds me a remark made by the Speaker of the House of Commons on October 27, 1971 when he said, as reported on page 9086 of *Hansard*. He said:

If hon. members take five minutes of the question period to say that what the minister said is not what he said, and the minister replies that what he said was what he thinks he said, we might go on for a long time.

Then, we did not get any significant result. We have seen that occasionally and we saw it at the outset of this afternoon's proceedings. I would like now to get back to the bill. Since the beginning of that fight between the federal government and the provincial government over the tax issue, we have heard, as I said earlier, various speeches from the representatives of both Quebec and Ottawa governments. Here in this House, a publicity-seeking hon. member has succeeded in getting what he wanted, that is a one-day-out-of-the-House penalty. However, this is far from being a solution to the problem. Governments are so used to taking money out of the citizens' pockets through all kinds of taxes that they have forgotten the way to give that money back to the people. It is a pity to watch their performance.

In his statement in the House on May 17, 1978, the Minister of Finance (Mr. Chrétien) mentioned, on page 5525, second column, and I quote:

The tax is very important.

It certainly looks like it, judging by the disputes it leads to. He goes on to say:

If I had decided just to pay by cheque, the increase in the expenditures of the federal government would have been more than $800 million. Everyone would have said that the Minister of Finance is increasing his expenditures, while in fact it would have just been a matter of transferring cash to the provinces to reduce their taxes.

In order to be imaginative and to do what I wanted to do without creating the false impression that we are spending money—and the ministers of finance agreed with me—I said we would reduce our taxes and they could increase their taxes. As we are collecting taxes, nobody has noticed what is happening.

People are so used to paying taxes that they hardly know what is going on.

—The federal tax in Ontario and elsewhere has been reduced by $100. The legislatures of Ontario. Manitoba, Saskatchewan, British Columbia and the maritimes have introduced legislation increasing their income tax accordingly. However, as we collected it, nobody noticed.

That is curious. What I am reading is in the proceedings of the House.

The ways our governments use in the field of taxation, income tax and other forms of draining the taxpayers' pockets are so varied and complex that wage earners, especially, wonder what is happening with the leaders of the country or the provinces when they cannot understand why there are so many deductions on their pay cheque at the end of the week.

● (1732)

Further in the same speech, the Minister of Finance (Mr. Chrétien) said and I quote:

The other provinces have increased their taxes already and we have effectively decreased our taxes for them since the night of the budget by collecting them for them.

This is the kind of formula that reduces taxes by increasing them. It is quite ludicrous but ludicrous things often happen here. The bill to amend the Income Tax Act and to authorize payments related to provincial sales tax reductions submitted on May 15, 1978 by the Minister of Finance of Canada includes amendments to the Income Tax Act and creates as always some implementation difficulties that force the large majority of taxpayers to hire an accountant to file their returns and those costly services are always paid by those whose salary or income has been reduced by the taxation, deduction, adjustment and readjustment system and we could also mention tax transfers, according to the whim of our corrupt provincial system that forces governments to find all kinds of ways to collect taxes under various forms in an attempt to balance an adverse budget.

We should not forget that this bill is submitted in particular circumstances following a strategic error that contributed to create a climate of uncertainty, hesitation and indecision with the result that the people of Canada and particularly the people of Quebec are watching the reactions of the members of the government and some of them try to figure out the number of mistakes made by the servants of those who really control our political puppets. In an editorial of the Wednesday May 17, 1978 issue of the newspaper *La Presse*, we can read comments that cast some doubts about the real value of the federalism proclaimed by politicians of various stripes. I quote:

Since November 1976 the federal government has been proclaiming everywhere the superiority of federalism over the separatist option but its behaviour is often a parody of true federalism. It resorts to trickery and overwhelming political clout in cases where only good faith and co-operation between the two levels of government should be the rule of the game. Is it not showing it quite clearly once again by choosing to override a provincial government which resists its interference in order to deal directly with the taxpayers?

It will undoubtedly justify its behaviour by suggesting that one cannot reach an understanding with a separatist government which is bound to prove that federalism cannot work. Yet could it not be that the only way to counter such tactics is to rigorously apply the federalist principles: absolute respect for the jurisdictions of each level of government, untiring patience in the quest for dialogue and consultation, constant desire to reach an honourable political compromise? Just as the value of democracy cannot better be demonstrated than by always introducing more democracy in the field of social relations, the superiority of federalism cannot be better demonstrated than by applying it with absolute respect for its rules.

In the Ottawa-Quebec dispute should the federal government not be the first to set the example of the virtues of federalism?

Yet, if the central power suspects the PQ government of acting in bad faith, why does it not try to let everyone be a judge of it by acting itself in an irreproachable manner in this respect?

In another article in *Le Devoir* of Wednesday, May 17, 1978, one could read, and I quote:

Far from alleviating concerns, the recent decision by the federal government with respect to the sales tax will have only managed in Quebec to throw oil on the fire and cement the solidarity of parliamentarians of all parties around the position being defended by the Lévesque government.

So, for the second time in less than a month the National Assembly once again denounced yesterday by a unanimous vote Ottawa's attitude in this dispute with Quebec, and specifically asked federal members of Parliament to defeat the bill tabled on Monday in the Commons by the Minister of Finance.

It goes on to say:

In a quasi-solemn atmosphere that is usually reserved for important occasions, the Assembly unanimously reiterated its support to Mr. Parizeau and asked the federal government to "stop its foolishness before it is too late".

We were so used to reading articles by reporters, a strong percentage of whom seem to go out of their way to criticize the social credit doctrine without having studied it properly, that particular events were needed to bring them to comment on the adverse effects of the financial system which are the cause of that tax war which broke out at the time of the presentation of a federal budget a few days before that of a provincial government, at a time when it is costing Canadian taxpayers over $100,000 a day to support the floating dollar.

However, it is easy to see that the record current account deficit which reached $4.2 million last year was a capital factor in the depreciation of the Canadian dollar. Most of those problems could have been avoided if the government of Canada had decided to adopt a financial policy more in line with the needs of Canadian taxpayers.

For over a month we have been reading varied comments on that famous tax fight between the federal government and the

provincial government. I could quote a series of newspaper articles but in view of the time I am allowed I would like to give perhaps someone else the opportunity to speak for a few minutes before the debate ends. Before I sit down, I would like to add that it will be impossible for me to support this bill as it does not contain what is required to straighten out the present disorder that was created precisely on a matter of bad tax distribution among Canadian taxpayers. The government of Canada did not have to take away their power of taxation from the provincial governments. There are so many federal taxes weighing on the people of Canada that it could have eliminated taxes in its own departments.

Mr. Raynald Guay (Lévis): Mr. Speaker, I want to thank hon. members opposite, and especially the hon. member for Kamouraska (Mr. Dionne) who accepted to give me a few minutes of his time before the end of this debate not on sales tax, but on the budget tabled in this House on April 10. As a matter of fact, the hon. member for Kamouraska was indicating a few moments ago that the Quebec government is quite sincere. I would like right away to show an aspect of what is the Parti Québécois. I would even ask the hon. member for Joliette (Mr. La Salle) to pay close attention because I have a very telling document to read in the House, and that will be very important. Here is, Mr. Speaker, how it reads:

● (1742)

Dear Sir:

I wish to acknowledge receipt of your recent letter concerning the applicability of the Quebec retail sales tax to footwear.

First I would like to emphasize my interest in the development of the Quebec footwear industry, which is now going through a very difficult period.

However, as regards your request to eliminate the sales tax on footwear to stimulate Canadian production, I do not believe that this would be a useful means to attain the desired effect. Indeed, in view of the low rate of Canadian independence in this sector, which is about 36 per cent, I am convinced that to stimulate this industry, the setting of quotas on imports is a much more effective tool than a sales tax reduction which would deprive the government of $42 million in 1978.

As a matter of fact, in this regard, the Anti-dumping Tribunal has very clearly stated that the problems of the Canadian footwear industry are caused mainly by massive imports. This is also the opinion of the Quebec government and this is why I have made representations to the federal government to ask it to negotiate under the General Agreement on Trade and Tariffs quotas that would limit for a few years the quantity of footwear imports at the 1975 level. Indeed, the federal government has recently announced its intentions in this regard. Please be assured that the Quebec government will see to it that the announced quota policies will be respected.

In short, we must attack the source of the problem, that is we must reduce imports, and interventions like the elimination of the sales tax on footwear are only band-aid solutions which cannot settle the problems of the footwear industry, as, among other factors, more than 60 per cent of the tax reduction would apply to imported products.

You can be assured that the Quebec government is deeply interested in the situation of the Quebec footwear industry.

Yours sincerely,
Jacques Parizeau
Minister

Mr. Speaker, this letter was addressed to Mr. Jean-Guy Maheu, care of the Canadian Association of Shoe Manufacturers, and it is dated January 3, 1978. This letter recognizes the work done by the present Minister of Finance when he was Minister of Industry, Trade and Commerce as concerns quotas for the footwear industry, textiles, clothing and shipbuilding. Mr. Speaker, he followed in the steps of another Quebecker, the former minister of industry, trade and commerce, the Hon. Jean-Luc Pepin and the present minister of this department (Mr. Horner) is actually following on the same course of action. I wanted to point out today, Mr. Speaker, that the Minister of Finance is seconded by the hon. member for Joliette (Mr. La Salle) to whom I say in passing that he should take his orders from his leader instead of playing the role of Conservative ambassador to Premier Lévesque in Quebec. That is what he should do, Mr. Speaker.

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

The Acting Speaker (Mr. Turner): The hon. member for Joliette (Mr. La Salle) on a point of order.

Mr. La Salle: I simply do not want to say that the hon. member for Lévis (Mr. Guay) has lied, Mr. Speaker. I do not want to say that, but once again, as the Minister of Finance and many others, he is misleading the population when he says that I am an ambassador. I am not an ambassador but I know others who would not have minded being appointed.

[*English*]

The Acting Speaker (Mr. Turner): Order. I suggest that is not a point of order but a point of dispute between two members.

[*Translation*]

Mr. Guay: Mr. Speaker, I trust that the few minutes the hon. member made the House waste, while adding a few more when he chided Quebeckers for not taking part in the debate. But I want to tell the truth, Mr. Speaker, and I would ask that same hon. member whether he has disowned his leader with regard to the sales tax, when he goes for his orders to the Quebec premier. I think he is quite talkative when it comes to the sales tax and slightly less with regard to the Roy bill which Mr. Davis, the Ontario premier . . .

Mr. La Salle: That is none of your business!

Mr. Guay: Oh yes, none of my business, he says. Mr. Speaker, he repudiates and has little to say when the Ontario premier says that he would campaign side by side with the Progressive Conservative leader. I trust the hon. member for Joliette will be there too. Then we will see to what extent he makes small politics in this House.

Income Tax Act

[*English*]

The Acting Speaker (Mr. Turner): Order. It being 5.45 p.m. it is my duty, pursuant to the order made on June 6, 1978, to interrupt the proceedings and put forthwith any questions necessary to dispose of the motion before the House.

The question is on the motion in the name of the Minister of Finance (Mr. Chrétien). Is it the pleasure of the House to adopt the said motion? All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. Chrétien), which was agreed to on the following division:

(*Division No. 49*)

YEAS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Caccia
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Chrétien
Clermont
Collenette
Comtois
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Dawson
De Bané
Demers
Douglas
(Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Faulkner
Fleming
Flynn
Foster
Francis
Gauthier
(Ottawa-Vanier)
Goodale
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Kaplan
Lachance
Lajoie
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Martin
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Ouellet
Pearsall
Pelletier
Penner
Philbrook
Pinard
Prud'homme
Railton
Reid
Roberts
Rompkey
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Whelan
Wood
Yanakis
Young—108.

NAYS

Messrs.

Alexander
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Balfour
Bawden
Beatty
Benjamin
Blackburn
Brewin
Brisco
Broadbent
Caouette
(Villeneuve)
Caouette
(Témiscamingue)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Coates
Cossitt
Crosbie
Darling
Dinsdale
Dionne
(Kamouraska)
Douglas
(Nanaimo-Cowichan-
The Islands)
Ellis
Epp
Firth
Forrestall
Fraser
Friesen
Gauthier
(Roberval)
Gillies
Grafftey
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Hees
Hnatyshyn
Hogan
Holmes
Huntington
Jarvis
Jelinek
Jones
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Laprise
La Salle
Lawrence
Leggatt
MacDonald
(Egmont)
MacDonald (Miss)
(Kingston and the
Islands)
MacKay
Macquarrie
Masniuk
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Mitges
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Roche
Rynard
Saltsman
Schellenberger
Scott
Smith
(Churchill)
Stanfield
Stevens
Towers
Whiteway
Wise
Yewchuk—90.

● (1802)

Mr. Speaker: I therefore declare the motion carried.

Motion agreed to, bill read the second time and referred to committee of the whole.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order with respect to the business for tomorrow. Does the Minister of Finance have an amended ways and means motion of which he could give us notice now?

Mr. Chrétien: Mr. Speaker, I replied to that question earlier. I made a proposal to the opposition, but they refused it.

Some hon. Members: Oh, oh!

Some hon. Members: No, we did not.

Mr. Speaker: It being after six o'clock, this House stands adjourned until tomorrow at 2 p.m.

At 6.12 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 8, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

INTERNATIONAL YEAR OF THE CHILD

CANADA'S PARTICIPATION IN PROGRAM—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The year 1979 has been designated by the United Nations as the International Year of the Child, a fact which has been virtually ignored by this government whereas 70 other countries have set up commissions for this very purpose. This marks the twentieth anniversary of the declaration of the rights of children by the United Nations, to which Canada was a signatory. I, therefore, move, seconded by the hon. member for Edmonton-Strathcona (Mr. Roche):

That this House directs the Minister of National Health and Welfare to make a statement in this House before the adjournment on Canada's intentions with respect to the International Year of the Child and what plans, if any, the government has under way to participate with the provinces in recognizing and implementing the principles embodied in the United Nations' declaration.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FITNESS AND AMATEUR SPORT

ANNUAL SOFTBALL GAME BETWEEN MPs AND PRESS GALLERY—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to move a motion which I consider very urgent. I think all members of the House, including Your Honour, will agree with it. I am sure Your Honour will be pleased to learn that last evening, in the annual ballgame between members of parliament and the press gallery, your team clobbered the fourth estate by a score of ten to six.

Some hon. Members: Hear, hear!

Mr. Nystrom: This happened despite the fact that the press gallery had been in vigorous training since early spring and members of parliament had not played in over a year. In view of our very high esteem for members of the press gallery and our concern about the example that they must set for all of Canada, I move, seconded by the hon. member for Selkirk (Mr. Whiteway) and the hon. member for Kenora-Rainy River (Mr. Reid):

That this House instruct the Minister of State (Fitness and Amateur Sport) to summon immediately all her top advisers from across the land for the purpose of devising a foolproof emergency program with the very difficult, but not impossible, objective of upgrading the fitness of the average 30-year old press gallery member to that of the average 60-year old member of parliament.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Leeds.

* * *

FEDERAL-PROVINCIAL RELATIONS

QUEBEC GRANT TO ALLEGED COMMUNIST-FRONT ORGANIZATION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgency. If all hon. members will listen carefully, I think they will agree that this motion deserves the support of both sides of the House. It is in relation to a grant in the amount of $51,000 being given by the province of Quebec under the authority of Claude Morin, provincial minister of intergovernmental affairs, to an organization calling itself The Preparatory Committee of Canada for the Eleventh World Festival of Youth and Students, Box 99, Station V, Toronto. The festival is to be held in Havana, Cuba, July 28 to August 5, and the agenda proclaims in newsletter No. 5 the slogan "Anti-imperialist solidarity, peace and friendship" and announces youth delegates will be told methods of carrying out profound "political transformations" in their home countries. I, therefore, move, seconded by the hon. member for Hastings (Mr. Ellis):

That this House registers its disapproval of such a reprehensible grant by the government of Quebec to an apparent communist-front organization, and strongly urges the Quebec government to cancel immediately any portion of the grant not yet paid and, finally, requests the Premier of Quebec to order an end to any Quebec support—

Mr. Rodriguez: No.

Mr. Cossitt: If the hon. member for Nickel Belt (Mr. Rodriguez) would stop saying "No", I might be able to finish this motion. I know where his sympathies lie.

—for organizations which would seek to bring or advocate separation in Canada by means other than the democratic process.

S.O. 43

Mr. Speaker: The presentation of such a motion for discussion, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXPORT DEVELOPMENT CORPORATION

CRITERIA APPLIED IN PROVIDING FINANCIAL SUPPORT—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the consent of the House to deal with a matter of urgent and pressing necessity.

Mr. Cossitt: No.

Mr. Rodriguez: Mr. Speaker, I wish the hon. member for Leeds (Mr. Cossitt) would stop saying "No". We know where his sympathies lie.

In view of the fact that the Export Development Corporation presently uses three criteria when deciding whether to extend financial support to foreign ventures, they being the credit worthiness of the applicant, the viability of the project, and the likelihood that the project would go ahead anyway, and in view of the fact that the use of these three criteria as the only criteria has encouraged the export of jobs from Canada at a time when we need jobs most, I move, seconded by the hon. member for Brant (Mr. Blackburn):

● (1412)

That this House instruct the minister responsible for the Export Development Corporation to instruct the corporation to add to its criteria two other points, namely, that the corporation will take into account the adverse effect of such a loan or guarantee on the competitive position of our industry and on employment in Canada.

Mr. Speaker: The presentation of such a motion for debate would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

COLLECTIVE BARGAINING IN LABOUR DISPUTE IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43.

In view of the fact that radio CJYQ 930 Limited of St. John's, Newfoundland, a company beneficially owned by the Secretary of State for External Affairs (Mr. Jamieson), and the operator of five AM radio stations in Newfoundland, was ordered by the Labour Relations Board of Canada on January 6, 1978, to bargain collectively with Local 94 of the National Association of Broadcast Employees and Technicians, and in view of the fact that CJYQ 930 Limited refuses to meet with the union representing their employees, despite the order of the Labour Relations Board, and persists in ignoring the collective bargaining agreement still in effect by paying less money than the contract calls for and by insisting on the working of longer hours, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Labour grant immediately to Local 94 of the National Association of Broadcast Employees and Technicians the permission they have requested under section 148 of the Labour Code so that they can file a complaint with the Canada Labour Relations Board, and that the minister advise the company and his colleague that it is the policy of the government that the provisions of the labour relations law be adhered to and that genuine collective bargaining should be entered into between employer and employees without constant attempts to avoid bargaining by the employer.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

QUEBEC PROPOSALS RESPECTING SALES TAX

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I would like to put my question to the Minister of Finance. In view of the statement made in the National Assembly this morning by the Quebec minister of finance, that in his view the federal government had two options open to it with respect to the matters covered by clause 30 of Bill C-56, would the Minister of Finance indicate if it is the government's intention to accept option No. 2, to use the terminology of the Quebec minister of finance, option No. 2 being making provision for an aggregate payment of $100 to Quebec City for all taxpayers in Quebec?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have received a letter from Mr. Parizeau in which he accepts the formula which I put into the bill in clause 30(b), so of course we can proceed with it. About the second proposal he has made, I am still looking into it, and if it is better I will be ready to accept it. But at this moment I would prefer clause 30B. I will be in a position to table the ways and means motion later today.

Mr. Stevens: My next question to the Minister of Finance is for greater clarification. When the minister refers to option A,

or alternative A, is he referring to the $85 payment to the residents of Quebec, leaving Quebec to their own means as to how they may recover that revenue, or is he referring to the $100 aggregate payment for which he is making provision under subclause (1) of clause 30 of Bill C-56, the provision which he has made for the other eight provinces?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the first formula in Mr. Parizeau's letter is exactly what we are proposing in our legislation, namely to pay directly to the government $40 million for the part of the cuts they made, and which complies with the formula offered to the other provinces. For the remaining $186 million we proposed, and Mr. Parizeau seems to find our proposal acceptable, to make a rebate of $85 to the taxpayers of 1977 so that the money could be given as soon as possible to those who paid taxes last year.

[*English*]

Mr. Stevens: Would the minister indicate to the House why he is so reluctant to proceed under option No. 2 which would seem to put Quebec in a much more similar position to that of the other eight provinces, ensuring that there is not a payment to individual residents of Quebec, to which there has been constitutional objection and which would, presumably, anticipate a working agreement with Quebec on how the $100 can be handled between the federal treasury and the treasury in Quebec City?

● (1417)

Mr. Chrétien: Mr. Speaker, perhaps the hon. member is a bit confused about the second proposition of Mr. Parizeau. He is not asking for the $100, as I proposed last week. He is asking me to send him the $40 million, as proposed in the other formula, rather than the $85 being in the mail right away. But he does not mind if it is in the taxpayers' returns for 1978, which means the beginning of 1979, then he could make some arrangement. In his letter he said that he will have to raise his taxes. That is exactly what I said at the beginning. In his jurisdiction, he can do whatever he wants. In my jurisdiction, I can do what I want. He has just recognized that in his letter.

Some hon. Members: Hear, hear!

[*Translation*]

SALES TAX—INQUIRY WHETHER SAME TREATMENT WILL BE ACCORDED QUEBEC AS OTHER PROVINCES

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should also like to put a question to the Minister of Finance.

To assure the House today that the province of Quebec will be dealt with on the same footing as the other provinces with regard to the sales tax, can he tell the House whether he has accepted the first or the second option, to the effect that the money of the federal government will be paid to the Quebec government and not to the taxpayers of that province, so that we can be absolutely sure that we have almost exactly the same policy for Quebec as the other provinces?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I say to the hon. member that if he reads Mr. Parizeau's letter carefully, he will see that the latter recognizes that the federal government has the right to send money to the Quebec taxpayers, which is the principle we have always fought for. He does not ask us to send a cheque to the Quebec government, as the hon. member is asking us right now; Mr. Parizeau is asking us, very simply, if we wait until 1978, to make certain administrative arrangements with him to facilitate matters.

MANNER IN WHICH $100 PAYMENT TO QUEBECKERS WILL BE EFFECTED

Mr. Roch La Salle (Joliette): Mr. Speaker, I want to ask a supplementary question.

I would like to ask the Minister of Finance—he explained the first proposal clearly—whether he is willing to accept the second proposal as well? According to Mr. Parizeau's letter, it seems that he would also agree to the alternative of $100 in 1978. Is the Minister of Finance also prepared to make that $100 transfer in 1978 whose means of implementation are now being discussed with the Quebec government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am sorry but in his second proposal Mr. Parizeau is not asking for the $100 I offered last week. He wants us to send him, because he has agreed in part to my plan in the budget for the $40 million, and it is on the $85 that he wants us to make arrangements for 1978. He does not talk about the $100. That is why in my opinion it now seems easier in the present circumstances to accept, as Mr. Parizeau is willing to accept, the proposal I submitted to the House when I introduced Bill C-56.

Mr. La Salle: Mr. Speaker, I merely want to ask the Minister of Finance whether he believes that the Quebec minister of finance would accept the formula which the Minister of Finance considered last week, that is $100 in 1978? Can the minister maintain that the Quebec government would reject that formula?

Mr. Chrétien: Mr. Speaker, in the letter he sent me he rejects my proposal of last week because he wants me to send him immediately the $40 million which I intend to refund one way—

An hon. Member: The choice.

Mr. Chrétien: No, it is not a choice, he wants the $40 million immediately; as to the $85, if I send it only next spring, he wants some administrative arrangements.

[*English*]

PIPELINES

NORTHERN PIPELINE—GOVERNMENT POLICY ON EXPORT OF GAS TO U.S. DURING INITIAL CONSTRUCTION

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is directed to the Deputy Prime Minister and President of Privy Council as the designated minister for the northern gas pipeline. Press reports quote the Minister of Industry, Trade and Commerce as having told the Alberta chamber of commerce that he favours the export of gas to the United States during the initial stages of the Alaska gas pipeline and that any swap arrangement would involve paying the going price. He is quoted as having said:

● (1422)

We'll have to buy it back at the going price at the time, if we elect to buy it back.

I want, therefore, to ask the President of the Privy Council whether the Minister of Industry, Trade and Commerce was enunciating government policy in respect of the export of gas to the United States during the initial period of the construction of the northern pipeline.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in reply to the hon. gentleman, as he knows, before any such export can be undertaken there would have to be hearings not only by the National Energy Board but also by the Alberta authorities, and none of these events has taken place up to the present time. I would conclude, therefore, that the situation is still quite speculative on that point.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, surely the minister is better informed than that. In view of the fact that the Federal Energy Regulatory Commission of the United States has given conditional approval to an agreement by which the Canadian company's subsidiary is selling gas to the American company which is to own the American portion of the line, is the minister telling the House that he knows nothing about the fact that this approval has been given and that this application has been made to the FERC?

I ask the minister whether any consultation has been held with him, his officials or the government, in any shape or form, regarding this conditional approval which has been sought and given in respect of the export of gas with the provision of the possibility of a swap arrangement.

Mr. MacEachen: Mr. Speaker, no consultations have been held with me or, to my knowledge, with the commissioner of the northern pipeline or any of his officials. I was referring to what would be required in Canada in order to provide for export of the type mentioned. I was not in any way disputing the hon. member's comments about what was happening in the United States.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that the National Energy Board is a regulatory body whose sole function is to recommend to the government the amount of gas or oil which can safely be exported, and that the final decision lies with the cabinet both as to the amount of gas or oil to be exported and the terms under which it will be exported, I ask the minister whether the government has worked out a policy. In view of the fact the two companies which are to build the pipeline have already applied for and received permission to import gas into the United States, what is the government's policy in respect of price? Are these companies to be allowed to sell Alberta gas to the United States partner, and then Canada will buy that gas back from Alaska at a price which will be $1 or $2 per thousand cubic feet higher? Surely the minister has worked out a policy and surely this House has the right to know what that policy is.

Mr. MacEachen: Mr. Speaker, I believe it might be more appropriate for the hon. member to address his questions to the Minister of Energy, Mines and Resources, who has the National Energy Board under his authority. It seems to me the hon. gentleman is premature in putting his questions, when applications have not come forward to the National Energy Board nor, to my knowledge, have applications been submitted to the Alberta board in order to undertake these arrangements. The hon. member is asking about a policy that in the first instance has to be developed by the regulatory authorities.

* * *

[*Translation*]

FISHERIES

METHOD OF SETTLING DISPUTE WITH REDFISH FISHERMEN OF ÎLES-DE-LA-MADELEINE

Mr. Eudore Allard (Rimouski): In the absence of the Minister of Fisheries and the Environment, my question is directed to his parliamentary secretary.

Considering that redfish fishermen from the Îles-de-la-Madeleine will not go to sea until the government gives them a guarantee of 2 cents for their take, is the government aware of the problem and what decision will it take to solve that dispute between the fishermen and the government?

● (1427)

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I will take notice of the hon. member's question. I am not aware of the subject that he has raised.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DIRECTOR-GENERAL OF UNIVERSAL POSTAL UNION

Mr. Speaker: Before continuing with the question period, may I call to the attention of all hon. members the presence in our gallery of a distinguished visitor who is on an official visit, the Director-General of the Universal Postal Union, Mr. Mohamed Ibrahim Sobhi.

Some hon. Members: Hear, hear!

* * *

EXTERNAL AFFAIRS

CANADA-U.S. FISHERIES AGREEMENT—CONSULTATION WITH NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Prime Minister. Last Friday, Canada declared that the 1978 interim reciprocal fishing agreement between Canada and the United States would not be implemented by Canada.

Is the Prime Minister aware that the government of the province of Newfoundland, where 90 per cent of its fish exports go to the U.S. and where 20 per cent of the work force are either fishermen or engaged in the fish processing industry—the province most dependent on fishing, economically—was not given any notice by anybody in the Canadian government that this action was going to be taken, neither the minister of fisheries, the premier nor any official? They received no notice. They were not consulted, nor were they asked for their opinion. Will the Prime Minister see that such conduct, which endangers the whole fabric of federal-provincial relations in this country, will not occur again?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, if I may answer the question of the hon. member, he may be formally correct in saying that there were no direct contacts with the government of Newfoundland on this particular action, but it was for a very obvious reason: Newfoundland fishermen and the Newfoundland fishing industry were not directly involved in the boundary question on either the Georges Bank or the west coast.

However, in terms of keeping the Newfoundland government advised, I can assure the hon. member that on all of the discussions concerning our relations with the United States and also, incidentally—and perhaps of more importance to the hon. member—on the matter involving the boundary question of St. Pierre and Miquelon there has been a whole series of meetings with the Newfoundland government and it is my intention to have still more, probably within the next few days.

Mr. Crosbie: Mr. Speaker, is the Secretary of State for External Affairs aware that the Premier of Newfoundland and the minister of fisheries of Newfoundland have confirmed that they were not informed nor consulted on this step which will affect Newfoundland if the United States takes any retaliatory action? It will certainly affect Newfoundland in its fish exports to the U.S.

Is he also aware that the U.S. treasury department is soon going to rule on whether countervailing duties are going to be imposed on $200 million worth of fish imported into the U.S. from Canada because of Canadian assistance programs and, as a matter of fact, is the minister aware that there is a very strong possibility that tomorrow the United States is going to rule that there will be a countervailing duty on cod blocks exported from Newfoundland? This being the case, and the fact that this action coincides with the minister's action, does the minister agree that the Newfoundland government must be consulted on a program such as this, and a joint program of action developed? Is the minister aware of that—

Mr. Speaker: Order.

Mr. Crosbie: —and will steps be taken to prevent this kind of thing?

Mr. Jamieson: Mr. Speaker, of course I am aware of it. I want to admonish the hon. member, as I have done in the House in the past, to please—if he does not have any concern for the government, he should for his fellow Newfoundland fishermen—keep as much distance as he possibly can between the boundary issue and the question of tariffs.

I have made efforts, with the support of hon. members on the opposite side, to avoid the necessity of bringing these two issues into some conjunction so that there appears to be a connection between them. It is of the utmost importance that it not be seen that this boundary dispute in any way reflects on any tariff issues which may be between Canada and the United States. I again express my appreciation for the fact that in public discussion in the committee meeting of two nights ago, this issue was not raised; and I understand why it was not raised.

In so far as Newfoundland and consultations are concerned, on the narrow point about the boundary, the hon. member is correct; I did not talk to the Premier of Newfoundland about that particular point. I did not do so for the very reason I am speaking about now, namely, that I did not want to tie the boundary question and the tariff question, and Premier Moores has had no direct interest in the boundary question.

I said to the hon. member in the House a few days ago, when he raised this matter, that I was aware that there was a different issue, which has been long-standing for several months, on the question of tariffs. I am in the process this day of having discussions and negotiations about this situation. I spoke with the Secretary of State of the United States at 6.15 last evening and made it clear to him that there was no relationship between the two questions, and I had confirmation from him that he would do his best to separate the two. If the hon. member is really concerned about Newfoundland and the Newfoundland fishermen as much as I am, he will stop trying to make this connection.

● (1432)

Mr. Crosbie: Mr. Speaker, a final supplementary question. Does the minister realize that what he has just said illustrates how important this is to Newfoundland? While he may keep it separate in his mind, the United States does not have to. Other people who will be affected by his actions should be consulted. Is the minister saying that there are going to be no countervailing duties imposed on fish products from Newfoundland as a result of his discussions with the Secretary of State for the United States? Is that his statement?

Mr. Jamieson: Mr. Speaker, I could give the hon. member that absolute assurance as of this moment if he would be prepared to support me in trying to avoid a reduction of two cents per pound to Newfoundland inshore fishermen for the rest of this fishing season. That is what is at issue. I can meet the United States clear across the board and get many plaudits from the United States and ensure that there is no connection. The need for me to do that, however, is very much circumscribed by the fact that I am conscious that we have said we will pay the inshore fishermen of Newfoundland a two-cent subsidy for the remainder of the fishing season.

The thing I am trying to negotiate is that if I assure the United States government that the subsidy will be ended by the end of this year and will not continue, will they then refrain from taking countervailing action? I cannot be sure that they will do that, of course. I would be a fool and I would also be unfair to the Newfoundland fishermen if I were to say at this time to the United States that I will stop the two-cent payment to Newfoundland fishermen. If the hon. member wants me to do that, let him say so now and we can get the whole matter resolved within 24 hours.

Some hon. Members: Hear, hear!

* * *

ADMINISTRATION OF JUSTICE

TABLING OF DOCUMENTS IN PETER TREU CASE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I should like to ask a question of the Minister of Justice. I understand the minister is prepared to give some indication to the House of his intentions with regard to documents in the Peter Treu case, what he will file, how, and why. I will give him that opportunity by requesting him to do so.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I undertook to the hon. member the other day to table what I could. I am ready and able to table, later, the undertakings on bail and the statement of the judge on sentencing. While a political opponent, I think the hon. member would not want me either cited for contempt of court or charged under the Official Secrets Act. I am, of course, prevented from tabling the reasons for judgment, but I have instructed counsel to apply to the court for an order varying the order, and I hope the judgment can be tabled in this House because I think it would be helpful.

Mr. Baldwin: Mr. Speaker, the Minister of Justice tempts me with his observation about the Official Secrets Act. I should like to ask a supplementary question. Having in mind the comprehensive nature of this act, the fact that the minister, after two years of thorough and complete investigation by the authorities, laid two charges of the nature he did, that the act is wide enough that obviously many members of this House, including front benchers, members on this side and members of the press gallery have probably been in breach of the act from time to time, and having in mind that one year after the trial of Dr. Treu commenced he was awarded a contract by the NATO service centre—NATO being an organization of which Canada is still a member, unless the Prime Minister fixed that when he was away recently—and Dr. Treu is engaged in carrying out a contract for NATO at the present time, will the minister not agree that, under all these conditions, the interests of justice would be served if he instructed his counsel to agree to quash the existing conviction and sentence and agree to a new trial being held in the open, with full right reserved to the Crown to seek certain documents which may be sensitive and that certain evidence be kept out of the public eye?

Mr. Basford: Mr. Speaker, I am afraid I cannot accede to the hon. member's request. The case is under appeal at the present time. I think, obviously, that Dr. Treu should be permitted to pursue that process. At the commencement of the trial, both counsel in the case agreed to the necessity of the trial being in secret. I do not have a transcript of the proceedings, but I am informed that in a recent statement, counsel for Dr. Treu acknowledged at a seminar that while secret trials were unusual in our jurisprudence, this was the kind of case that required the evidence being taken in secret.

I would remind the hon. member that, difficult as it may be, the evidence in this case involved the NATO communications system. That is a military secret of the highest order, and there is no way, in the interests of NATO and of Canada, that it can be made public.

Mr. Baldwin: A final supplementary question, Mr. Speaker. I understand that NATO is of a very sensitive military nature and that Dr. Treu is still working on a communications system which is in that sensitive area. This is one of the reasons that persuades me to ask this final question: Will the minister agree to facilitate the appearance of Dr. Treu before a committee of this House on matters external to the trial, keeping to one side the narrow issues of the trial, so that he might be able to give this House details of the harassment and the extent to which the facts of this case, outside of the trial itself, should be made public?

Mr. Basford: No, Mr. Speaker; first, of course, for the obvious technical reason that I am not in charge of committees of the House. Second, I have had no representations from his counsel to that effect, nor has my counsel had any such

representations. I think my proper course of action is to allow Dr. Treu to do whatever he wants to do to make his views known, through counsel, to me.

* * *

[*Translation*]

EXTERNAL AFFAIRS

INQUIRY WHETHER GOVERNMENT KNOWS FATE OF MR. HUGO BLANCO OF PERU

Mr. Louis Duclos (Montmorency): Mr. Speaker, my question is directed to the Secretary of State for External Affairs.

Can the minister tell the House, based on the latest reports from our embassy in Lima, what the situation is in Peru regarding the presidential election, and could he also advise us as to the fate of Mr. Hugo Blanco who was to be a candidate in the election but who, according to some sources, was arrested and secretly transported to Argentina along with six other Peruvian citizens?

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, on the first part of the question, I think it is common knowledge that there has been some delay in the election to which the hon. member refers, but I believe a new date has been set for either June 18 or 19 of this year. I am not exactly sure of the date.

We are also aware of the fact that the gentleman to whom he referred has apparently disappeared, but no word has come to us indicating what happened to him. We are continuing to make inquiries on a humanitarian basis.

* * *

TRANSPORT

COAST GUARD BUILDING IN VICTORIA HARBOUR, B.C.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I have a question for the Minister of Transport of which I have given him notice. I have been informed that Transport Canada intends to go ahead with the construction of a 30,000 square foot metal warehouse on the foreshore of the entrance to Victoria harbour. The Department of Public Works promised verbally on several occasions that the coast guard buildings would be built in conformity with local design requirements, but their present plans are not. Can the minister explain this unresponsiveness to the city's design plans, and does he intend to do anything about it?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am informed that the coast guard construction has the necessary building permit and also meets the city's zoning requirements. I am also informed that the high quality metal panels which are being used have high modifications included for such things as windows for the sake of appearance. I think, having regard to the combination of interests, including the amount of money which can and should be spent on a building of this type, a good balance has been achieved.

● (1442)

Mr. McKinnon: Mr. Speaker, the city of Victoria and other levels of government have chipped in and have spent millions of dollars on the beautification of Victoria harbour. They have turned down tens of millions of dollars of commercial development which did not fit in with their design plans for the harbour. The federal government, of all people, should not go in and despoil the beauty of that harbour.

Some hon. Members: Hear, hear!

Mr. McKinnon: I would ask the minister if he would reconsider this decision, possibly appoint an independent architect to give him advice, or take the advice of the provincial government, the city of Victoria or the design panel committee—

An hon. Member: Anybody.

Mr. McKinnon: —or delay construction until after the next election, if we ever get it.

Mr. Lang: Mr. Speaker, I am afraid the hon. member has omitted any reference to the fact that in this case a building permit from the city was sought and obtained.

An hon. Member: So what?

Mr. Lang: I do not know whether the hon. member is suggesting that this coastguard operation should in fact have gone somewhere else. That may be a point. A decision like this could have been made. But there is obviously a limit to the amount that can be spent on a building which is essentially designed to warehouse a certain amount of materials and equipment.

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HEALTH AND WELFARE

EMIGRATION OF DOCTORS FROM CANADA

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I would like to address a question to the Minister of National Health and Welfare. In view of the loss of almost 4,000 doctors from Canada during the years 1967 to 1977, and with increasing losses now, what plans does the minister have to rectify this situation? Can she assure the public that there will be enough graduates coming along, not to guarantee the quality of care, because you cannot guarantee the quality of care when the top men are lost, but to guarantee that there will by physicians available to look after the increasing number of geriatric patients in the next ten years?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, on the general problem of emigration

of physicians and specialists, the real statistics for 1977 estimate that 600, not 1,500, departed. The latter figure is often referred to and has already been used once by the hon. gentleman. I can assure him that a sufficient number of young graduates will replace those physicians emigrating abroad—who are not all Canadians, by the way.

As to the problem of geriatrics which the hon. member touched upon in the last part of his question, we all know that there are not enough specialists in that particular field and that this subject will be touched upon at a special conference in the fall.

Mr. Rynard: Mr. Speaker, in view of the fact that the bloc system runs for a period of five years, how can the minister be assured, when that program can be interrupted at any time within five years, that the quality of care and availability of doctors will be present in each and every province?

Miss Bégin: Mr. Speaker, I am not sure I understood the question properly, but there is no problem since there will not be any disruption in any of the elements which are the components of the health delivery system in Canada. There will be no disruption in the training of new physicians and specialists and there will be no disruption in the development of the health care of the country, except for improvements, and I do not call that disruption. In most of the provinces these improvements are moving toward more ambulatory care. The hon. gentleman has been a proponent of this, and there are no cuts in budgets by any of the provincial governments, to my knowledge. The system is functioning very well and improving within existing budgets.

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ADMINISTRATION OF JUSTICE

APPLICATION OF HUMAN RIGHTS ACT IN LABOUR DISPUTES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Justice with respect to the wage dispute between the 25 women members of the Ottawa Steel Plate Examiners Union and the British American Bank Note Company. On Thursday, May 25, I asked the minister, as reported at page 5718 of *Hansard:*

> In view of the fact that section 19 of the Canadian Human Rights Act empowers the government to include a directive in federal contracts with respect to the anti-discrimination sections of the act, may I ask the minister if the government will test the validity of section 19 of the act by giving a directive to the British American Bank Note Company to pay attention to those anti-discrimination provisions?

Two days ago the hon. member for Oshawa-Whitby asked whether there was yet an answer to the question, and the minister said, "No, not yet." I hope he has it today.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, it is provided in section 19 that the governor in council will make regulations under that act before it can be applied. When the Human Rights Commission was first established, it was envisaged that they would examine the use of section 19 and propose recommendations to me or the governor in council as to the type of regulations that should be passed. The Human Rights Commission, as I understand it, is doing that with regard to the general situation. It is aware of the particular case the hon. member raises, and has it under advisement.

However, there are some difficulties in using this as a test case. First, it would require retrospective application of the legislation, which does not commend itself to me, initially, as a good test case. Second, the arbitrator, as I read the arbitration award, clearly found that there was no discrimination in this particular contract. In any event, before section 19 can be applied, we need recommendations or reports from the Human Rights Commission which has the matter under advisement.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker does the government not have some sensitivity over the fact that it is doing business with a company that is in violation of its own Human Rights Act?

Mr. Basford: Mr. Speaker, as I read the arbitrator's award, that is not the case.

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AIRPORTS

WEST GERMAN CRITICISM OF TORONTO INTERNATIONAL AIRPORT

Mr. D. M. Collenette (York East): Mr. Speaker, my question is for the Minister of Transport. It concerns a report in Wednesday's *Globe and Mail* quoting a London *Sunday Times* article that the West German government has rated Toronto international airport one of the least secure airports in the world.

I would ask the minister if this report is true, and if not, could he, through his colleague the Secretary of State for External Affairs, ask for an apology from the West German government, since accusations of this sort most certainly undermine the confidence of millions of Canadians and tourists who travel through the Toronto airport?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I can assure the hon. member that the allegation of lack of safety at Toronto airport is completely untrue. It appears that at one time, for a very brief period, the Toronto airport did appear on a list which was prepared by the German authorities. But almost immediately, when it came to the attention of Lufthansa, they informed the German authorities that in their view—and Lufthansa is knowledgeable about the matter, as they use the Toronto airport facilities—the Toronto international airport security standards were absolutely adequate and the Toronto airport was immediately removed from the list.

I should say, as well, in terms of the German government, that I appreciated an immediate call from the German ambassador here to explain the situation. He has also contacted the Department of External Affairs and I consider the matter closed.

EXTERNAL AFFAIRS

DISAPPEARANCE OF CHILEAN NATIONALS—GOVERNMENT STEPS TO INVESTIGATE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State for External Affairs. It relates to the hunger strike of Chilean friends and relatives of disappeared persons and prisoners which was terminated yesterday at noon, of which perhaps the minister is aware. As a result of an official commitment which was made by the hierarchy of the Roman Catholic Episcopal Conference in Chile to press government authorities on the fate, after the disappearance, of persons and prisoners and, perhaps more important, the apparent assurance of the minister of the interior to clarify the situation case by case in, and I quote, "a short period of time" and in view of the previous commitment of about a year ago from President Pinochet to provide the same information—a commitment made to the United Nations—I wonder what action the minister is prepared to take on behalf of the Canadian government, as well as through the offices of either the Secretary General of the United Nations, Mr. Waldheim, or the Human Rights Commission, to ensure that in fact we do get to the bottom of the disappearance of 2,500 persons and prisoners, which is a very serious situation to those who are deeply involved in this great human agony.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am aware of this matter and I share the obvious concern of the hon. member and of all members in this issue. We have taken a number of steps already and we have done a certain amount of monitoring of the situation to the best of our ability. The response has not been adequate. However, we see some evidence that progress has been made on President Pinochet's commitment, but not enough and not rapidly enough. I am afraid the most I can do for the hon. member is to say that I will take his proposals under advisement.

● (1452)

We can certainly make representations to the Chilean government along the lines suggested, and I will look into the possibility of action through the Secretary General of the United Nations and in other ways.

FINANCIAL ASSISTANCE BY CROWN AGENCIES IN SEARCH FOR OIL AND GAS IN PAKISTAN

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. This week, the government announced that Petro-Canada and CIDA will combine to spend $70 million to search for oil and gas in Pakistan. Since the rationale of Petro-Canada is to increase Canada's proven oil and gas reserves, and since the stated policy of CIDA is to give priority to meeting the basic needs of people in the poorest countries, what are the circumstances which have led to this strange policy by which two government agencies are now doing what private industry could do much better?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): I am not sure whether I can give a total response within the constraints of the question period. The hon. member has referred to the mandates of these organizations. I think he would agree that although Petro-Canada has an important role to play within Canada, it is not inhibited or prohibited from acting elsewhere in the world. Similarly, while CIDA has an obvious preoccupation with one particular stream of foreign assistance, namely, to the poor people of the world, part of its mandate is to look on the development side.

The hon. member asked me to explain the rationale behind this project. As I advised the hon. member earlier, I have seen the documentation and the reason for it. I think it deserves a good deal of support both as a worth-while form of assistance to Pakistan and also as containing a substantial component, as I understand it, of Canadian equipment, material and technical assistance which certainly add to its benefit. If the hon. member is interested, I am sure we could provide him with a written background paper outlining the history of the project and the reason the decision was made to proceed.

Mr. Roche: I appreciate the minister's response. However, since this is an abrupt change in Canadian policy with regard to foreign aid, I should like this document to be made available not only to myself but to the Standing Committee on External Affairs, so that the committee might study the appropriateness of this project and the aid-effectiveness of the plan the minister has mentioned.

Mr. Jamieson: I believe the hon. member is on the steering committee, and it is a matter for the committee itself to decide how and when it will proceed. I will do my best, but I want to say that I am not at all in agreement with the hon. member's preamble in which he suggested there has been a dramatic change in policy. I think this project is consistent with one aspect of CIDA's role. The hon. member might wish to consult the chairman of the committee in the first instance. I am in a position to give him a great deal more information than I can give him orally today.

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AGRICULTURE

EXPORT OF BEEF TO UNITED STATES

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I wish to direct a question to the Minister of Agriculture pertaining to the statement from Washington that President Carter will today announce a 15 per cent increase in U.S. beef import levels. In view of the fact that Canadian cattle producers are only now beginning to recoup a small part of the $400 million they have lost in equity in the last four years, will the minister assure our cattle producers that he will not be increasing Canadian beef quotas which have been set for all of 1978 following reasonable debate and agreement?

Hon. E. F. Whelan (Minister of Agriculture): The hon. member should be told the amount of quota the United States is increasing would mean we would have about 11 million more pounds which would go to the United States, but at this time this year we have shipped only 32.9 million pounds to the United States and last year we shipped 44.8 million pounds, so I do not think the change will affect us much.

Regarding any decision the government makes concerning the quota restrictions we have just put into effect, what we would do was clearly outlined in the news release at that time and I do not think we have any intention to change that, but to say there is no discussion about what the United States is doing, or on the whole beef situation in the world, would be wrong because there is discussion.

Mr. Hargrave: I would remind the minister that he made a very firm commitment to stick by this quota for 1978. However, in view of the statement made yesterday by the Minister of Consumer and Corporate Affairs that there is a shortage of beef, which is certainly not true, and that he will be discussing some initiatives with his colleagues, I ask the minister if he will explain some of the facts of life about beef production in Canada to his colleague, the Minister of Consumer Affairs, and what it means to survive in an industry which has not had a price increase in four years and which has been operating at less than the cost of production.

Mr. Speaker: Order, please. The hon. member is now making a representation.

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AIRPORTS

SAFETY FACILITIES AT CRANBROOK, B.C.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on May 15 I directed a question to the Minister of Transport asking whether he could provide any positive evidence which would prove or demonstrate that there have been four violations involving vehicles on airport runways since the incident at Cranbrook on February 11. Does the minister have that information available?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not have that report at this point.

Mr. Brisco: In light of the fact that on April 20 a Pacific World Airlines aircraft was forced to go round again on a final approach because of a vehicle on the runway at Cranbrook airport, two months after the accident which brought about the fatal crash, is the minister now prepared—in light of this evidence passed to me by PWA—to order an immediate inquiry into the effectiveness of the ground-to-ground and ground-to-air facilities at this airport; or does he intend to wait until there is another accident?

Mr. Lang: The hon. member is being unfair. He knows full well that the whole question of these communications is presently under investigation both as to the specific incident which occurred and at airports around the country. The inquiry is not related to one airport.

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CANADIAN CULTURE

COST OF DISCOVERY TRAIN PROGRAM

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is for the Secretary of State. Is the minister aware of the confusion and almost complete lack of accountability demonstrated by his officials at the standing committee yesterday, who want to increase the cost of the Discovery Train from $750,000 to $2,250,000 a year?

Hon. John Roberts (Secretary of State): I would certainly not accept the hypothesis assumed by the hon. member at the beginning of his question as to confusion among my officials in their presentation yesterday. It is true the original estimates of the cost of the Discovery Train are below the cost we expect to be incurred. We are looking at various ways of making up the shortage.

Mr. Friesen: If the Secretary of State had been in the committee yesterday, he would have seen that confusion. Since Treasury Board has approved only $750,000 per year for operating costs, I should like to ask him whether, in light of the government's so-called austerity program, he feels there is justification for tripling the cost of this operation.

Mr. Roberts: The hon. member knows it is not the custom of the Secretary of State to attend committee meetings when officials of the agencies are appearing, unless there is some special request for him to do so. He also knows I shall be meeting with the committee in 30 minutes. If he is asking me whether I know of the financial implications of this project, the answer is yes. If he is asking me whether I am considering ways of dealing with the problem, the answer is also yes.

* * *

● (1502)

Mr. Speaker: I have notices from two hon. members regarding questions of privilege relating to documents tabled last evening, and I intend to rule on the question of privilege raised by the hon. member for Peace River (Mr. Baldwin). However, it being Thursday, there is the usual question about the business of the House, and I wonder if hon. members might agree that we take that now and then proceed to these questions of privilege. If so, I will recognize the hon. member for Grenville-Carleton (Mr. Baker) on a point of order.

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, on a point of order I wonder if the minister will tell us whether it is still his intention to give priority to Bill C-56 in terms of government business, and whether there is any change in the list of legislation he announced a couple of weeks ago.

While the minister is answering, I wonder if he would be prepared to designate Wednesday, June 14, and Thursday, June 15, as allotted days.

Mr. MacEachen: Mr. Speaker, there is no change in the legislation which is now before the House. That will be continued, and there is no change in the list of legislation which I mentioned to my colleagues and to the House of Commons. When we finish the debate on the present bill, that will probably be a good time to review the situation with a view to concluding our business by the end of June. I, of course, designate next Wednesday and Thursday as allotted days.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I could use this matter of House business to indicate that the motion for the allotted day tomorrow is as follows:

That this House notes with concern the secret trial of Alexander Peter Treu and the harassment of the Toronto *Sun* and its editor, Peter Worthington, under the provisions of the Official Secrets Act, and urges the establishment of a special committee of this House to recommend such changes in the act as will limit its scope to matters directly related to national security and defence.

That motion will be in the name of the hon. member for Peace River (Mr. Baldwin).

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, with respect to House business, since the Deputy Prime Minister (Mr. MacEachen) made reference to an intention about which we have known for some time, namely, to try to bring this part of the session to a conclusion on June 30, can he tell the House whether the government has any plans respecting the two holidays, June 24 and July 1, both of which this year fall on a Saturday? Every year when these two days come along certain questions are asked. Does the government have any plans about sittings of the House with respect to those two days? I do not mean we should sit on those days, but are there to be compensatory days off?

Mr. MacEachen: No, Mr. Speaker. I am surprised that the hon. member would even suggest to his colleagues in this House that we should not sit on the greatest possible number of days. It is not our intention to make compensation for holidays which fall on Saturdays. Therefore, it will not be our intention to change or to eliminate the sitting on Monday, June 26. It is not my expectation that the House will be sitting on July 3, but if it should happen by some misadventure that we do sit in July, it would not be my intention to compensate for the July 1 holiday.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, can the government House leader tell us if the French-speaking staff of the House of Commons, who usually have a holiday on June 24, will have the day off later on or at a date set by the government that will cause the least disturbance, since this year that holiday falls on a Saturday?

[*English*]

Mr. MacEachen: Mr. Speaker, I am happy to turn this question over to the rightful authority.

* * *

PRIVILEGE

MR. BALDWIN—STATEMENT ISSUED BY JUDGE MAYRAND OF MONTREAL

Mr. Speaker: Order, please. The hon. member for Peace River (Mr. Baldwin) has raised a question of privilege concerning the remarks of Judge Mayrand respecting some interventions by the hon. member for Peace River in this House and their reference to the trial of Peter Treu.

Since that question of privilege has concerned the right of a member of the House of Commons to speak in this House in criticism of proceedings in our courts, it has provoked a good deal of discussion. That discussion was contributed to at great length by a number of hon. members who had done some study on the matter. They made very useful contributions, and rather than attempting to refer to those individual contributions in terms of particular arguments to which I will be referring, I simply want to recognize the very useful contributions which have been made, and to say that they have been of great help to us in researching the matter.

The hon. members to whom I refer are the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for Peace River (Mr. Baldwin), the Minister of Justice (Mr. Basford), the right hon. member for Prince Albert (Mr. Diefenbaker), the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), the hon. member for Winnipeg North Centre (Mr. Knowles), the hon. member for Central Nova (Mr. MacKay), the hon. member for Timiskaming (Mr. Peters), the Parliamentary Secretary to the President of Privy Council (Mr. Pinard), the hon. member for Halifax (Mr. Stanfield), and the Parliamentary Secretary to the Minister of Justice (Mr. Young).

The arguments in favour of finding this language by Judge Mayrand to constitute a question of privilege relate primarily to three areas, that is, that these remarks themselves were made for the purpose of intimidating a member and could really not have had any other purpose; that the remarks, coming as they did from a judge speaking, for example, of not being able to tolerate the remarks of a member of parliament certainly have more weight than those of perhaps an editorial writer or any other citizen; and, finally, that the remarks of the judge were obviously based on a misunderstanding of what the hon. member for Peace River in fact had said in the House

because the remarks of the judge indicated that the hon. member should be attempting to change the law and not criticize the courts and, in fact, on every reference that is exactly what the hon. member had been doing. The argument therefore became that they constitute a misrepresentation of the efforts of the hon. member and of the proceedings of the House.

On the other hand, those arguments which would prevail against a finding of privilege are that the courts, like parliament, enjoy privileges that ought to be left to them without interference from us; that the judge was doing nothing more than defending his court in the circumstances; that he did not in any way deny the privileges of members; that in no way have the judge's comments intimidated any member; that they do not constitute an instrument of the court as they easily could have done; and that, finally, the issue is really one of a difference of opinion regarding the interpretation of language.

Regarding the precedents relating to the use of language as a matter of intimidation, I think we have to isolate it to that because rarely—in fact, never—in the precedents which were cited by any of the hon. members who contributed to the discussion, or in our research, could we find a precedent in which language which implied a threat but did not state it had been found to be a matter of privilege. I think that is quite significant.

On one occasion referred to in Erskine May's nineteenth edition at page 150 a letter to a member threatening him with a trial at some future date if he continued a line of questioning was held to be privilege, but that obviously specifically stated a threat of prosecution.

The one Canadian precedent which was of some use was the recent case involving the hon. member for Leeds (Mr. Cossitt) and his complaint against the then president of the Canadian Broadcasting Corporation that the language of the president of the corporation had been intended or calculated to intimidate or influence the hon. member. At that time the ruling said, in part:

> —I must indicate that as a general proposition nothing that anyone says about the conduct or performance, the speech or contribution of any hon. member could in general terms be taken as interference with his right to speak or to operate as a member of the House of Commons. I do not see . . . that his privileges as a member of the House of Commons, his right to appear here and to participate fully as an active member of the House, his right to speak and express his opinions, have in any way been interfered with.

● (1512)

In interpreting the judge's remarks, it seemed to me that, without any dispute about the translation from French into English, there is one statement that would represent the epitome of the arguments in favour of finding privilege, that is, the circumstances in which the judge said:

> In the name of respect for judicial independence, we cannot tolerate the remarks of Mr. Gerald Baldwin, MP who was wondering whether the law had not been well understood or had been wrongfully applied by the judges.

It seems to me that this statement can be interpreted as being offensive to the privileges of the House, for several reasons. First, it is extraordinary for a judge to become involved in any kind of public commentary. I think that all of us, whether lawyers or otherwise, are aware of the fact that only in the most extraordinary circumstances does a judge ever speak out to the public with respect to proceedings in his court. There are several reasons for that respecting the independence and the dignity of the judiciary, but, in addition, there is the obvious reason that a judge has several remedies available to him, the least of which is to make public statements and to get into a public dispute, which has always been unseemly for those who preside over the courts and never seems to be productive. Certainly it does not seem to have been very productive in these circumstances.

Those who argue that it could have been found as a privilege would want to urge also that such remarks by a judge—and not even the trial judge—cannot be looked upon simply as an outburst of temper since they were uttered by a judge acting in the capacity of acting chief judge of the court and, therefore, had special weight and significance, but ought to be taken as more than simply a passing warning in respect of the conduct of the hon. member, ought to be taken as a threat and an intimidation of the hon. member.

Those who argue that it should be taken as a privilege say the judge could have used less offensive words. If he simply wanted to disagree with the hon. member for Peace River he could have easily said that or, if he rejected his proposition, that could have been said as well. Instead, he said "we cannot tolerate", which is much stronger language than necessary simply to disagree.

Finally, one other reason—I think the hon. member for Halifax put it very well—was that, never mind the specific language, the general tone of the remarks should be considered. Why would a judge bother to do that, except for one purpose, that is, to tell the hon. member that he should desist in his criticism of the courts or in his criticism of the proceedings in this particular case, because it was offensive.

On the other hand, a more generous interpretation is equally available, it seems to me. It is perfectly possible to interpret the judge's language as being nothing more than a defence of his court. His court has been criticized, and I think he has said that his court has been criticized unfairly. He might have said, "We are instructed by the law to carry out the trials in this way, therefore we really cannot accept or tolerate this kind of criticism. It is not our fault, we simply obey the law. Therefore, if you want to change it, change the law, do not tell us that the courts are being badly run." That is a reasonable interpretation of the judge's remarks, just as reasonable as the one I have stated previously.

Again I repeat the argument. It is argued that the judge could have used different language. It is equally applicable to both interpretations, for just as it was possible to say it in the other interpretation, in this interpretation it is also possible to say that if the judge had wanted to cite the hon. member for contempt of court, he knew how to do it; if he had wanted to threaten him with a citation for contempt, he knew how to do that too and therefore by avoiding that language he gives

weight to the interpretation that he was not trying to threaten or intimidate the hon. member.

However, I am also concerned about a few other consequences of finding privilege here. While I say that they do not render it impossible to find privilege, I do say they render it very risky to find privilege. I stress that depending on what interpretation we follow—because we are dealing here with the interpretation of language and not with agreed circumstances of fact—it is possible to go either way. But I do bear in mind that the threat, if it is here, is an implied threat, not a stated threat, and the first risk would be, therefore, to extend the precedents from those cases in which a threat by language was clearly stated into that area where it was not clearly stated but implied. I think that would be dangerous. I do not say it is not possible but I think it would be dangerous, unless absolutely necessary in protection of our freedoms.

Second, in this case and in other cases we have vigorously defended the right of the hon. member for Peace River, and of all other hon. members, to speak freely in this House, to be free to speak critically of our institutions, and we will always defend that right. I want to stress here, in case I leave it in any doubt, and I want to reaffirm here, as I know all hon. members do regardless of their position on this argument, the right of the hon. member for Peace River to speak freely in the House at all times and to be free to speak critically of these kinds of proceedings.

Some hon. Members: Hear, hear!

Mr. Speaker: The risk that might be encountered on the other side of the argument is that if we are to defend so vigorously the right of any hon. member to stand in the House and criticize any proceedings where we see the danger of injustice, or the appearance of injustice even, then I would not want, unless absolutely necessary to defend those rights, to circumscribe or restrict the freedom of the judge in these circumstances to defend his court against that criticism.

For us to defend to the death our right to speak freely here, and yet be terribly tender about the freedom of those who speak back to us, would be unseemly and unfortunate for the House of Commons, and again I say it is risky. But it could be necessary to defend our freedom of speech and, if it were, I think we could move to it. However, I want to recognize the risk.

Finally, I think parliament must always be on guard to defend our own privileges and our right to criticize the courts or any other institution. However, there is a danger here of the appearance of putting the courts of the land under parliament's scrutiny. That can be done if it is necessary to protect our freedoms, and we will do it if it is necessary to protect our freedom, but I say that in this particular circumstance, unless it is absolutely necessary to do so, I think it would be risky for the House of Commons to move in that direction.

Therefore, while I think that the judge, in the circumstances, might have either misunderstood or misinterpreted the actions of the hon. member for Peace River, also in the circumstances I think the House should not use its power under privilege in this case where the judge's remarks are open to more than one interpretation and, in any case, contain an implied threat as opposed to a specific one.

I do want to stress again that this kind of intervention by a judge in public was an extraordinary intervention, and I do not think the judge would have to do much more than he did to offend the privileges of the House. I think it is a very dangerous situation, and I hope it will be noted. Again I say I want to reaffirm the right of any hon. member to criticize whatever injustice he may see, and I am sure we will always follow that course.

Finally, I want to return to an observation which I made at the beginning. The hon. member has moved the motion that this matter be referred to the Standing Committee on Rights and Immunities. That committee is continuing its study and has endeavoured to hold a meeting recently on this and other matters. Its original mandate is to examine, at the initiative of the hon. member for Peace River, the whole question of rights and immunities of members, and to report to the House. Subsequently, the House agreed to an additional reference, although not in specific terms, on the subject matter of the Official Secrets Act raised, in its relation with rights and immunities, by the hon. member for Yukon (Mr. Nielsen). It seems to me that the combination of those references would not only permit that committee, but in fact direct it, to examine the Treu trial, and the Official Secrets Act, and its application thereto, and indeed to examine the whole sequence of events on which so many members have contributed their arguments. I am quite certain that this committee, in carrying on its work, with the assistance of the hon. member for Peace River, will do a very detailed analysis of these events and, I hope, will present a meaningful report to the House in due course.

MR. DINSDALE—DELAY IN TABLING POST OFFICE ANNUAL REPORT

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have given you notice of my intention to raise a question of privilege with respect to the delayed tabling of the report of the Canada Post Office for the fiscal year ended March 31, 1977. I have decided to raise it as a question of privilege because it seems to be part of a pattern that has developed with respect to the actions of the Postmaster General (Mr. Lamontagne).

You will recall, sir, that a short time ago we were discussing in the House the question of the illegal raising of postal rates by circumventing the requirements of the Post Office Act and proceeding by means of order in council under the Financial Administrative Act, this in spite of the fact that section 10 of the Post Office Act quite clearly directs that there will be no rate increases other than by amendments to the Post Office Act, and furthermore, the endorsation of the Standing Committee on Regulations and Other Statutory Instruments which unanimously condemned the actions of the Postmaster General.

With respect to the present complaint, that is, of ignoring the requirements of Section 80(1) and (2) of the Post Office Act in the tabling of the annual report, to put the matter into perspective perhaps I should read to the House parts of the section that are relevant.

● (1522)

Section 80(1) reads as follows:

The Postmaster General shall submit annually to the Governor General a report of the Canada Post Office for the preceding fiscal year, containing a statement of the gross revenue collected, the amounts paid by the Postmaster General from revenue, the amounts paid into the Consolidated Revenue Fund, the amounts paid from moneys voted by parliament . . .

Section 80(2) reads as follows:

The report referred to in subsection (1), if completed when parliament is in session, shall be laid before parliament forthwith, and if not so completed, within ten days after the commencement of the next ensuing session of parliament . . .

On May 12 I raised this question in the House of Commons. As the Postmaster General was not present in the chamber, I directed my question to the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen), and he indicated that he would look into the matter.

On May 17 the report was tabled in mimeographed form, but it was not circulated among members as is the well-established practice in respect of annual reports provided under statutory provisions.

I raised this question because we were hoping to have the estimates of the Post Office Department referred to the Standing Committee on Transport and Communications. These estimates were required for the purpose of background preparation in respect of those hearings.

The delaying of the tabling to May 17 obviously was in contravention of the requirements of the Post Office Act. I attempted to get a copy of the report. Finally the estimates were referred to the Standing Committee on Transport and Communications yesterday, at which point I was still endeavouring to obtain a copy. Finally I received a copy in the French language which did not assist in preparing for a thorough examination by the committee.

There seems to be a pattern in this regard, which is the reason I raise this issue. There is an attempt on the part of the Postmaster General to avoid a thorough discussion of postal affairs in the House. If there is one department which needs a thorough examination, surely it is the Post Office Department.

Yesterday the Postmaster General and I arrived together in the committee for the consideration of the estimates. We were there at the starting hour. He made his statement, and as is the tried and true practice from time immemorial, I anticipated, as the official spokesman on postal affairs for the opposition, that I would have the right of responding to the leadoff statement of the Postmaster General. The chairman of the committee decided against accepting that practice, and a procedural discussion ensued.

I realize this is not prescribed in the procedures and regulations, but in the 27 years I have been here, the courtesy, practice, and unwritten tradition of this House have been to permit the official spokesman of the opposition to reply to the statement of a minister. A pattern seems to be developing to deny members of the House an opportunity for thorough discussion regarding the introduction of amendments to the Post Office Act, and that pattern also is carrying over into consideration at committee stage. Those of us who have had considerable experience in the examination of estimates in the committee of the whole remember that we had the privilege of examining at length the spending plans of various government departments. Also we know how restricted we are under the present procedures of allocation of time and closure which have been placed upon parliament in the past ten years.

Mr. Alexander: Plus a Liberal majority.

Mr. Dinsdale: Yes. During that time expenditures have grown astronomically. The Post Office Department is no exception, as indicated by the current deficit of over half a billion.

I should like to mention one other item. Your Honour will recall that a few weeks ago a decision was reached by the Postmaster General and the government to establish an internal committee to examine the advisability of transforming the Post Office Department into a Crown corporation. This internal committee is to be made up representatives from the Post Office Department, Treasury Board, and the Department of Labour. An announcement of that importance should have provided an opportunity for response from the opposition. To avoid such a response, the announcement was made outside the House of Commons in a special press conference.

All of these circumstances build up to what I think is a justifiable question of privilege. If Your Honour rules that a specific question of privilege has been established in the remarks I have made this afternoon, I intend to move a motion which will ask that both the issue of the postal rate increase and the issue of the delayed tabling of the Post Office Department report be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Pinard : Mr. Speaker, in view of the fact that the Postmaster General, for an excellent reason, cannot be in the House to reply, I would respectfully ask you to reserve his right and defer the debate on that question of privilege until his return to the House tomorrow or early next week.

[*English*]

Mr. Speaker: Order, please. Certainly that would be the normal course. I am sure the Postmaster General (Mr. Lamontagne) would want to respond. Perhaps we are into an argument concerning a breach of the law. I am not so sure whether that results in a breach of our privileges. In any case, I should like to examine carefully the arguments of the hon. member, because he extended the matter beyond a mere breach of the law and into a pattern of conduct at which I want to look. In any event, I should like to hear the interven-

tion of the Postmaster General on the subject before deciding. As we usually do, I think it would be appropriate to wait for that.

MR. ANDRE—RESEARCH AND DEVELOPMENT—MINISTER'S STATEMENT

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I will not take too much of the time of the House. My question of privilege arises out of a statement made by the Minister of State for Science and Technology (Mr. Buchanan) on June 1. The reason for the delay is that I was not aware of the difficulty until Monday of this week. It took until this morning to find the date necessary to be sure of the position. Basically it relates to the provision of misleading information to the House.

The statement by the Minister of State for Science and Technology was the presentation of a new science initiatives policy by the government, with appropriate fancy coloured brochures, background documentation, speech, press releases and so on. The minister made a statement in the House and tabled two supporting documents. One was entitled "Research and Development in Canada—Discussion Paper", and the other was entitled "Measures to Strengthen and Encourage Research and Development in Canada".

The first and the main point of the minister's statement was a declaration that the Canadian government was establishing a target of 1.5 per cent of gross domestic product for research and development expenditures by 1983. That is an important distinction. The figure 1.5 per cent does not have meaning in itself. It must be compared with other figures, or the historical performance of other countries, and so on. To give that target meaning the minister included in the document he tabled, a table indicating the historical performance in Canada in respect of research and development expenditures as a percentage of gross national product, from 1963 to 1977.

● (1532)

To give meaning to this target the table is presented as a percentage of gross national product, yet the target itself is a percentage of gross domestic product. The figure in relation to domestic product is a figure historically smaller than in respect of gross national product. Therefore the minister has somehow engaged in flim-flam by saying this is our target, measured in so many oranges, and in comparison we produced so many apples in the past.

That is not my main point, Mr. Speaker. The sources of these data are referenced as the Bank of Canada *Review* and Statistics Canada Catalogue 13-003. It took me some time to find Statistics Canada catalogue 13-003. I finally traced it down and looked up the data, only to find that it is quite different from the data in this table. The effect of this difference is to make this target, about which the minister talked—the prime new initiative—look like a much greater change than in fact is the reality. If you use the data referenced by the minister, you will see it is gross domestic product, from the Bank of Canada. We are talking about data from the Bank of Canada and Statistics Canada, and I think that is beyond question in terms of its validity. In any event, you find that in effect this new target, instead of representing an increase from .9 per cent to 1.5 per cent, in the form of new ventures, is in fact a return to the 1971 levels of effort. That is a significant year in that it was the year the Ministry of Science and Technology was established, mainly because Canada's efforts were so puny in this field. It would appear to be, prima facie, that this was a deliberate attempt to make this policy initiative appear much greater and much more grand, if you like, than in fact is the reality.

It has been a long established practice in this House that the words of a minister are to be taken as fact. I think there is no difference whether the words of the minister are oral or in the written form; we accept them as factual. It is demonstrable that the data presented by the minister are not fact and are not accurate. Using his own references it can be shown that the information is wrong and creates quite a different impression, and distorts the information before the House.

If we are in a position as members of having to permit or allow ministers to present misleading and inaccurate data, then I think our opportunities to participate and contribute in a meaningful way are infringed upon. I would maintain that this represnts a question of privilege, and that—

Mr. Speaker: Order, please. I have tried to allow the hon. member as much latitude as I thought he would need to develop his argument fully, and to make sure that I understood it completely.

I will examine the hon. member's representations. I will reserve judgment at the present time, but my very clear impression is that he has a disagreement in respect of the interpretation of statistics presented by the Minister. Presumably the minister will argue that he puts an entirely different interpretation on the figures. I am sure there have been many occasions, and the hon. member will recognize this, when there have been accusations of total disagreement in respect of the accuracy of figures and statistics. If every time that argument were made, by an hon. member on one or the other side of the House, it resolved itself into a question of privilege, the extension of privilege would be far greater than most of us believe it to be in terms of the classic definition. However, I will examine the hon. member's argument to see whether there is the appearance of a question of privilege and, if so, I will rule on it as soon as I possibly can.

Mr. Andre: Mr. Speaker, I do not want to prolong the argument, but your reaction to my remarks causes me to consider that possibly I did not express my concerns accurately.

This does not involve a matter of disagreement over numbers. We agree that Statistics Canada and the Bank of Canada are the authoritative sources of this data. The minister claimed that this was what he was presenting but, in fact, did not do so. If that is not a misleading of the House then, my goodness, I cannot think of anything that could possibly be misleading. He has claimed those two statistics as the authority for his sugges-

tions, and the statistics produced by those two organizations are beyond question in terms of their validity.

Mr. Speaker: Order, please. I assured the hon. member I would look at his arguments. I will hear what the minister's intervention is when he is in the House, and then decide what is the resolution of this problem.

* * *

POINT OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—REFERENCE TO STANDING COMMITTEE ON FISHERIES AND FORESTRY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a point of order, and I am sorry the government House leader is not present.

On June 5, Monday of this week, a special reference was given to the Standing Committee on Fisheries and Forestry in order to prolong its hearings, specifically for Tuesday and Thursday of this week. I do not think I need to go into the background of that fully. The reasoning for it is fairly clear to those who participated in the meetings.

There was a halt in meetings late last month because of the delicacy of negotiations then in course. Rather than having an in-camera session, or an open meeting when questions that might interfere with those negotiations could be asked, it was decided by the steering committee that we should not meet. It was agreed then that one extra meeting would be held in respect of fisheries. The meeting at which that decision was taken was on May 30.

On June 2 there was a very dramatic development, as you will recall, when United States fishermen were excluded from Canadian fishing zones, except in that area in dispute.

Following upon that, it seemed evident that the committee ought to meet to examine this situation more fully and obtain answers from ministers in respect of policy questions. Two meetings were organized, and it was expected that the Minister of Fisheries and the Environment (Mr. LeBlanc) would be present. For very good reasons the minister could not be there. He is in New Brunswick attending the funeral of a former member of the other place. That is understandable.

What I am suggesting is that we are trying to get from the House leader a further reference. In view of the fact that June 19 is the date when new negotiations are to resume, I would like to see this as an open reference to last for as long as this House is sitting this session, in order that the committee might meet and examine the situation as it develops even while the negotiations continue. We could then ask questions, not to embarrass anybody, but in order that we understand as well as possible what is going on, and for the edification of not just members in this House but of the Canadian public as well.

I would hope, therefore, that it would be possible to convince the government House leader to make a further reference to the Committee on Fisheries and Forestry in order that it might meet on a number of occasions between now and the termination of this session.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, a motion has already been tabled by the Deputy Prime Minister (Mr. MacEachen) under which the committees can sit and consider the estimates after May 31 until the third day preceding the last allotted day which has not yet been determined but which will probably be before June 30. As for the request of the hon. member who would like to discuss a matter other than the estimates and to sit as long as possible in June, we will consider its merits.

• (1542)

ROUTINE PROCEEDINGS

[*English*]

FINANCE, TRADE AND ECONOMIC AFFAIRS

Fourth report of Standing Committee on Finance, Trade and Economic Affairs—Mr. Kaplan.

* * *

POINT OF ORDER

MR. ALEXANDER—INACCURACY IN MINISTERIAL DESIGNATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a point of order which relates to the Minister of Labour (Mr. Munro). I did give him notice, but he is not here. However, I think it is important that we clear this matter up. In a brochure congratulating the winner of the winner of the Miss Polonia contest of Grimbsy, Ontario, in and around the third week of May, there is a message allegedly coming from the minister's department. You will notice I did not say the minister himself because I know that the minister would not do a thing like this, but I think it is necessary for him to know, and he does know, what perhaps his staff have done inadvertently. The message says:

> Congratulations to Miss Polonia from John Munro, P.C., M.P. Minister of Labour and—

Here is the offensive clause, sir:

> —minister responsible for multiculturalism.

We all know that the minister has one particular job, and not two. Therefore, having brought that to the minister's attention prior to my standing today, and again at this moment, I hope he will admonish his staff in order to see that this sort of inadvertence is not carried on any further.

PRIVILEGE

MR. SCOTT—RECOGNITION DURING QUESTION PERIOD

Mr. W. C. Scott (Victoria-Haliburton): I rise on a question of privilege, Mr. Speaker. My question of privilege deals with the matter of not being able to get a question on in over three weeks. I rise on this motion with the deepest regret to you, sir, and with the greatest hesitancy, but for three weeks I have repeatedly tried to get a question on, and I have not been recognized. The question is not parochial, it is several questions of broad significance.

I raise this matter not only on a question of privilege in respect to the proceedings, but I ask for guidance as to the proper procedure in getting a question on. In my 13 years in the House of Commons I have tried to show the greatest respect for this institution. I believe that probably my people are desirous—not only my people, but as I said this is of broad scope—of having me ask this question in their interests. Again, I say, sir, I not only raise this question of privilege, but I ask also for guidance from the Chair.

* * *

WAYS AND MEANS

DESIGNATION OF ORDER OF THE DAY TO DEBATE WAYS AND MEANS MOTION

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in accordance with your ruling of May 19, I am tabling a notice of the ways and means motion, and I ask you to designate the necessary order of the day for its consideration.

Mr. Stevens: Mr. Speaker, in relation to the Minister of Finance (Mr. Chrétien) and the tabling of the documents, I was wondering if he could clarify if the notice of the ways and means motion that he just tabled is exactly the same as the original motion, with the exception of paragraph 13, which I note has had some change to it.

Mr. Chrétien: I will refer to my information as I have not checked every phrase, but, yes.

* * *

ADMINISTRATION OF JUSTICE

TABLING OF DOCUMENTS PERTAINING TO TRIAL OF ALEXANDER PETER TREU

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, pursuant to Standing Order 41(2), and the undertaking of the Minister of Justice (Mr. Basford) to this House given on May 15, and comments earlier this day, to table as much as he could relating to the trial of Mr. Peter Treu, I am now tabling on his behalf the following: first, all documents relating to Mr. Treu's bail dated March 16, 1976, and as modified March 31, 1976; second, all documents relating to Mr. Treu's bail proceeding in the Court of Appeal of Quebec dated May 4, 1978; third, an official transcript of the *Report of Commodity Tax Revenue Group*

remarks of Judge Trudel on sentencing Mr. Treu, dated May 16, 1978.

I would add, Mr. Speaker, that I am tabling the remarks at sentence in French only as we have no authority to produce an official translation of such court documents.

* * *

NORTHWEST TERRITORIES ACT

AMENDMENT TO CHANGE NAME OF LEGISLATIVE BODY

Mr. Wally Firth (Northwest Territories) moved for leave to introduce Bill C-460, to amend the Northwest Territories Act (legislative assembly).

Some hon. Members: Explain.

Mr. Firth: Mr. Speaker, the purpose of this bill is to change the name of the Council of the Northwest Territories to that of the Legislative Assembly of the Northwest Territories.

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

* * *

FINANCE, TRADE AND ECONOMIC AFFAIRS

REFERENCE OF REPORT OF COMMODITY TAX REVIEW GROUP TO STANDING COMMITTEE

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to make a motion to the effect that the report of the Commodity Tax Review Group be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: I am not aware of the notice of motion and, therefore, the minister will need the consent of the House to introduce this motion at this time that the report of the Commodity Tax Review Group be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Baker (Grenville-Carleton): We are prepared to consent, sir.

Mr. Speaker: Does the minister have consent for the introduction of the motion?

Some hon. Members: Agreed.

Mr. Speaker: It is moved by Mr. Chrétien, seconded by Mr. Horner:

That the report of the Commodity Tax Review Group be referred to the Standing Committee on Finance, Trade and Economic Affairs.

Motion agreed to.

Order Paper Questions

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 709, 1,251, 1,436, 1,476, 1,477 (corrected), 1,503 and 1,588.

[*Text*]

U.S.S.R.—RADIO SIGNALS

Question No. 709—**Mr. Howie:**

1. Since January 1, 1977, were investigations conducted to determine whether or not radio signals from the U.S.S.R. have any effect on weather systems and, if so, were conclusions arrived at?

2. Did such signals interfere with radio signals by the Canadian Armed Forces or Marine Services?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Fisheries and the Environment, National Defence and Transport as follows: No. See reply to question No. 1,251 answered this day.

RADIO INTERFERENCE WITH CANADIAN WEATHER

Question No. 1,251—**Mr. Robinson:**

Is the government prepared to examine the claim of Dr. Andrew Michtowski that a Russian radio team is affecting Canadian weather patterns?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): An examination of this claim by the atmospheric environment service revealed that there were no scientifically credible factual observations to substantiate such a claim. If such observations do exist, and are made available to the atmospheric environment service, a reappraisal will of course be undertaken.

PENSIONERS' OVERPAYMENT

Question No. 1,436—**Mr. Forrestall:**

1. For each year since 1970, how many overpayment cases have been due to the failure to reduce a pensioner's benefits received under the Public Service Superannuation Act and/or the Supplementary Retirement Benefits Act, when a pensioner became entitled to disability benefits from the Canada/Quebec Pension Plan?

2. What was the total amount of overpayments for each year since 1970?

3. How much of the overpayments have been recovered to date?

4. How many pensioners have been able and willing to liquidate their total overpayment by means of a single cheque or money order?

5. How many pensioners have or are liquidating their overpayment by monthly deductions from their annuity cheques?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Not available in annual totals: the figures displayed below represent the cases at the dates specified: 1970-1974, not available; November, 1975, 626; March, 1976, 760; March, 1977, 1,110; December, 1977, 2,693.

[Mr. Speaker.]

2. Not available in annual totals: the figures displayed below represent the amounts outstanding at the dates specified:

	Public Service Superannuation Act	Supplementary Retirements Benefits Act	Combined
	$	$	$
1970-1974	Not available		
November, 1975	73,360.68	4,112.51	75,473.19
March, 1976	65,276.67	3,153.73	68,430.40
March, 1977	49,002.84	2,592.50	51,595.34
December, 1977	1,404,068.74	207,332.28	1,611,401.02

3. Not available as requested. The department calculates the total number of pension overpayments recovered. However, this total is not broken down to show different totals for different types of situations related to overpayments like the one which originated this question.

4. Thirteen per cent of all overpayments are liquidated by cash remittance.

5. Eighty seven per cent of all overpayments are being liquidated by monthly deductions from public service pensions.

CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE

Question No. 1,476—**Mr. Mitges:**

1. (a) Who was in charge of the Canadian delegation to the Belgrade meeting of the Conference on Security and Co-operation in Europe held between October 7, 1977 and March 9, 1978 and what are his/her credentials (b) how many persons were part of the Canadian delegation on a (i) permanent (ii) part-time basis (c) how many persons from the Canadian delegation were recruited from (i) the Department of External Affairs (ii) other government departments or agencies?

2. What was the total cost to the government of maintaining the delegation in Belgrade for the duration of the conference?

3. On what occasions did ministers attend the conference and, in each case, who was the minister and what travelling and other expenses did he/she incur?

4. What directives, if any, were issued to the Canadian delegation by the Department of External Affairs in relation to the official visitations to the Belgrade conference by members of parliament and senators?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. (a) The head of the Canadian delegation to the Belgrade meeting of the CSCE was Mr. W. T. Delworth, Canadian ambassador to Hungary. Mr. Delworth has been actively associated with CSCE questions since September, 1974 when he was appointed head of the Canadian delegation at the Geneva phase of the CSCE that drafted the final act which was eventually signed in Helsinki on August 1, 1975. (b) (i) Six officials assisted by six administrative support personnel; (ii) Twenty-one. (c) (i) Twelve—The Department of External Affairs. Two—Office of the Minister of State for Multiculturalism. One—The Department of National Defence. Eighteen parliamentary observers from the Senate and the House of Commons.

2. The total cost of maintaining the delegation in Belgrade, including those participating on a part-time basis, is not available yet because all invoices have not been received but it is estimated at $260,000.

3. The Hon. Norman Cafik, Minister of State for Multiculturalism was the only Canadian minister to go to Belgrade. His travel and other expenses associated with his attendance and paid out of the budget of the Department of External Affairs amounted to $1,539.

4. Notifications of the attendance of senators and members of parliament were sent to the Canadian delegation as the names of those participating were made known to the Department of External Affairs. The delegation's instructions indicated that parliamentarians were to attend the meeting as "observers on the Canadian delegation".

MR. IAN HOWARD

Question No. 1,477—**Mr. McKenzie:** (Corrected)

1. Is Mr. Ian Howard working in the office of the Minister of State (Fitness and Amateur Sport) and, if so (a) since what date (b) what is the title of his position (c) what is his classification in the Public Service (d) what was his salary range on joining the Minister and what range is he in now?

2. Has Mr. Howard worked "overtime" since he joined the Minister and, if so, has he been remunerated, at what rate and what total amount as of March 1, 1978?

3. What travel expenses of Mr. Howard's have been paid by the government up to March 1, 1978, exclusive of any travel he may have done in the company of the Minister?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): 1. Yes. (a) September 19, 1977. (b) Executive assistant. (c) On leave of absence from a position at the level of program manager 5. (d) (i) Salary range in previous position $22,695 to $25,473; (ii) Salary in present position not to exceed $29,450.

2. Yes, with no remuneration.

3. $2,568.22 since September 19, 1977. However, during the period of the assignment, Mr. Howard has received, in addition to this sum, $2,480 to cover accommodation and $1,402 in per diem allowances to compensate him for expenses incurred due to his absence from his home in Vancouver.

EXPENDITURES IN FRASER VALLEY EAST

Question No. 1,503—**Mr. Patterson:**

What amount was spent by the Department of Indian Affairs and Northern Development in the Constituency of Fraser Valley East in each year since 1970?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1977-78, $3,054,990; 1976-77, $3,045,226; 1975-76, $2,190,270. Expenditures for previous years are not easily identifiable as departmental records are not maintained by constituency. The time required to provide this information would be considerable.

FAMILY ALLOWANCES

Question No. 1,588—**Mr. Lambert (Bellechasse):**

For the fiscal year (a) 1968-69 (b) 1977-78, what was the total amount paid by the government in family allowances?

Point of Order—Mr. Jones

Hon. Monique Bégin (Minister of National Health and Welfare): Family allowances paid in: (a) 1968-69 totalled $56,186,052; and (b) 1977-78 totalled $2,122,524,000 (subject to final adjustment). Please note the 1968-69 figures do not include expenditures under the Youth Allowances or Family Assistance Programs, both of which were incorporated into family allowances in the 1974 amendments. The amounts paid in 1968-69 under both programs were: Youth Allowances, $52,457,272. Family Assistance, $3,467,605.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,215 could be made an order for return, that return would be tabled immediately.

Mr. Speaker: The question enumerated by the parliamentary secretary has been answered. Does the House agree that question No. 1,215 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

PHOTOCOPYING—EXPENDITURES

Question No. 1,215—**Mr. Alexander:**

For each department, what was the total expenditure for photocopying during the last year for which figures are available and, in each case, how much was for (a) purchasing equipment (b) rental of equipment (c) photocopying supplies?

Return tabled.

[*Translation*]

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

Some hon. Members: Agreed.

[*English*]

* * *

POINT OF ORDER

MR. JONES—DELAY IN ANSWERING QUESTION NO. 145

Mr. Leonard C. Jones (Moncton): Mr. Speaker, on several occasions I have brought to the attention of this House and to the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) that question No. 145, which was listed in this House on October 19, 1977, and had previously been on the order paper in July, 1977, has not as yet been answered. Some months ago I was told I would get an answer within a few

days. Those few days have grown into five months, and it is getting pregnant with difficulties.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, we have already provided answers for six of the 13 questions indicated by an asterisk. We are currently looking into the remaining seven and we shall try to provide answers for them as soon as possible.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

On the order:

June 7, 1978—House in Committee of the Whole on Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish at this moment, since it is the first opportunity following the vote of last night, to raise a point of order with regard to the holding of the vote. It is my contention, sir, that Standing Order 60, subparagraph (1), as indicated in your ruling on May 19—to which I have referred on two previous occasions, in 1974 and 1975—requires that a bill shall be brought in in conformity with the ways and means motion. Briefly put, you found on May 19 that the bill did not conform with paragraph (13) of the ways and means motion, and you indicated at that time that the government would have to bring in a ways and means motion to correct the situation.

● (1552)

I want to have the citation of May gone into in detail to see whether it is now correct. I raise the point at this time because I may wish to take this matter up a little later—as this is the first opportunity to do so after the vote.

It is my view, Mr. Speaker, that it is not possible for this House to vote on the principle of a bill which, by prior ruling, has been found not to conform with the requirements of our rules, and that it is distinguishable from the precedents upon which you apparently based yourself.

First of all, in 1974, when I first raised the point, the matter was found not to be of essence to the bill—it was a matter of degree—and therefore it did not matter. However, in July, 1975, you did find that that was of the essence.

[Mr. Jones.]

Subject to correction—and I am having this checked—I would point out that this particular case with which we are now dealing may have been distinguishable from the case upon which your judgment the other day was based.

Mr. Speaker: Order, please. I will permit the hon. member to go on, but it seems to me he is faced with two basic difficulties that he will have to address. The first basic difficulty is that I, of course, do not agree with his contention that the ruling might have been in error. But even if it were, nothing can be done to change it now. The second difficulty is that—even if the ruling was in error and something could be done to change it, and the vote was not to have been taken—the vote has already been taken. Therefore, before I can hear the hon. member he will have to indicate to me in the first place how he gets around those two basic points.

Mr. Lambert (Edmonton West): Very simply, Mr. Speaker. The vote last night was under guillotine by Standing Order 75C.

Mr. Chrétien: It is a rule.

Mr. Lambert (Edmonton West): That is right; it was a time allocation. I had to wait until the vote was taken in order to demonstrate the difference. My submission is that we are moving down the wrong path.

I will agree that if after second reading there is to be an amendment to the ways and means motion, and the point has been raised as a point of order during the committee hearings, the government may then bring in a ways and means motion to conform to a ruling of the Chair. But this point was raised prior to second reading, and Your Honour ruled that the bill was not in conformity. It seems to me very, very difficult in logic to understand how we can be asked to vote on a bill which the Chair has found not to conform with our requirements.

If by chance it might be said that these provisions are the subject matter of the ways and means motion filed just a few moments ago, that is another reason I am raising this at this point. The government was waiting to see whether it was going to rely upon the amendment it has put in or upon another one, and whether it might have to scrap the second one. These provisions in clause 30 relating to the pay-out of income tax to selected Quebec income tax payers go against the principle of the bill. Someone will ask if it is the principle of the bill. The bill is going to amend the Income Tax Act.

I refer the Chair back to its own ruling at the time we amended the Criminal Code with regard to capital punishment. On that occasion we were amending the Criminal Code in a number of material aspects. When one of my colleagues went to amend the clauses on capital punishment at committee stage, however, the proposed amendments were ruled out of order in that they were against the principle of the bill.

I wonder what the position would have been if the ways and means motion which was tabled just a few moments ago had been in variation of the bill that was voted upon at second

reading last night? It may be that Your Honour will find me out of court at this time, but I am rising in protest at what I think is unfortunately an error in judgment and—

Mr. Pinard: You are making one now.

Mr. Speaker: Order, please. The hon. member is identifying that he is directly appealing, as it were, or re-arguing a ruling that the Chair has made. He has made that quite clear. He made it in the argument when I made the ruling to start with, and I disagreed with the position he took at that time. I made it clear that the solution to the problem was optional in the Chair. There had been occasions in the past, according to precedent, in which the Chair had ordered that the matter be corrected by an amended ways and means resolution up to the time that the clause was taken into consideration. That is one of several ways to solve the problem.

In even the short time that I have been in the Chair, in similar circumstances with other bills, other ways and means resolutions, and other differences, I have ordered that the progress of the bill be stopped. In some cases the matter was amended by way of an amendment to the bill to conform with the existing ways and means resolution.

There are several solutions. On the basis of a clear precedent I chose one; whether I would choose another one in different circumstances remains to be seen. In this particular case I chose an option for the correction of the irregularity on the basis of a precedent that I cited at the time. Whether the hon. member agrees with that or calls it an error in judgment, which he just did, is of no consequence at the moment. The ruling has been made and the House is stuck with it. I happen to think it is a correct ruling and the hon. member does not, but that is academic. The House is stuck with the ruling and has proceeded on the basis of it until now. Whatever consequences might have taken place are hypothetical.

In any case, if the second reading vote was in any way out of order, as may have taken place with countless motions in the past, they may have been out of order, but once they are passed and the vote taken, there is nothing the House can do about it. The House has voted and has on its records that it now proceeds according to that vote to consideration by committee of the whole of this bill. There is no power in the Chair at this stage to turn that around on the basis of rethinking a decision it has taken previously.

With respect, the hon. member has not got around the two basic points that I gave him, the first being that he cannot change a ruling even if he disagrees with it, and the second, that we cannot do anything to reverse the result of the vote because the vote has already been taken. I do not know how we can go any further on it.

Mr. Lambert (Edmonton West): I am reserving the opportunity, on third reading debate, of referring to this matter again. I am doing it now at the first opportunity following the vote because it is still my contention that we are on the wrong path with this particular bill. We operated differently under different circumstances, and the two instances do not jive.

While I accept Mr. Speaker's ruling, no one says that I must agree with it. I do not think Mr. Speaker says that I have to agree with it.

Mr. Speaker: Order, please. I do not expect the hon. member to agree with it, but I just ask him to respect it.

Pursuant to Standing Order 54 I do now leave the chair for the House to go into committee of the whole.

[*Translation*]

The House in committee of the whole on Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Laniel in the Chair.

The Chairman: The committee is now on clause 1. Shall clause 1 carry?

[*English*]

On clause 1.

Mr. Stevens: Mr. Chairman, as we know, there are 59 clauses in Bill C-56 to which the committee will undoubtedly want to give some attention. I think the two clauses of most interest, however, are clauses 30 and 59. I think it would facilitate the deliberations of this committee if, in the few moments I have available at this time, I could put some questions to the minister with respect to the current position of relations between the federal government and the government of Quebec on the income tax—sales tax rebate scheme. This has been of great concern to this House for almost two months now. With that in mind, Mr. Chairman, the Minister of Finance—

• (1602)

The Chairman: Order, please. I might try to satisfy the hon. member by saying to him that it has been the general practice, when considering clause 1 of the bill in committee of the whole, to allow members to express opinions or ask questions of a general nature. Of course the hon. member wants to direct his attention to one particular clause. I understand it is a fundamental clause as to the general policy and I think I will be ready to accept his intervention in that way.

Mr. Stevens: Mr. Chairman, as I was saying, the Minister of Finance very kindly gave us a copy of a letter which he has received from the minister of finance of the province of Quebec. As the letter is quite relevant to the consideration of Bill C-56 by this committee, I wonder if the minister would be willing to table that letter so that the entire committee of the House may have the letter for their consideration?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I was pleased to hand out copies to some opposition members a while ago, so that they may examine them, and I am also pleased to table the French version only which I have just received. I do not have the English version. I did not have time to have it translated. With leave of the House, I should like to table the letter of the

Quebec Minister of Finance, Mr. Parizeau, dated June 7, 1978.

The Chairman: Order, please. To table the document, the House should not be in committee of the whole and the Speaker should be in the Chair. So the hon. minister might perhaps do so on another occasion. In any case, in the meantime he can still circulate the letter among hon. members, unless he proposes to have it appended to today's *Hansard* with the unanimous consent.

Some hon. Members: Agreed.

Mr. Chrétien: Mr. Speaker, I have a few more copies, so I can give them to a few hon. members, but I have not enough copies for everybody.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I was about to suggest what you suggested to the minister namely, that he ask consent for this letter to be debated and appended to today's *Hansard*. That way we will have it in both languages, and everybody will have it.

The Chairman: Hon. members have heard the proposition that the letter referred to by the minister, written by the minister of finance of the province of Quebec to the federal Minister of Finance, be appended to today's *Hansard*. Is this agreed?

Some hon. Members: Agreed.

[*Editor's note: For letter above referred to, see Appendix.*]

Mr. Stevens: Thank you, Mr. Chairman. I thank hon. members for their consideration in allowing this letter to be appended to today's *Hansard*.

Would the minister indicate if he has prepared or sent a reply to the minister of finance of the province of Quebec in respect of the June 7 letter we have just appended to *Hansard*?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I rise on a point of order and I also want to reply to the hon. member. First of all, I have just received the letter, barely a few hours ago. I am willing to answer the question but I do think the question of the hon. member is out of order, in that the letter deals not with clause 1 of the bill but with clause 30. Therefore, we can discuss its contents when we reach that clause.

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

The Chairman: The Parliamentary Secretary to the President of the Privy Council, on a point of order.

Mr. Pinard: A while ago, I thought that on a very special question you allowed an hon. member to put a question in order to obtain the letter explaining clause 30. But I want to point out, Mr. Chairman, that in fact you called clause 1 which we are to discuss, and that clause 30 will be considered in due course. We have spent 11 days on second reading and the hon. members can think only of clause 30.

The Chairman: Order. I should like to point out to the hon. member that I gave a ruling, that I gave it in good faith for the orderly working of the committee, perhaps precisely to speed up progress on the bill. The hon. member indicated to the Chair that he had specific questions to put to the Minister of Finance to clear up certain points and that those questions might possibly speed up study of the bill if they were cleared up. It is not up to me to decide whether replies meet with the satisfaction of the hon. member. I allowed him to put his questions, and it is up to him to decide. If the Minister of Finance does not want to answer, that is up to him. As for me, I know that under our rules of procedure, we generally allow a general debate on clause 1 in committee of the whole. We do not restrict ourselves to clause 1 of the bill. It is in that spirit that, in order to speed up somewhat consideration of the bill, I allowed the hon. member for York-Simcoe (Mr. Stevens) to put his question, and my ruling has been made on that matter. The hon. member for York-Simcoe.

[*English*]

Mr. Stevens: Mr. Chairman, I was simply trying to identify which letter it is that we will be referring to during the committee of the whole, and secondly, if in fact there had been any formal reply sent by the minister. I can well understand, if the Minister of Finance has only had a few hours to deal with the letter, that he would not yet have sent a reply.

I feel it would be helpful if the minister could give us an outline of what the general reply will be with respect to the proposals put forth by Mr. Parizeau concerning Bill C-56. I would emphasize that the letter we are referring to does not refer to specific clauses of Bill C-56; it refers to the entire bill. I think it is quite in order that we raise various questions pertinent to the current status of negotiations between the province of Quebec and the federal government relating to the provincial sales tax—income tax adjustment provisions.

First of all, did I understand the minister correctly during question period today when he mentioned that the $40 million that Mr. Parizeau refers to in the original paragraph of his letter is in fact an amount that the government is going to pay to Quebec, and will pay without too much delay?

Mr. Chrétien: Mr. Chairman, we are getting into an improper situation. To accommodate the committee earlier, I answered a few questions, but now we are going into the substantive argument about Clause 30. Mr. Chairman said that I need not reply. I will deal with all of the aspects of clause 30 when we come to clause 30. Presently we are discussing clause 1 which deals with employment at special work sites or remote locations. I am ready to answer all of those questions. I will say to the hon. member for the last time, and I have said it over and over again, that under the scheme I proposed the night of the budget Quebec qualified for about $40 million.

• (1612)

In my communication I think he asked for four items and those four items, according to the calculations made by my officials, amount to about $40 million. We say we shall pay that to them. We said that at the time, and he wants us, now, to pay it. But all that is subject, as usual, to verification by my officials of the accuracy of the cost of those items for the six months, because exactly what we are doing is verifying the tax with the other provinces which have cut sales taxes across the board according to our plan. For clarification, it is two thirds of a three point cut on four items for six months, and we are willing to pay about $40 million.

Mr. Stevens: I am sure the minister will agree that on clause 1 it is traditional that the specific wording of the clause is not the substance of what is really before the committee. The clause is a conventional starting point for a more rambling question or, for that matter, speeches with respect to the bill.

[*Translation*]

Mr. Pinard: Mr. Chairman, what the hon. member suggests is true generally speaking. Clause 1 of a bill usually gives the title of the bill. What we have here in clause 1 is a very specific measure dealing with employment at a special work site or a remote location covering two pages and not the title of the bill. So the hon. member is not being consequent when he says that he can argue in a general way on the bill as a whole because clause 1 is of a general nature when in this case it is of a strictly limited and specific nature. So for that reason he cannot do what can usually be done with other bills.

Mr. Chairman, if the hon. member wants to stick to what is in clause 1 I think that then we will be in order and we will be able to make progress in a logical and normal way.

The Chairman: Order. I must point out to the hon. parliamentary secretary that he should listen not only to what the hon. member for York-Simcoe (Mr. Stevens) has to say but also what the Chair has to say. The Chair has already said—and that is my ruling—that as a general practice and in this committee of the whole whatever the subject of clause 1 may be, whether it be the title or a particular subject matter, the practice has been to give more latitude to the debate while at the same time trying to prevent hon. members from dealing with specific clauses but allowing them also to discuss the bill in a general way. It is precisely under clause 1 that hon. members take the floor to express their opinion in a general manner on two or three clauses of the bill without addressing specific questions to the minister or to those who can answer questions. So my decision stands. I shall continue to follow the practice which has always prevailed in committee of the whole and if I can lay my hands on some precedents which confirm what I have just said, I intend to leave hon. members a certain leeway as it has always been done regarding the first clause of a bill and not restrict them, as the hon. member seems to want, to dealing with the issue of "employment at special work site or remote location". Of course that does not prevent them from speaking about that clause in particular but then they can also express a general opinion on the bill.

[*English*]

Mr. Stevens: Mr. Chairman, I think it is most regrettable, closure having been used last night to force a vote on the second reading of this bill, that we in the opposition should be met with 15 minutes of running interference or filibuster, whatever you like to call it—

Some hon. Members: Oh!

Mr. Stevens: —on the part of government supporters when we are simply putting a few questions to the minister to clarify the position of the government with regard to this bill. Our difficulties today have been doubled because, as a result of the failure yesterday to table copies of the ways and means motion, we cannot reach clause 30 today in any event.

An hon. Member: What about unanimous consent?

Mr. Stevens: It is the fault of the government that we cannot reach clause 30. So if we are not able to speak in general terms on clause 1 we are prevented, really, from asking any questions with regard to the most relevant portion of the bill, namely, the provincial sales tax arrangement, until next week. In order to clarify the current position of the government may I ask whether it is the intention of the government to continue with the plan to pay $85 or some such amount to the taxpayers of Quebec as outlined by the minister the other night?

[*Translation*]

Mr. Chrétien: Mr. Chairman, it does not matter in any case because when we reach clause 30, I will determine exactly the clauses or provisions of this bill. As I have said on several occasions, we do intend to clarify once again the policy of the government. Since the government of Quebec is entitled to these $40 million we will let them have it. As for the rest, they have left on the table some $186 million and we have decided not to penalize the people of Quebec, which means that we can immediately reduce by $85 the income tax of Quebeckers. Mr. Parizeau came up yesterday with a change to that decision by saying that if I decide to wait until next spring, and in this respect he still leaves me the choice, it could cause him some difficulties. He is leaving that to me. I have not yet studied whether his second proposal contained something worthwhile. I have just received the letter where he acknowledges, Mr. Chairman, that my proposed $85 rebate to those who have paid income tax in 1977 is quite acceptable to him. This means that the bill such as it stands now is quite agreeable to the government of Quebec. For some two months the opposition has been telling me to accept what is agreeable to the government of Quebec so I do not see why they are asking me questions about it. Of course I will pay back to the Quebec taxpayers what is owed to them. If Mr. Parizeau made a mistake in his budget by including figures which he had no

right to include, that is his problem and he will have to find a solution to that by himself.

[*English*]

Mr. Stevens: As I understand the minister, he is saying the proposal to pay the $85 as originally put forward by the government was entirely acceptable to the minister of finance of Quebec. I think the hon. gentleman is reading a lot into the wording of the letter. As I read it, Mr. Parizeau feels he cannot stop the federal government from proceeding with Bill C-56, but that if this course is followed he would have no alternative but to tax back in its entirety whatever the aggregate amount might be—$85 times the number of taxpayers in Quebec. Is that the case? Has the minister received any assurance from the Quebec minister of finance that his proposal, now, is acceptable by Quebec, or is it not the case that the Quebec minister is simply indicating that there is no alternative?

Mr. Chrétien: I have explained the situation as well as I can. I cannot add anything to what I have said. Clause 30(b) was my proposition, and the letter from Mr. Parizeau said it would be a solution to the problem.

● (1622)

Mr. Stevens: I emphasize that the $85 proposal is a direct payment by the federal government to the residents of Quebec, and if the federal government intends to go ahead with that proposal, would the Minister of Finance indicate if he is then out of hand turning down the alternative proposal Mr. Parizeau has made with respect to having a 1978 pay-out scheme which, through an administrative arrangement, would be much more comparable to the arrangement the federal government has with the other provinces which, presumably, are willing to participate in the plan?

Mr. Chrétien: Mr. Chairman, I am not making any payments. I am reducing the amount of tax paid by the Quebec taxpayer in 1977 up to $85, so that the people can qualify for a return on their taxes. It is exactly the same mechanism whether we use 1978 or 1977 tax lists. There is absolutely no difference. The reason there is a difference regarding the other provinces is that the other provinces do not collect their taxes. I reduced by $100 the income tax in Ontario, for example, two months ago. The same day, or a day later, Ontario raised its income tax by $100. I collect it, so there is no problem.

Since 1954 under Duplessis Quebec has collected its own taxes. I am reducing, as I am doing in Ontario and elsewhere, the difference of $85, and if Mr. Parizeau needs that amount of money or more, he will have to raise his taxes. There is no problem there. It is a problem for him, but it is not a problem for me. I am reducing the income tax of the Quebec taxpayer by $85, and I am making a cash payment of $40 million for the amount Quebec has contributed to the scheme by selecting four items for six months. I am paying two thirds. The cash payment is not just for Quebec.

As I said in the question period, there is provision for cash payments as adjustments in all the provinces. In fact it will be

something like $19 million for B.C. because the $100 was not sufficient for B.C. I have to compensate B.C. more. In the case of Ontario $100 was too much, so Ontario has to pay back a certain amount of money to the federal government. There is a cash adjustment, and the $40 million for Quebec is part of that.

Mr. Stevens: Mr. Chairman, I think it is important that we get the two options clearly in mind. The first option to which the minister has referred is the payment to the residents of Quebec of $85. As I read Mr. Parizeau's letter, Mr. Parizeau says he cannot do anything about that. If the federal government wishes to pay that $85, that is its right. Mr. Parizeau wants it clearly understood, however, that he will use whatever means he has at his disposal to tax it back. I want to know the current position of the Minister of Finance with regard to the second option, which is an alternative proposal on the part of Mr. Parizeau. In effect, Mr. Parizeau is asking that Quebec be put in a situation similar to that of the other provinces. He is saying that for the 1978-79 fiscal year the tax of Quebec taxpayers should be reduced by $100, or $85, per person. As an administrative matter Mr. Parizeau wants to have that picked up between Ottawa and Quebec city so that Quebec will be in a position similar to that of the province of Ontario, the province of Manitoba, or any of the other provinces. Is the Minister of Finance as of this afternoon turning that proposal down?

Mr. Chrétien: Mr. Chairman, I have been very generous with my time. These questions should all relate to clause 30, and I will reply when we are dealing with Clause 30. Your Honour said earlier that I was not obliged to reply. We have been on questions which should be asked on clause 30, for 25 minutes. That is not the purpose of committee work. We should be dealing with this bill clause by clause. I have been extremely generous. I replied to questions in the House this afternoon.

It is obvious that hon. members opposite just want to drag the debate out. They do not want to deal with the nitty-gritty of this scheme. Hon. members of this House have the right to know what we have done for farmers with regard to capital gains, what we have done with regard to RRSPs and what we have done for retired people. We are proposing something to make things easier for them. Hon. members opposite do not want to talk about those new provisions. We are now on clause 1 and, according to Your Honour's directive, it is up to me to decide if I want to reply. I want to deal with clause 1 as soon as possible. Hon members opposite can talk ad nauseam, but I will not reply.

Mr. Stevens: Mr. Chairman, the minister has a very short wick.

Mr. Chrétien: Mr. Chairman, I rise on a question of privilege. When we reach clause 30, there will be no problem, but prior to getting to clause 30 I want to deal with clauses 1 to 29.

Mr. Hnatyshyn: Thanks, Your Excellency. You sit too close to Trudeau. You are starting to act like him.

Mr. Stevens: Mr. Chairman, the minister seems to be acting like an emperor today, but I remind him that it is this committee which decides what questions can properly be put. Granted, he has the option to refuse to answer questions regardless of what they are, but in no way does he have the right in a high-falutin' way to tell us that we can talk ad nauseam about various questions but that he will not answer.

Mr. Chrétien: Mr. Chairman told me that.

Mr. Stevens: Mr. Chairman, the minister is burying his head in the sand. The most pertinent part of Bill C-56 is the question of the provincial sales tax. The appropriate place to deal with it—as we do with every standing committee—in this committee of the whole is on clause 1. That is the point at which we should be dealing with general questions. When we are dealing with this bill clause by clause, this very same minister will be standing up on his hind legs and telling us that we can deal only with technical things. He will do that when we are dealing with clause 30. He will tell us that we have no right to ask general questions.

Mr. Hnatyshyn: He will impose closure. That is the way he will operate.

Mr. Stevens: The minister is under a lot of pressure. He is very nervous today.

Mr. Chrétien: You are backing a loser.

Mr. Stevens: The minister has a few members sitting behind him who are very uncomfortable with some of the answers he has been giving with respect to the present situation regarding the provincial sales tax in Quebec, so I do not doubt that he would like questions to cease. However, let me put one further question.

Mr. Parizeau has raised the suggestion that because of the delay which may ensue regarding the federal payment in relation to the provincial sales tax reduction, debt in Quebec might be incurred which would result in interest having to be paid. Mr. Parizeau would like to be reimbursed for that interest. It is estimated that it might amount to $8 million or $9 million. Would the minister indicate whether the federal government is willing to reimburse Quebec for that?

Mr. Chrétien: Mr. Chairman, I will be able to reply when we are on clause 30.

Mr. Hnatyshyn: Take the Fifth Amendment, Jean. It would be a lot easier.

Mr. Stevens: Perhaps the minister could indicate why he has appeared to be so ready to cooperate with respect to questions of a general nature touching on the provincial sales tax. At our request he even tabled a letter from Mr. Parizeau. Why did the minister appear to be so ready initially, and why is he now simply saying that he will not deal any further with the provincial sales tax matter until we reach clause 30?

The Chairman: Order, please. I hesitate to intervene at this time. I maintain my ruling, and I hope that whatever answers are given, or whatever questions are asked, hon. members will not be prevented from expressing their opinions. The path being followed by the hon. member for York-Simcoe is to address himself to specifics. That has been allowed by me for one general purpose, to facilitate the work of the committee. I know the hon. member is the spokesman for the official opposition on this question.

• (1632)

This matter has been the crux of the debate on second reading, and it preoccupies all members of the House. I wanted to allow the hon. member to go beyond what has been permitted because this is supposed to be a general debate and it is not meant to be a specific debate on a clause. But because the new ways and means motion is in front of the committee only now, and also because of the letter of the Quebec minister of finance, I have allowed all these questions. It has been left up to the Minister of Finance to decide whether or not to answer them. It is within his rights to decide whether or not he wishes to answer them at this time, because there will be a further opportunity to answer them when we reach clause 30. I cannot quarrel with his decision. I can only hope that hon. members will not spend the time asking these questions when we are on clause 1, when they can do so when we reach Clause 30. This does not prevent hon. members from asking questions on general policy. It will be up to the minister to decide whether he wishes to answer them.

Mr. Nystrom: Mr. Chairman, I will be very brief.

Mr. Stevens: Mr. Chairman, I rise on a point of order. Again it is to try to facilitate—

Some hon. Members: Oh, oh!

An hon. Member: Smile, you're on camera.

Mr. Stevens: Mr. Chairman, it is truly remarkable when one has to sit on this side and watch the kangaroos opposite in action. My point of order was simply this: if the minister is so anxious that we get to clause 30—and he seems well disposed to tell us anything we want to know once we reach clause 30—would he consider standing clauses 1 to 29 inclusive and letting us consider clause 30 right now, and perhaps he will feel more relaxed to give us some information which we would obviously like to have?

Mr. Chrétien: If the hon. member is willing to pass the 29 clauses right away, I will go on to clause 30.

Mr. Stevens: I proposed that we stand them.

The Chairman: Order, please. Either solution is impossible until we accept the new ways and means motion.

Mr. Chrétien: We can do that with the unanimous consent of the committee.

Mr. Knowles (Winnipeg North Centre): That can only be done in the House, not in committee.

Mr. Nystrom: Mr. Chairman, I think I will try again. I want to say a few words on clause 1, which is the general clause, and my remarks pertain also to the sales tax. I have had a chance to look over the letter sent to the minister by Mr. Parizeau and I do not think it was fair of the Minister of Finance to have said that there has been agreement. My interpretation of what Mr. Parizeau said was: "What is the use, the federal government has the power to give $85 to the citizens of Quebec, I cannot do anything about it. I will have to tax back that $85." He said in his letter:

[*Translation*]

Following our exchange of correspondence and our discussions, it seems clear that our governments disagree about the formula for the sales tax reduction in Quebec and that it would be useless to seek a formula other than the one which was approved by the Quebec government and supported unanimously by the National Assembly.

[*English*]

What he is saying here is that it is futile to go on looking for a solution or to go on looking for an agreement between the two governments. The position of the government is very clear, and it is obvious that the two governments are not in agreement. It is obvious, says Mr. Parizeau, that he has the support of the National Assembly in Quebec.

[*Translation*]

And all parties at the Quebec National Assembly, the Liberal party, Mr. Ryan, the Union Nationale, the Parti Québécois and all the others at the National Assembly.

[*English*]

Therefore, it is really futile to go on looking for a solution. That is what Mr. Parizeau is saying. I think the Minister of Finance is trying to pull wool over the eyes of the people of Canada when he says there is a solution. Perhaps he can explain in more detail just what the change is, and to what Mr. Parizeau is agreeing.

I think this is one of the strangest debates we have ever had in this country. As has been said before by members of my party, members of the Conservative party, and members of the Social Credit party, it is clear that the actions of the Minister of Finance are a real infringement upon provincial rights and provincial authority. The federal government makes a special arrangement with Saskatchewan whereby the sales tax in that province is reduced by 2 per cent for nine months. There is also an arrangement with British Columbia and with the Atlantic provinces, as well as with Alberta with which there is an agreement not to do anything because they do not have a sales tax. So other provisions were put in the budget for the province of Alberta than for the remaining provinces.

Why is there all the concern about Quebec's way of reducing their sales tax? They are trying to give the benefits of that federal money to their people in a fair and equitable way. Why cannot Quebec do that in the way they want? The sales tax is under their jurisdiction. If the minister cannot get agreement from the province, he should not force something on them, particularly since it is within their jurisdiction. The minister is flexible with Saskatchewan, British Columbia, and the Atlantic provinces; why can he not be flexible with the province of Quebec?

I am very suspicious that the Minister of Finance is trying to set up a classical confrontation between French and English Canada, and that is very unfortunate. I am concerned about national unity, and I wish some of the Liberal members were as concerned as some of us are. If there is constant fighting, that will not help the situation in the country. An hon. member opposite is saying that I am playing with the separatists in Quebec. If I am, then what about Claude Ryan and what about all the members of the Liberal party in the National Assembly in Quebec? What about the four, five, or more Liberal backbenchers in the House, such as the hon. member for Maisonneuve-Rosemont and a few others, who are critical of what the Minister of Finance is doing? Is the minister also accusing the premiers of the western provinces of taking that position?

The Saskatchewan minister of finance has said that the sales tax is under provincial authority and he would like to have the money from the federal government and to spend it as the province sees fit. If everybody is a separatist, then God help this country. If everybody but the Liberal party is a separatist, God help us. I think that is one way to tear this country apart.

I believe that the disagreement can be settled very simply. It seems to me that when the Minister of Finance was offering something to the provinces that is under their authority and power under our constitution, he should not have brought in a plan unless he had the agreement of all the provinces. It does not matter what he proposes so long as he has the agreement of the provinces. He did not have that agreement with Quebec, therefore he should have waited for a while and brought in a plan to which all the provinces could have agreed, or he could have exercised the same flexibility with Quebec as he had with the other provinces.

The Chairman: Order, please. The hon. member for Labelle is asking the permission of the hon. member to ask him a question.

Mr. Dupras: I would like to know if the hon. member claims that the Minister of Finance should have postponed his budget until the Quebec minister of finance had made up his mind. Is that what he is saying?

• (1642)

Mr. Nystrom: Mr. Chairman, the minister should have discussed this proposal with the ministers of finance at their conference in January. I understand there were detailed discussions at that time. If he did not discuss it at that time, it should have been discussed at the first ministers' conference in February. Why did he wait until the last minute before starting to discuss this proposal with the ministers of finance across the country?

Mr. Dupras: That is not correct.

Mr. Nystrom: Many, many ministers of finance have claimed that they were not given much time to consider the proposal. Apparently the Minister of Finance had a telephone conversation, for example, with one of the provincial ministers of finance and said, "Look, I have a budget coming up in two weeks. I have a proposal for you. Do you accept it or not?" He was like the big godfather standing up with a bit of federal money.

The province of Quebec wanted to make a special arrangement with the federal government, similar to the arrangements which were made with Saskatchewan, Alberta, British Columbia, and the Atlantic provinces. I come to the same conclusion which I arrived at a few minutes ago. Why did the minister not wait until an agreement had been reached with all provinces? If such an agreement could not be reached, why could the minister not be flexible? Why did he turn down the offer of Mr. Parizeau?

Mr. Dupras: Mr. Parizeau waited until two days after the budget was tabled.

Mr. Nystrom: Mr. Parizeau waited 48 hours before taking a position. So what? He was taking a position on something which is under his jurisdiction and his authority. Sales tax comes under the provincial laws of this country.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

[*Translation*]

Mr. Boulanger: Mr. Chairman, I would like to go back for a moment to the ruling you made a moment ago. It is easy to see now that the members of the official opposition, like the others, do not have the slightest desire to discuss the bill clause by clause. They want to do today what they did not have time to do yesterday or the day before, or two months ago. The soundness of your ruling is easy to see, and I accept it, but at the same time it is clear that they are taking advantage of the opportunity given by this ruling—I do not want to make the situation more complicated—but we could discuss this ruling at great length. They take advantage of a ruling you made precisely to take unfair advantage of it, simply to engage in a filibuster, and this shows that the members of the opposition are not serious, but just a bunch of actors.

The Chairman: I would like to point out to the hon. member that what he is raising is a point of debate. He is entitled to his opinion. The Chair is not here to pass judgment on speeches, but to apply the rules. I said earlier that, under our practice, there is a general debate on clause 1, and I have here a ruling made by chairman Batten of the committee of the whole on February 15, 1968. He had this to say then:

[*English*]

The usual procedure, of course, is to have the general debate on clause 1, assuming that clause 1 is not just a short title. However, if it is the wish of the committee to have a general debate on the bill under clause 4, there is no reason at all why that should not be done. If the general debate is to be on clauses 4 and 5, or either of these clauses, I would ask members of the committee to confine their remarks in connection with clauses 1, 2 and 3 to those actual clauses.

If my interpretation is correct, the government House leader at the time, Mr. Sharp, intervened in this procedure and addressed himself to the Chairman. He is reported as saying the following:

Mr. Chairman, it seems to me that clauses 1, 2 and 3 are of a purely technical character and if there are to be remarks of a general nature such as has been suggested by the hon. member for Edmonton West they could quite appropriately be made on clauses 4 and 5. The first three clauses are merely technical in character.

This means that it is a question of interpretation by the Chair. If clause 1 is just a short title, or if it is a specific clause and the first clause to be considered, it is a clause on which there can be general debate in committee, and all latitude should be given to hon. members to use the time of the committee to express their feelings or points of view.

Mr. Nystrom: Mr. Chairman, once again it has been necessary for Your Honour to tell government members what the rules are. There can be a general discussion on clause 1. My intention was to talk about two or three matters, but so far I have dealt only with the sales tax provision.

The government has indicated that Mr. Parizeau made up his mind two days after the budget came down. So what? Sales tax is totally under provincial jurisdiction and authority. If Mr. Parizeau did not want to make up his mind, so what?

Mr. Lachance: It is mixed jurisdiction.

Mr. Nystrom: I hear a Liberal backbencher indicating that sales tax comes under a mixed jurisdiction. That is not correct. Even the Minister of Finance would not say that.

Mr. Lachance: I challenge you on that.

Mr. Nystrom: The hon. member can challenge me if he so desires. He has the right to rise in the House and make a speech or a statement concerning how the retail sales tax can suddenly become an area of mixed jurisdiction. I am sure even the Minister of Finance would be embarrassed by that comment on the part of one of his backbenchers.

At any rate, Mr. Parizeau had the right to do what he did. This is an area which falls under provincial jurisdiction. He decided to use the money which was coming to Quebec in a manner that would help the people of Quebec the most. He chose to eliminate taxes on five sectors altogether. So what? That is his right. He can spend that money in the manner he sees fit.

The government of Saskatchewan decided to implement a 2 per cent reduction over nine months, rather than a 3 per cent reduction over six months. They had various global Saskatchewan reasons for doing so. The federal government bought that proposition, as well as the proposition of the province of British Columbia. Why did the government not accept Quebec's proposition? Because its proposition came two days after the budget was tabled does not matter.

I have to come to the same conclusion which I reached a few moments ago, even though that conclusion resulted in government members becoming excited. I am suspicious that the government was attempting to set up a high school confrontation between French and English Canada. Such a confrontation makes it difficult to keep Canada together. Hon. members oposite know my sympathies for keeping this country together. I feel very strongly about that. I do not think that can be accomplished by allowing a constant confrontation.

If the minister is willing to come in with a budget proposal without the agreement of one province beforehand, that in itself is dangerous. If that province is a province which has a government advocating independence, it is even more dangerous. The minister is aware of that. I suspect one reason for him not withdrawing the proviso in his budget was that he wanted a confrontation and fight on this issue. That is very, very unfortunate, as well as being very damaging to the future of Canada.

[*Translation*]

Mr. Lachance: On a point of order, Mr. Speaker.

The Chairman: Order. The hon. member for Lafontaine-Rosemont on a point of order.

Mr. Lachance: I do not want to start a debate on this matter, Mr. Chairman, but I think that a while ago the hon. member unwillingly no doubt, I repeat unwillingly, said things which are not consistent with the facts. I simply want, for the record—

[*English*]

Mr. Nystrom: That is not a point of order.

Mr. Lachance: Of course it is. This member has misled the House. I must put the record straight. He indicated that sales tax is under provincial jurisdiction. If the hon. member reads sections 92(2) of the constitution, he will see that the federal parliament has the power to impose taxation on any subject whatsoever. Thus, it is a mixed jurisdiction.

The Chairman: I am aware that the hon. member for Nanaimo-Cowichan-The Islands is seeking the floor, but I am sure I can deal with this point of order without his assistance. Surely this is an argument and an expression of opinion. The hon. member for Lafontaine-Rosemont can contradict the argument of the hon. member for Yorkton-Melville when he seeks the floor in due time, unless he wants to prevent a grave misrepresentation or wants to correct a wrong quotation, which can be done under the guise of a point of order. When there is a difference of interpretation in respect of the bill, the avenue which is open to the hon. member is to seek the floor and make his point at that time.

● (1652)

Mr. Nystrom: Mr. Chairman, I hope the hon. member for Lafontaine-Rosemont will give the committee the pleasure of getting up and explaining his point of view of how the retail sales tax area can be shared by the federal and provincial governments. It seems to me that if he pushes that line he will really have a fight with the provinces, not just the province of Quebec but with every single one in this country.

There is a federal sales tax, but it is indirect and at the level of manufacturers and wholesalers. It is not a direct and overt sales tax as we have on retail goods imposed by the provinces. This is an area totally within provincial authority by practice in this country, and has been for as long as I can remember.

An hon. Member: But only by practice.

Mr. Nystrom: I am saying that it is by practice. Maybe some of the brilliant constitutional lawyers in this place, like the hon. member for Crowfoot and some of the others from that side of the House, will devise a plan to provide the Minister of Finance with a means of levying a retail sales tax in addition to the present sales tax by the provinces. Perhaps that is a question the minister should answer. Is this in the back of his mind? Was the hon. member for Lafontaine-Rosemont speaking of government policy, and was he giving us a signal of what is to come in the future, namely, that the federal government is considering getting into the retail sales tax area? I hope the minister will answer that question in a minute or two because this is damned important. I know the minister of finance for Saskatchewan would want me to ask that of the federal minister since we have now had one of the backbenchers and a minister of the Crown suggesting that the federal government could get into the retail sales tax field. Is the Minister of Finance considering this?

The Chairman: Shall clause 1 carry?

Some hon. Members: No.

Mr. Nystrom: Perhaps the minister would answer my question. Is the federal government giving consideration now, as has been indicated by one of his own backbenchers and one of his colleagues in the cabinet, namely, the hon. member for Crowfoot, to getting into the retail sales tax business in competition with the provinces? One of the members of the hon. minister's party has said that the federal government does have some authority in this regard and could get into the retail sales tax business. The Minister of Industry, Trade and Commerce said, if I understood him correctly, that according to the constitution the federal government could do this, and that it is only as a matter of practice that it has not done so to this point. Is the federal government now considering levying a retail sales tax in Canada in direct competition with the provinces?

Mr. Chrétien: No. I think the hon. member was just trying to be smart in that regard. Just this afternoon at 3:30, with unanimous consent, we made a reference of the problem to members of the committee, that is, what we should do with the federal tax that exists at the manufacturing level. This is a matter that will be contemplated by members of the committee and people across the land.

Some people suggest that we should change the federal tax to a type of tax that would apply at the last level of the transaction rather than at the middle stage. This is completely possible. We have a manufacturing tax today, but some suggest that when we reduce that tax the manufacturer very often does not pass the benefit on to the consumer. When we reduced this tax some time ago some corporations were accused of putting the savings in their own pockets rather than passing them on to the consumer.

Constitutionally this could be done. I do not say that we will be doing that, but the House will be studying this problem very soon. That is a tax system being used in many countries in Europe. It is a value added tax. We are exploring new schemes and methods. The most conservative suggestions made in this House very surprisingly always come from members in the NDP.

Mr. Nystrom: I should like to ask the minister a question in that regard, Mr. Chairman.

The Chairman: Order. The hon. member's time has not expired. If he wants to pursue the matter he has another few minutes available.

Mr. Nystrom: Mr. Chairman, I think I have about two minutes so I would like to ask the minister a supplementary question. Is it fair to say that the proposal to levy a federal sales tax at the retail level is now under active consideration?

Mr. Chrétien: Mr. Chairman, I would say no.

[*Translation*]

Mr. Lachance: Mr. Chairman, following the comments made by the previous speaker, I would simply like to add a few remarks on this bill. You will recall, Mr. Chairman, that I spoke during the debate on second reading and that I then expressed my view on the bill now before us. I believe, Mr. Chairman, that when studying a bill of a fiscal nature it is important to keep in mind the very basis of the financial system, the power granted to various jurisdictions to levy taxes. Mr. Chairman, the hon. member who spoke before me made an intervention on the subject of Bill C-56. He had the inalienable right to do so. However, I am left with the impression that he does not really understand the basis of the Canadian financial system.

I would simply remind the House, Mr. Chairman, that in a federal system such as ours, made up of several levels of jurisdiction, the Canadian constitution and more precisely the British North America Act of 1867 have provided for a redistribution of the fiscal burden and the power of levying taxes. In this respect, Mr. Chairman, the federal government has to power to levy public money through any means or tax system provided for in clause 91(3) of the British North America Act.

Mr. Chairman, the provinces have the power of direct taxation within provincial limits in order to raise revenues on provincial items as stipulated in clause 92(2). Mr. Chairman, I never meant to say that the federal government should get involved in direct taxation within the provincial sales taxes jurisdiction but simply that it has a general responsibility as far as tax is concerned and more particularly that it has the power to levy taxes in any field and in any way it wants. The provinces, Mr. Chairman, are restricted in the way they raise taxes and I would simply remind the hon. member, who is generally serious but who played the fool a while ago, that if he read the British North America Act over, he would realize that restrictions included in the constitution are not imposed on the federal government but indeed on provincial authorities.

In that sense, the Minister of Finance has made a proposal to the provinces which aims at reducing the sales tax. He did not want to interfere in the business of the provinces by levying his own direct tax, but simply provided for a means to give back to the provinces the missing money. However, it is obvious that the provinces have been used to have jurisdiction in that fiscal field, a jurisdiction which they were entitled to under section 92(2), but as far as I know, Mr. Chairman, tradition has never invalidated the constitution and I would need proof to the contrary to believe it has. In this regard, I think the federal government had—and still has—the possibility of imposing whatever tax it wanted and by whatever means it wished, and in this regard, the sales tax—

The Chairman: Order. It being five o'clock, it is my duty to rise, report progress and request leave to resume consideration of the bill later today.

Progress reported.

• (1702)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg South Centre (Mr. McKenzie)—Capital Punishment—Reinstatement of death penalty for terrorists; the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Conflict of Interest—Effect of guidelines on former ministers and deputy ministers.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, private bills, public bills.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think there is unanimous consent to proceed to consideration of notice of motion No. 52 in the name of the hon. member for Brandon-Souris (Mr. Dinsdale) and that preceding notices of motions be allowed to stand.

[*English*]

The Acting Speaker (Mr. Turner): Is it agreed by unanimous consent that we allow item No. 2 to stand and retain its place on the order paper?

Some hon. Members: Agreed.

PRIVATE MEMBERS' MOTIONS FOR PAPERS

[*English*]

POST OFFICE—CLIMATE ANALYSIS REPORT

Hon. W. G. Dinsdale (Brandon-Souris) moved:

That an order of the House do issue for a copy of the Post Office Department, Climate Analysis Report carried out by Hay Associates Limited of Toronto, Ontario, in October 1975.

He said: Mr. Speaker, this is one of a series of motions which I have placed on the order paper in an effort to open up the Post Office Department to the scrutiny of this House and to the public, because I feel that it is the responsibility of every member of parliament to endeavour to the best of his ability to come to grips with what is a growing malaise in the Post Office Department. I am not going to debate at length this particular motion this afternoon because I have brought this issue repeatedly before the House of Commons.

Motion No. 52 is particularly germane to the situation because it calls for the tabling of the climatic report that was prepared by the Hay consultant group, which was hired by the Treasury Board to do an in-depth examination of the problems besetting Canada's postal service. The Hay group produced a series of reports, including the one which we have requested for tabling. This one is particularly pertinent because it deals with the climate of the Post Office Department, that intangible psychological aspect of labour-management relations. It is in this area that the successive postmasters general have had the responsibility for administering the Post Office in the past ten years—although there have been repeated changes, seven in the short space of ten years—dealing with labour-management relationships which have continued to deteriorate ever since the process of automation and mechanization was announced back in 1970.

Unfortunately, instead of an improvement in this fundamental area of concern, there has been continuing breakdown of the climate of trust and atmosphere of good morale that is essential if the Post Office is to pull itself out of the doldrums and to operate as an efficient, reliable service, which is what Canada must have in the interests of unity and economic well-being of the country.

[The Acting Speaker (Mr. Turner).]

We know what has happened over the years. The successive strikes have constantly disrupted the delivery of mail, usually at the busiest times of the year—pre-Christmas strikes, both legal and illegal—and they have had a damaging effect on the business community. Strikes of this kind are always followed by a rash of bankruptcy declarations, and it has been of particular concern to the Canadian Independent Business Federation which is made up of small business groups in Canada. It has resulted in this association, under its leader, John Bulloch, making repeated attempts, by consultation with the government, by consultation with the opposition, and by attempts to arouse public response, to improve the efficiency of the Post Office Department.

I see no reason for the government to restrict a report of this kind which comments on the prevailing atmosphere and is a detailed discussion in terms of modern industrial relations. The Hay people are very skilled in this area. This report offers advice which, if available to the members of parliament and the people of Canada, would provide some of the answers for the long overdue solutions that would have to be put into play if we are going to solve the problems of the Post Office.

We now have a new Postmaster General, and he has made statements in his speeches which indicate that he realizes that this is the essence of the problem. You can transform the Post Office Department into a Crown corporation, you can reorganize management, you can do all the technical and administrative changes, but until you improve the climate, the working atmosphere of the Post Office, you are not going to resolve the malaise.

The Postmaster General made a speech on April 28 at the opening of the new post office building in Port Stanley. There are a few quotations which indicate that he has been reading the Hay report, and I wish that he would allow others to have access to the report. The reports do come to us because, obviously, when you have problems of the proportions of those prevailing in the Post Office, leaks occur, and we do get these reports regardless. What I am advocating here, however, is that he make it available to the people of Canada so they can understand the essence of the problem.

Here is one of the quotations, Mr. Speaker:

The post office is not only a place of business, but also a meeting place, a place where people like to go. And in this kind of office you get the best of service, personal service.

That is the ideal picture of what the post office should be, a place where there are cordial, good relations, in this instance with the public. He goes on:

These days, when everything seems to be big and impersonal, your post office is still a very personal place.

If the Postmaster General can convince the members of the Canadian Union of Postal Workers that it is a very personal and friendly place, then he will have his problems solved. Turning it into a Crown corporation will not solve the problem

if you do not solve industrial relations in the Post Office work place.

Here is another significant paragraph which indicates that the Postmaster General has read the report:

Mail is a vital factor in almost everyone's life. Every day thousands of people write countless letters, and unless the Post Office delivers them, day after day, the economy slows to a crawl, friends and relatives lose touch with one another or, as almost everyone notices in times of labour conflict, everything comes to a shuddering stop.

That is very dramatic language, and it describes the situation that exists in the Post Office at the present time to perfection.

Mr. Baldwin: In the country.

Mr. Dinsdale: Yes, in the country as well.

Obviously, the Postmaster General has read the report, and all we are asking is that it be released so the public can see at least that the officials in the Post Office Department are endeavouring to come to grips with the difficulties.

● (1712)

Let me indicate that there is no improvement in the situation. On the three major fronts of postal affairs where the Post Office interfaces with the people who are most involved with the whole mail delivery process, the Post Office management is in trouble. First of all, there is the public, which is in constant cry protesting the deterioration in service.

The *Toronto Star* has assigned one of its chief investigative reporters to conduct an in-depth study of the deteriorating climate in the work place of the Post Office. The reporter, Sidney Katz, has an outstanding reputation in this regard, and I should like to quote from his report in the *Toronto Star* of May 27, 1978, as follows:

A three-week Star investigation suggests the union often has good reason for its militancy. The union lists these gripes:

Insensitive and boorish supervisors; mistreatment of probationers; ridiculously long delays in getting paid; failure to consult the union about technological change; unreasonable delays in handling grievances;—

There is a backlog of thousands of grievances, and I will put on the record in a moment an item from Ottawa *Citizen* of May 25, under the heading "Postal Grievances Costly". The Toronto *Star* article continues:

—managerial incompetence; the improper use of casual and part-time help; unreasonable censorship of notices the union wants to post on the plant bulletin boards; working conditions which are unsatisfactory because of noise, monotony and night work.

You can add to that list disciplinary procedures like this one. It's prescribed by an official Post Office managerial document as a cure for major problems and it's called the 'hot stove' approach.

The manual says it is a concept to help supervisors deal with the basic dilemma of discipline. 'Like touching a hot stove, the person (the offender) will have an experience which is 1, immediate; 2, consistent; and 3, impersonal', it says.

Joanne Leader, 22, is one of the 3,000 federal employees who work inside the mammoth, super-mechanized gateway postal facility in Mississauga.

She protested to the *Star*; 'The public has no idea of the abuse we have to put up with from management. We have to fight like crazy for rights that other employees take for granted. We're ordinary human beings who want to be treated fairly and with respect.'

This points out the continuing problem with the union and with labour. A pile up of grievances must be avoided as they are costly.

The article in the Ottawa *Citizen* of May 25 begins as follows:

An ever increasing number of grievances referred to adjudicators from the area in the Post Office has helped lead to a major increase in the cost of adjudicators, J. H. Brown, chairman of the Public Service Staff Relations Board (PSSRB) said today.

Something has to be done, Mr. Speaker. I am sure if we had access to the climate report of the Hay group we woud be able to offer some helpful suggestions to the Postmaster General as he endeavours to come to grips with these problems. According to the speech he made at Port Sydney he is obviously trying to come to grips with them.

Not only is the Post Office suffering from low morale on the labour front but the public is also beginning to act. A letter came across my desk this afternoon which is similar to many that come to my office every day. It is addressed to the Postmaster General, and reads as follows:

Dear Mr. Lamontagne:

I am returning the brochure 'The way to better postal service' received with my family allowance cheque. This brochure is an insult as well as a waste of money. You are implying that I and the rest of the Canadian public are responsible for the deplorable state of the Canadian postal system. Most Canadians are co-operating and trying their utmost to get the mail through. Your meagre suggestions would not improve the situation at all. The problems with the postal service are internal and until you and your colleagues have enough courage to do the job for which you were elected the postal union will continue to make the Canadian public suffer under this farce you call 'postal service'.

The letter was dated May 19 and signed by a Mrs. Vera E. Gillespie. This sort of public reaction is reflected in the press, so the Postmaster General must be aware of it.

Finally, Mr. Speaker, Post Office customers are at breaking point and, of course, if you lose your customers there is no use staying in business. The Periodical Press Association of Canada is taking the Postmaster General and his department to court because of the illegal method of raising rates, and particularly because of the failure to consult and inform customers that this increase was in prospect. Major users of the Post Office such as *Readers Digest* are just as concerned with the lack of efficiency, increasing costs and declining services. These protests come across my desk. They indicate the dilemma when the efficiency of an organization depends upon three groups—the public, the inside workers, and the customers. They all lay their complaints on doorstep of the Postmaster General.

We have a major dilemma, Mr. Speaker, and I do not think it will be solved by the tactics the Postmaster General has used so far. He has announced yet another internal study on the advisability of converting the Post Office into a Crown corporation. I imagine this will be a secret document and that members of this House will not have access to it. We will probably not be able to consider the recommendations in open debate in this House. The report is scheduled for July 13.

The Postmaster General avoided discussion on the proposition by announcing the establishment of the internal committee study outside the House of Commons, in company with the Minister of Labour (Mr. Munro). I ask him in this motion, and in the other motions I have put forward, to take the Parliament of Canada into his confidence. Elected members have responsibility for grappling with problems as they arise in areas of public concern. I am sure you will agree, Mr. Speaker, that the Post Office is one of the greatest areas of concern at the moment. I hope we can have this report and the others we asked for so that we may have intelligent dialogue on the matter.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I want to take the opportunity to participate in the debate on this motion. It is rather interesting to hear the Conservative critic for the Post Office mention the "hot stove" technique. He dealt with the problems within the Post Office, and there is no doubt that those problems are interpersonal. They are the interpersonal relationships between management and the employees. The government has embarked upon the wrong approach to the problems.

● (1722)

I draw to Your Honour's attention the Ritchie report on the Post Office. If we think the conditions presently tolerated by the government have exacerbated relationships in the Post Office between management and employees, can you imagine what would happen if the Ritchie report were implemented? That was the Conservative report on the Post Office. For example, it says no strikes in the Post Office. That is like carrying a match around where ammunition is stored. Imagine that! Will that help industrial relations within the Post Office? Secondly, one proposal was to the effect that the Post Office should sell off some of its operations. I presume they mean sell off the more profitable operations and let the taxpayers pick up the more costly operations in the Post Office.

After all the study done by the official opposition on the Post Office I do not think it will in any way come to grips with the problem. There is certainly no doubt whatsoever that the Post Office should operate as a service. It is not in the business of making a profit. It is in the business of providing service to Canadians at the best possible price at the most reasonable cost to the taxpayers of this country.

We have heard from the workers in the Post Office, and we have heard from the consumers who use and get service from the Post Office that the relationships within the Post Office are very bad. The Postmaster General (Mr. Lamontagne) has travelled across this country making speeches. I think he has been very abrasive in the statements which he has made with respect to the CUPW, with respect to conditions in the Post Office, and in trying to tag CUPW as the *bête noire* for the problems in the Post Office.

This motion calls for the production of a study done by Hay Associates. It is Part II of Canada Post 75. I have just had a copy of that report delivered to me in a brown envelope. I can understand why the Postmaster General has been so secretive about this report, because in effect it places the blame and responsibility for the mess in the Post Office firmly and squarely on the shoulders of this government and, the revolving door approach to Postmasters General in that office over the last five or six years.

I would like to quote from the Hay report. Under the title "Organizational Clarity—Factor I", it says:

The group score on this factor (33rd percentile) indicates that your managers are uncertain about the aims, objectives, and future directions of Canada Post.

The reference to "your managers" is to postmasters general. This section goes on further to say:

A look at the individual items shows that while there tends to be some formal planning, it is incomplete. The goals are unclear and provide little useful context for the everyday functioning of the organization. Even when goals do exist, there seldom are well defined plans to achieve them. The limits of authority for managers are ill-defined and downward communications are poor.

After studying the Post Office management and inter-relationships within the Post Office, under the heading "Decision-Making Style" Hay and Associates said this:

While this is the factor on which the group had the highest score (37th percentile) it can by no means be considered very positive. Although planning is seen as being oriented somewhat toward the long term, decision-making tends to be based on a short range view and is delayed. Moreover, decisions are commonly based on inadequate information.

On the question of "Organizational Integration—Factor III," this is what the report had to say:

The fact that the group scores at only the 33rd percentile on this factor says that here is little interunit co-operation and a lack of understanding between units of each other's goals or difficulties. In addition, there is a lack of awareness of the inter-relationships among units and communications are generally poor. Even lateral communications, which are seen as the most positive aspect of integration, are barely adequate.

Under the heading "Management Style—Factor IV" the report says this:

This is the second lowest factor, and the fact that the score is at only the 27th percentile is a strong indication that your managers are extremely frustrated and feel they do not have sufficient say in how end results are achieved. More specifically, they feel that open discussion of conflicts, constructive criticism and innovation are not encouraged. Nor are managers encouraged to take reasonable risks in order to increase the organization's effectiveness. There is little freedom for them to take independent action in the performance of their jobs and, most significantly, support from higher levels of management is almost totally lacking.

Under "Factor VI: Organizational Vitality" the report says:

Canada Post is viewed by its managers as being a conservative organization: unresponsive to changes in its environment; conservative—

Small "c" of course.

—in its decision-making; and having cautious goals. Consistent with this is the perception that Canada Post does offer considerable job security—little ever happens to alter the status quo.

The low score on this factor (32nd percentile) may be a reflection of other basic problems in the climate. The fact that on earlier dimensions the managers indicated that they have little freedom to act, that they find the decision-making processes to be less than adequate, and that they are unclear about the organization's plans and goals, probably all contribute to their perception that Canada Post lacks vitality.

On the question of "Compensation" which is "Factor VII", the report says this:

This is the factor which is perceived most negatively by your managers (21st percentile). None of the items could in any way be considered positive.

Both the internal relationship among salaries in Canada Post and the external competitiveness of salaries are perceived to be poor. Moreover, there is little perceived relationship between compensation and performance, which is consistent with Factor V where your managers indicated that there is little demand for performance anyway.

Most noteworthy is your managers' extremely negative view of the competitiveness of benefits in Canada Post.

The question which senior management must answer in order to be able to interpret the items in this factor is whether the perceptions reflect real inequities, or whether, in fact, the perceptions themselves are erroneous.

Now we come to "Human Resource Development" which is "Factor VIII". In this regard the report says:

This factor represents a specific instance of a more general problem in Canada Post, the perceived lack of planning in this case for the human resources of the organization. Although there is some searching within the organization for management talent when a vacancy exists, there is almost negligible emphasis on developing this talent: the jobs present virtually no challenge; there are few opportunities for individual growth and development; and there are relatively few opportunities for promotion. Consequently, Canada Post is unsuccessful in developing people from within for larger jobs, and there are very few people available within the organization who are competent to move into larger jobs.

I can understand why the minister has been so defensive and secretive about exchanging that report and making that report public so that members of this House, who have concern about the performance of the Post Office, could have the information. It has been the practice of the minister and his predecessors to pick out, say, CUPW or the more militant union leaders and point to them as the cause of the problem in the Post Office. Mr. Speaker, that is a neat trick whose purpose is to divert attention from what really needs to be done in the department. The minister and his officials have been sitting on these reports though their conclusions would greatly assist our discussions about ways in which conditions in the Post Office could be improved.

● (1732)

I receive regularly from the office of the Postmaster General a memorandum attached to which are 50 or 60 press clippings which are nothing but self-serving statements the minister has made at various places from coast to coast. I wonder he has not broken his wrist patting himself on the back. If he has somebody in the department spending his time photostating all these self-serving comments and putting them together in a memorandum to send to members of parliament, he can shove it. If he wants to send me something, why doesn't he send me these reports which the taxpayers have paid for so that we can question the minister and his officials properly about the service the Post Office is giving?

The Postmaster General, Mr. Speaker, will never be able to set things right in the Post Office until he gets himself a backbone instead of a wishbone. My experience is that postmasters general have been the victims of their senior bureaucrats moulded to believe the same things as they believe about the way the Post Office should operate. I remember that soon after I began to take an interest in Post Office affairs for my party the first postmaster general I encountered was Bryce Mackasey. And the first thing he said to me was: "John, the problems in the Post Office lie with the Marxists in the Montreal post office." Notice the mentality, Mr. Speaker. They look at a group of workers and say: "There is the problem". They do not look internally. They do not look objectively at the way in which the department is operating. New ministers are appointed and right away the senior bureaucrats in the Post Office start moulding them. They are like clones. They all march out looking alike, saying the same things.

Well, the Postmaster General certainly had an insight the other day. He made a statement to the press in which he said communication between CUPW and Post Office management had deteriorated to nothing. It takes a Postmaster General with great insight to determine that communication between CUPW and management has deteriorated.

If the minister really wants to solve his problems with CUPW, I can offer some suggestions to him right now. First, all 43,000 grievances should be wiped out immediately. They should be wiped off the books.

Second, there is no need for a further study. There is no question but that the Post Office should become a Crown corporation under the Canada Labour Code.

Third, a memorandum should go out to all engaged in management telling them that the Post Office intends to abide by its agreement with the employees, whether with CUPW or with any of the other postal unions.

Fourth, the minister should begin transferring some of those postal corps officials from the last war who occupy positions in middle management and who are today square pegs in round holes. Early retirement might be one way, or they could be transferred across the country so as to get a better perception of what it is like to serve people in other regions.

These are things the Postmaster General should undertake to do if he has the courage. Radical action of this kind is needed to show that it is the Postmaster General who is in control, not the bureaucrats who sit in the background and try to stage the whole operation.

There are a lot of good workers in the Post Office and the minister does no service to the institution when he permits the Post Office to be torn apart by people who are on the outside. He does not serve the Post Office well if he allows productive and committed workers to be downgraded and denigrated by people outside who do not understand the workings of the Post Office or the difficulties outlined in the Hay report.

I might say it does not help morale in the Post Office to hear, for instance, of a secret report with respect to cutting back walks and deliveries in Vancouver. I understand there is a secret report flying around somewhere to that effect. The Prime Minister (Mr. Trudeau) once said, we recall, that people will have to be prepared to forget about door to door delivery. It seems to me that speculation of this kind has no positive value whatever. Let us instead get down to the business of correcting what is wrong with the Post Office. We have paid for these studies as taxpayers. Surely, the point of a study is that it provides the basis for informed discussion. It would be much better to provide this information than to go around

the country making even more difficult the negotiations currently going on between Treasury Board and CUPW.

I trust the Postmaster General will act on the positive suggestions we have put forward. The Conservatives have welcomed the recommendations of the Ritchie report with a big fanfare. They got this man from Imperial Oil, he was parachuted into Algoma—

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

● (1742)

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I listened carefully to both the hon. member for Brandon-Souris (Mr. Dinsdale) and the hon. member for Nickel Belt (Mr. Rodriguez), but I would like at the beginning of my speech to put things in their places and to try to explain the problem at the Post Office.

We are very much aware that the Post Office is an essential service to all Canadians. I agree with the hon. member for Nickel Belt that the main purpose of the Post Office is not to make a profit but to provide service. I do not agree with every suggestion the hon. member has made to solve the problems of the Post Office because the hon. member does not seem to understand them.

This is the third time I have been asked to answer questions about the Hay report. I also spoke on May 4, and my speech can be found at page 5164 of *Hansard*. Before I deal with the Hay report, I would like to ask hon. members to be serious, more constructive and positive. Let us stop this attitude of gloom and doom about the Post Office. Let us stop looking backward and conducting a post mortem. Let us stop thinking about what happened weeks, months and years ago.

Mr. Dinsdale: What about yesterday and today?

Mr. Lamontagne: Let us stop crying over spilt milk, as we say in English. Let us not live the Conservative way. Let us deal realistically with the problems we have. It is true we are facing a challenge at the Post Office, but it is unrealistic and irresponsible to ask people to believe that we could have the same Post Office service we had 50 years ago. Perhaps the opposition would like us to pull out a report relating to 1925.

The Hay report is three years old. Many things have happened since then. It is a challenge to make the Post Office operate more efficiently and more consistently and to give Canadians the service they deserve. With the revolution in technology that we have seen in the Post Office, many problems have arisen. We have a budget of $1.4 billion. There are 63,000 workers, six unions and some associations. We operate the largest fleet of trucks in Canada; we have 3,734 trucks. We use 4.5 million gallons of fuel and have close to 9,000 postal bureaux across Canada. There are millions of miles to cover in order to get six billion pieces of mail to our 23 million people. That is the magnitude of our postal service, and the recommendations in the Hay report will not solve the problems we have.

[*Translation*]

A few years ago, a program was implemented to meet more effectively the increasing volume of mail in many regions of the country and the problems at certain of our installations which had become outdated. New installations were therefore proposed and a new operational technology was designed. This is why we are now facing an extraordinary evolution. We are now going through a completely new experience thanks to the most sophisticated technology.

[*English*]

The Hay report will not cure that.

[*Translation*]

It would be much easier to solve the problems that have come up and to provide Canadians with the best performance possible if we could count on the full co-operation of all the members of our unions and especially the Canadian Union of Postal Workers.

The problem of labour relations that I would like to touch on briefly is well known, but since we are now involved in a conciliation process with the Canadian Union of Postal Workers and are also negotiating on a friendly term with the Letter Carriers' Union of Canada, I shall not go into details. However, I would like to clarify certain recent statements. It is wrong to suggest that the Canadian Union of Postal Workers does not have a collective agreement. Even though the expiry date of last June is now passed, the previous collective agreement remains in effect and its clauses must be respected, as they are. This is an excellent collective agreement, and if the hon. members think that the postal workers are not well treated, I would suggest that they read their own collective agreement and compare it with that of the CUPW.

[*English*]

The hon. member for Nickel Belt is well aware of working conditions in the Post Office and, like me, is devoted to the workers. I would like him to look into the collective agreement with CUPW to see if he knows of any other collective agreement which provides the same rights or conditions. I would be surprised if this collective agreement is not the best collective agreement compared with many others. When we say we do not want to renegotiate, that does not mean we are not ready to discuss some items. The existing collective agreement is very good, but we want to clarify its language. That has been the source of the problem since 1975. If we could clarify the language and the interpretation of some clauses, I think we would find the solution to many of our problems.

[*Translation*]

Mr. Speaker, of course, we are still ready to negotiate through the conciliation process. However, we have believed it essential—and this is what I said in French—to clarify the legal interpretation and the meaning of certain expressions used in the agreement. I repeat that we are willing to do everything in our power to prevent a strike and to provide at the same time for our workers fair and humane working

conditions which will be equal to those of most Canadian workers, or even better, as long as these are reasonable and allow us to meet our commitments towards the Canadian people.

[*English*]

The Post Office has 23 million shareholders. It is very nice to say that we should please the workers and give them extraordinary conditions, but we have a responsibility to the Canadian people who are paying the bills. We talk about the rights of management and the rights of workers, but there are no rights without responsibilities. Both management and the workers have responsibilities. I ask all our workers to put in an honest day's work and to strive to eliminate some of the current abuses of the rights contained in their collective agreement.

Two such abuses are absenteeism and multiplicity of grievances. The hon. member for Nickel Belt spoke about 42,000 grievances. I think that is proof that there must be abuses. The hon. member for Nickel Belt knows very well that it is easy to gather 1,000, 2,000 or even 5,000 grievances. I negotiated collective agreements in Quebec City for 12 years. We never lost an hour's work. We could at least talk to the people. We tried to communicate with our unions so that their rights could be protected. We collaborated, but it is very difficult to do that in this situation.

Asking what I just asked of our workers is not beyond reason. It is common sense, and the Canadian taxpayer has the right to an efficient postal service in return for the taxes he is paying. Despite all these difficulties I am still optimistic that we can come to an agreement and improve substantially the quality of our postal service. This has to be worked out between management and labour together. One cannot do it without the other. I am not being naive when I say that I have the firm belief that the majority of postal workers and ourselves desire an agreement instead of the other course which would be open to us all if we fail to reach an agreement.

• (1752)

When I say the majority of workers, I would like to see all CUPW workers vote at a certain point so that we may know whether or not they want to strike with the conditions we give them. I think that would be much more democratic than to have a vote of 1,000 workers out of 23,000. If we could find that out, maybe that would be a good move.

There were many other reports which did not come up with a solution to our present problem. There are no miracle solutions, and even the Ritchie report submitted by the opposition has not brought us any solutions or any cure for our present difficulties. Banning the right to strike is no cure. Can you believe such a ban in 1978? Banning the right to strike would not prevent slowdowns. It would be much better to try to make our unions understand their right to strike but, as I said before, not to strike for any reason but rather to strike for good reason. As to private enterprise, obviously private enterprise would take over the Post Office, or what is profitable in the Post Office; but as for the rest, Canadians would have to foot the bill.

With regard to converting the Post Office Department into a Crown corporation, we are studying that proposal at the moment. We are studying it intelligently. As I said when I took over this portfolio, let us be intelligent about it. Let us look at it first. This has been tried in the United States and after seven years it is a mess. Are we to copy them now? We are still open minded about it and we say let us study this and see what happens. I do not believe that even if we convert the Post Office into a Crown corporation we will settle all our problems. On that point I agree with the hon. member for Nickel Belt.

It has been suggested that we should pay salaries equal to those paid by private enterprise. I think that is the case already. We provide good conditions; our salaries are fair.

There has been mention of leadership with backbone. We are exercising leadership in many ways, but one has to be careful not to confuse leadership with dictatorship. It would be very easy to be a dictator and to be arrogant toward our workers or even with regard to management; but it is much more intelligent to be flexible as well as firm and at the same time to show leadership without being dictatorial.

Many people have suggested that I should take the hard line. When something is broken, it is easier to repair it than to take steps to prevent the break.

[*Translation*]

Until now we have been tolerant and understanding. We have tried to communicate and establish a relationship with the other party to find together the answer to our problems. We intend to continue in that direction. We must explore every approach and make sure that we did not ignore any possible solution before we decide to change our philosophy and adopt intransigent tactics, as everybody will suffer from it.

[*English*]

Let me come back, Mr. Speaker, to the Hay report. It remains a great mystery to me why hon. members of the opposition persist in demanding to have copies of the Hay report, which apparently they already have. If this document prescribed a cure-all for a number of labour relations problems which are now confronting the Post Office, I could understand their concern. The Hay report, which is an attitudinal survey of the Post Office management, does not do that. Not one document could possibly prescribe a simple solution to perfecting the movement of the mails in an organization staffed by over 60,000 employees in operations scattered over thousands of square miles.

Furthermore, what mystifies me is why the hon. member for Brandon-Souris should demand a copy of the report when obviously opposition members have it. The report is three years old. Having heard the hon. member for Nickel Belt quote some of the paragraphs from the report, I am convinced that it does not offer solutions to our problem. What kind of manoeuvre is this? Are they really dedicated to ferreting out informa-

tion which it would be in the best interests of the Canadian public to know? I hardly think so.

The report conducted by Hay Associates of Toronto is now almost three years old. Lots of things have happened in the last three years.

Mr. Dinsdale: All downhill.

Mr. Lamontagne: The hon. member should be aware of that. Yesterday in committee the hon. member for Brandon-Souris asked me to table the annual report of the Post Office for 1976-77. I told him that it had been tabled on May 17.

Mr. Dinsdale: Five months late.

Mr. Lamontagne: That does not matter. He did not know it had been tabled. He should not complain that he does not have the information when he does not know about it.

Mr. Dinsdale: You do everything in secrecy.

Mr. Lamontagne: The hon. member is demanding a document which is almost three years old and whose application to current realities at Canada Post Office has now only limited relevance.

[*Translation*]

As I said earlier, this report was a confidential study on attitudes at various management levels of the department. In fact, this report was entitled "Climate Analysis Report—Rapport d'analyses du climat de travail." If that confidential document were made public it might embarrass some components of the Post Office Department that did not operate properly at the time, for various reasons.

[*English*]

We do not try to hide the fact that we have problems. I described a moment ago the magnitude of this problem. But General Motors have problems, Bell Canada have problems and Air Canada have problems.

Mr. Béchard: And the Conservatives have problems.

Mr. Lamontagne: The Gallup poll shows this.

Mr. Dinsdale: Let us have an election.

Mr. Lamontagne: This morning's poll showed that the Canadian people do not think that the Post Office is that bad. Some people thought that part of the reason the polls are down is in the Post Office. Things in the Post Office are improving. The improvement in the Post Office has probably helped boost the polls.

[*Translation*]

Mr. Speaker, I would not like a section or a division of the Post Office Department to be subjected to pressures following a report from outside consultants. May I remind the hon. member that we sincerely worry about the morale of postal workers. The disclosure of some parts of that report would certainly prejudice their morale. Furthermore, the Hay report is merely one report among several submitted by inside or outside consultants on postal operations. It is not the most important and certainly not the most recent. Why this obsession concerning the Hay report? Is the hon. member aware that there have been more recent studies on the Post Office operations that might inform him more adequately? I might mention that a former president of the major postal workers union last week published a summary of the main events that occurred in the Post Office Department over the last 20 years. He probably felt that the Hay report was not so important as he did not mention it in his book. I am convinced that this former union president is aiming at the well-being of the Post Office as sincerely as hon. members. Maybe it is in the interest of the hon. member to use the Hay report to act as the champion of freedom of information for Canadians?

It is obviously a very noble gesture to fight in defence of freedom of information, of the right of the public to know what is going on. But to urge the publication of information that can destroy the career and the morale of a person is another thing—

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business has now expired. With the consent of the House, perhaps we could go back into committee of the whole before the Chair calls it six o'clock. Is that agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The house resumed consideration in committee of the whole of Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Turner in the chair.

The Deputy Chairman: Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the committee took recess.

• (2002)

AFTER RECESS

The committee resumed at 8 p.m.

On clause 1—*Employment at special work site or remote location.*

Mr. Huntington: Mr. Chairman, I was very interested in the exchange between the hon. Minister of Finance and the hon. member for Yorkton-Melville, particularly on the subject of sales tax. I should like to offer a few remarks in that regard.

Before my efforts are finished in committee of the whole stage on Bill C-56, I should like to have an opportunity to make a few comments on the research and development items within the bill, because I think there is some poor advice and arithmetic behind the recommendations of the Minister of Finance.

When good legislation is presented to the House, it has no trouble receiving fair and good examination from the opposition and has no trouble getting through the processes; but when the government mixes good items with bad items in legislation, as it has in this bill, then its only resort to get on with the business of the House is to invoke closure, so it thinks. Closure was a very poor decision in this case. In the last hours of consideration on second reading before the House, some 15 government members rose to speak on the bill, using up the time of the House in the period which is no longer called closure but is known as time allocation. As long as the government continues to mix its legislation with good and bad items, I suggest the official opposition will continue to do its duty by opposing such activities.

One thing which really shocked me for the first time in the four years I have been here was the statements made by the Minister of Transport the other day. He came here, disrupted the process and the proceedings on this bill and moved into allegations of the official opposition spreading lies and using its offices for the creation of hate within the country. I want to express my disgust at that type of tactic and at that use of a bill of this nature.

Some hon. Members: Hear, hear!

Mr. Huntington: Separatism exists in Canada today and separatists are in office in the province of Quebec because the people of that province rose against a government which had allowed levels of patronage and political behaviour to go beyond the bounds acceptable to Canadians.

Some hon. Members: Oh, oh!

Mr. Huntington: That is what caused the political turmoil in this country today.

The Deputy Chairman: Order, please. I suggest the hon. member get back to the bill under discussion, Bill C-56, clause 1.

Mr. Huntington: Mr. Chairman, I am right on the bill and right on the clauses of it.

Also I was very interested in an article which appeared on page nine of the Ottawa *Journal* dated Tuesday, June 6, 1978. The article contained a good picture of the Minister of Finance with his Irish jaw right out, his lips firm and his characteristic strength showing. The article is entitled: "Private sector lacks initiative, Chrétien says". The Minister of Finance is quoted extensively throughout the article. He compared the tax system in Canada to the systems of other industrialized countries and the United States. In part the article reads:

> Canada's over-all tax burden as a percentage of gross national product was 32.7 per cent in 1977 compared with 30.8 per cent in the U.S., he said. That is in the middle rank of industrial countries.
>
> Corporations pay a lower level of taxes on their income in Canada than in the U.S., he added, while personal income taxes are higher here.
>
> "Corporation income tax as a percentage of book profits totalled 35.2 per cent in Canada last year," Chrétien said. "In the U.S., it was 40.2 per cent."
>
> "In the manufacturing sector, the typical Canadian corporation enjoyed an advantage of almost 10 percentage points."
>
> Chrétien added that indirect taxes, such as the manufacturers' sales tax and custom duties, are relatively high in Canada. But the sales tax is generally not charged on exported goods and therefore favours firms competing internationally.

● (2012)

One has to ask the Minister of Finance, after a statement such as that, with the kind of publicity we can all see in that headline treatment, why so much entrepreneurial capital and industry is leaving Canada and this beautiful environment the minister so aptly described. There is something wrong. It says right here that our tax brackets and everything else are right in line. Something has to be wrong when hundreds of millions of dollars of entreprenurial capital are leaving this country. This represents industries that could create payrolls in Canada in the right environment. They would stay here and be fostered and nurtured and add strength to this country. What is happening to the fibre in Canada if all that the minister stands up and says as far as tax brackets are concerned is "Right on" and "We are in the middle rank"? Something is wrong.

The drafters of the tax legislation in this country are just not familiar and have not had any experience with the world of work. They still do not realize that wages in this country, no matter who is paying them, come from one basic function, and that is a function of adding to the value of goods.

The other thing that has happened in this country is that since 1952 when the Benson tax cut came in and the economists that were part of the Carter commission got their way under a minority government, supported by the NDP, the decision-making base of the business sector in Canada has been destroyed. Ever since 1972 all this govervent has been able to do is monkey-wrench the tax act, change the rules of the game and try to correct the inequities that legislation brought into place. That is the tragedy in Canada today. There is no decision-making base for the private sector.

We hear the Prime Minister, the Minister of Finance and other members in the government party mouth platitudes about service to the private sector and the small business sector. We have just heard a great announcement on the part of the Minister of State for Small Business about all the things they are going to do for small business. Why is that necessary?

The government has changed a basically simple tax act to one of the most complicated monsters in the industrial free world. That is where our problem is. We keep having these amendments come in, these ways and means bills and budget speeches, such as we have seen in Bill C-56, and all they do is

correct errors, change the decision-making base and encourage companies in the private sector to create holding companies and trust companies to take advantage of some careless loophole such as the one the drafters of the last mini-budget put into place, all of which creates tremendous waste and loss of working capital in the business sector, and all because of bad drafting, bad legislation and more ad hockery. That is the problem we are facing in Canada today.

I was rather surprised and pleased when the budget statement came down on April 10 and I saw that the government was finally going to do something about research and development costs. In that budget statement the minister said:

> The effect would be to reduce a company's after-tax cost of each additional dollar spent on R & D to as low as 20 cents.

Then the statement goes on to say in the next paragraph:

> Because of the incremental nature of the new incentive, its impact on tax revenues will depend upon the extent to which industry responds. However, it is estimated that in the initial years the reduction in federal revenue will be about $50 million a year.

I know you cannot say somebody has deliberately misled the Canadian people or members of this House, Mr. Chairman, but if this is not misleading then the advisers and the people working with sharp pencils behind the ministers had better sharpen up. Because there is no way you can find anything through an in depth analysis of this part of either the minister's statement or that other program announced by the Minister of State of Science and Technology, that will support this statement about reduced revenue of about $50 million a year.

I know the minister too well to suggest other than that he meant this sincerely, but he had better do something about the people behind him who are giving him that kind of advice and figures on that subject. Because there is nothing one can find through an analysis of the situation that would lead to that kind of a conclusion.

I am just searching here for a few figures I should like to point out. First of all, I should like to pose this question. On what basis does the minister think the new incentive is going to produce a higher growth rate than the 10 per cent per annum that is in place? I would like to ask why the government killed IRDIA, a program that was in place, had had good experience, and was showing a good growth pattern in Canada. What was it that caused the government to get this thing finally through all its birth pains and then to abort it absolutely just as the industry was finally learning how to use it, even though there were some faults, and the Department of Industry, Trade and Commerce was starting to work in some modifications? Why was it all of a sudden completely aborted?

This seems to be the pattern of this government. It goes out into the world and up into the north with programs, and just as they get going the government pulls the rug out from under them and starts something new, so that there is a totally endless wave of confusion on the part of the public. Is that policy deliberate? If it is, it is causing an awful lot of dry rot in the economic hull of this country.

An hon. Member: That is not what the Gallup poll is saying.

[Mr. Huntington.]

Mr. Huntington: We talk about being an industrial country. I have a table here which indicates to me that when we make a comparison of the research and development effort in Canada with other OECD countries we are fourteenth on the list. We rank behind Italy, Finland and Denmark. Only behind us do we find Ireland and New Zealand. What is wrong? Something has to be wrong when we consider the resources and the people we have. We used to be expansionary, we used to be growing and we used to be hard working. What has happened to these characteristics that delivered us to one of the most enviable standards of living in the world?

An hon. Member: A bad opposition.

Mr. Huntington: You are on your butt again. I saw you up on your feet this afternoon for the first time since I have been sitting in this House.

An hon. Member: What is your definition of "butt"?

Mr. Huntington: You just talk from the seat of your pants all the time.

The Deputy Chairman: Order, please. I would invite the hon. member to address the Chair.

Mr. Huntington: Thank you, Mr. Chairman, for asking the hon. member to get back under control so we can carry on with the debate.

If we look at industrial research expenditures from 1963 to 1977 we will find that, as a percentage of gross national product, in constant terms we peaked out in 1965 at 0.52 per cent. In constant dollar terms in that year we spent $363.3 million. Then from 1965 on there was a steady decline, right down to 1977. As a percentage of gross national product that year—that is, last year—we only spent 0.4 per cent of gross national product on research and development. We have seen a stagnation in respect of research and development funds from 1971 right through to 1977 in real terms, going from $467.5 million in 1971 to $497.9 in 1977.

There have been three opposition days in this House in the life of this parliament in reference to that very subject, and we did not get one ounce of effort until we reached the pre-election days. Just how honest are the statements of the Minister of Finance? How much truth is in the statements of the Minister of Finance and the statement of the Minister of Science and Technology in the presentation that they have given the House and the people of Canada in this area? I will tell you, Mr. Chairman, how honest and truthful these statements are. We have been led to believe that this is a great program with a great bonanza for the small business sector and the industrial sector of Canada. But as I examine it and as I am advised on this subject, if we look at the large firms and at the standard deductions, R and D cost a large firm 58 cents for every dollar spent on research and development in 1976; in 1977, with the investment credit of 5 per cent, the amount was reduced to 55.1 cents for each dollar spent on research. In 1978 the government came through with a 50 per cent additional allowance, which reduced the cost of each dollar for

research and development for a large firm to 35.15 cents, a drop of 20 cents on the dollar.

● (2022)

The thing that I find staggering, Mr. Chairman, is that under the IRDIA program back in 1975 a large firm spending a dollar on research had a cost of only 33 cents. So we have the government going through all this flimflam of announcing this program in the budget and then announcing it in Bill C-56, and having the Minister of Science and Technology announce a new program for research and development, when what they have announced for large firms is not as good as what they cancelled back in 1975. This is shameful, Mr. Chairman.

I would like now to look at small firms and how they have fared under this research and development program, and shed some light on the equality that this government has given small firms, for which they have created a minister of state to supervise. The small firms get an absolute hosing in terms of equality. Under the standard deduction in 1976, on a dollar spent on research they had a 75 cent cost because their tax rate was 25 per cent. Under the 5 per cent investment credit of 1977 they had a 71.25 cent cost, a reduction of 3¾ cents. Then in 1978 with a 50 per cent additional allowance on each dollar spent on research they had a true cost of 59.38 cents, giving a reduction of 12 cents.

Again, Mr. Chairman, let us examine the flimflam that the Minister of Finance and the Minister of Science and Technology have imposed on this House, the people of Canada and the business community of Canada. The flimflam is that in 1975 under IRDIA a small business spending a dollar on research had a cost of only 50 cents, yet under this budget, this bill, this minister's announcement, he has a cost of 59.38 cents. He was 9.4 cents better off three years ago under IRDIA. That is the kind of flimflam that causes most of us trouble when dealing with the legislation brought down by this government.

Let us now look at the value of the new tax incentive for industrial research and development. It is estimated that research and development performed by industry in 1977 amounted to $846.4 million. Federal government grants against that were $214.8 million. Thus, the net research and development funded by industry was $631.6 million. The rate of growth of industrial research and development from the years 1971 to 1975 averaged 10.3 per cent. That is just fantastic. That rate of growth merely matches the inflation component of this beautifully managed economy.

In my opening statement I mentioned R and D had gone as low as 20 cents on the dollar. The value of the new incentive for the 1978—

The Assistant Deputy Chairman: Order. I regret to inform the hon. member that his allotted time has expired. The hon. member for Portneuf.

Mr. Huntington: I will be back.

[*Translation*]

Mr. Bussières: Mr. Chairman, I will be very brief. I must say that what surprised me at first when Bill C-56 was introduced was the new procedure followed by the Minister of Finance (Mr. Chrétien) who sought the advice of the provincial ministers of finance. At a time when so much is said about the new spirit of Canadian federation, I think this is an indication of the flexibility shown by the Canadian authorities towards the provinces. It was a new initiative and I hope this example will be followed from now on. And if the experience was deemed unfortunate, because the minister of finance of one of the ten provinces was mean and showed bad faith, nothing will prevent the government from seeking such advice to prepare future budgets.

Mr. Chairman, throughout the debate that has been going on here over the past few weeks, the source of the Quebec finance minister's lack of good faith in his colleagues of other provinces, the other ministers of finance and the Minister of Finance of Canada has become quite obvious. He has never accepted a compromise that would have given Quebec the same advantages as other provinces. For instance, the Minister of Finance suggested that the Quebec minister of finance reduce the sales tax by 2 per cent and that he use the 1 per cent, which Ontario for example uses to bring the sales tax down to 3 per cent, that he apply that 1 per cent on the four sectors where he decided to abolish the tax, but he never replied to that compromise. The only thing is the letter which was tabled today and which, in fact, is not a compromise comparable to the measures adopted in the other provinces regarding the sales tax. Mr. Chairman, I say that is selfishness and bad faith. Quebeckers, more particularly members from Quebec who support the Government of Canada on this issue are not showing, as could have been implied, a lack of courage but on the contrary an understanding of the life of their country which is essential if we are to continue to preserve this country.

I was very surprised to hear the hon. member for Yorkton-Melville (Mr. Nystrom) this afternoon as he seemed to say that the consequence of that situation was a confrontation between English-speaking Canadians and French-speaking Canadians. He blamed the Minister of Finance of Canada (Mr. Chrétien) for it. One cannot agree with such a fallacy. Indeed, the conclusion at which the hon. member arrives is not at all in accordance with the premises he laid down or the premise also dictated by reality. If one looks at the facts, if one looks at what happened, one realizes that the one who is keeping things from going smoothly is not the Minister of the Finance of the Government of Canada but the minister of finance of the province of Quebec who at no time would come to a compromise, a compromise that the ministers of the other provinces had accepted to promote manufacturing production in this country. I am very surprised that the hon. member reached those conclusions.

Mr. Chairman, I would like to repeat that that initiative by the Minister of Finance appears to me as an excellent example of the co-operation that is required in the preparation of budgets in future in this country, a co-operation that was reflected in his consultations with the ministers of finance. Furthermore, the selfishness and the bad faith of the Quebec minister of finance led to a situation that is only a purely superficial confrontation as basic common sense suggests that we are right. Finally, I really do not see how the hon. member for Yorkton-Melville (Mr. Nystrom) could conclude from those facts this afternoon that a confrontation between Anglophones and Francophones had been arranged as this was in fact rather an attempt to bring all provincial ministers of finance to participate in part of the budget of the government of Canada, a part that was intended to stimulate the demand by Canadian consumers for Canadian-made products. We wanted this demand to involve all products manufactured in Canada. Never, Mr. Chairman, has the Minister of Finance of Canada denied the minister of finance of the province of Quebec the right to abolish completely the sales tax on any item whatsoever in his own budget. But he has talked about the chance that the other provinces give our manufactured products by putting down the sales tax by 3 per cent. Let us give them that chance also by putting down the sales tax on all items by at least 2 per cent and the 1 per cent that some of the other provinces bring to lower the sales tax by 3 per cent, let us apply that to the fields where we want to abolish it completely. I think that compromise was quite reasonable and acceptable and the minister of finance of Quebec should be ashamed to have been so stubborn in his position, like some members of the opposition who got entangled in supporting it.

● (2032)

[*English*]

Mr. Ritchie: Mr. Chairman, this evening I should like to speak mainly of the sales tax. The hon. minister is not taking questions today so I should like to put on record some thoughts regarding my province of Manitoba.

The sales tax reduction for Manitoba is not a particularly good one as there is not much industry in that province to benefit from it. This could also be said for the province of Saskatchewan where even fewer consumer items affected by this tax cut are manufactured. It is well known that the western finance ministers were not very happy with the situation but they recognized the problems of a lagging economy. Most economists were advocating a sales tax cut as one of the best things that could be done to help the national situation.

There seems to be some confusion about whether the Minister of Finance adequately canvassed the provincial ministers. I do not know whether he received an iron-clad agreement from Mr. Parizeau, the finance minister of Quebec, but in any case he was not been able to show us that a reasonable agreement had been reached. It seems to me that Mr. Parizeau has won hands down in the altercation and has accomplished what he set out to do, which was to protect the industry of his province and to retrieve this money from the federal government. Whether the citizens of Quebec receive the money by a direct cheque or in some other manner through income tax, the result is the same—the economy of Quebec will receive a considerable payment.

Just the other day a well known columnist likened the situation to someone having a piece of property shaded by the trees of four neighbours. Wanting to have the shade they threw on his property removed, the owner asked the neighbours to cut down the trees. Three of the neighbours complied; the fourth only cut down a few of his trees yet he wanted to be paid the same as the other three neighbours.

According to the figures I have, the federal contribution to the province of Quebec would be $226 million, of which $222 million would be a tax abatement and about $5 million a cash payment. In the original plan Quebec was expected to contribute $113 million, for a total federal-provincial contribution to Quebec of $340 million. By selective tax cuts to the extent of 3 per cent, the Minister of Finance now proposes to pay $40 million to that province in direct payments.

I should like to compare this with the pay-out to Manitoba and show that if Manitoba had received money under the same conditions as Quebec it would have been immeasurably better off. It is fairly easy to compare Manitoba with Quebec; Quebec has approximately six times the population of Manitoba. Furthermore, our economies are very close together—the ratio of activity of each of the provincial economies is approximately the same.

Manitoba's 1 per cent tax abatement cost $21 million compared to an estimated $113 million for Quebec. The tax abatement for Manitoba was to be $37 million on the $100 tax abatement compared to $4 million of direct cash payment, which means the $100 abatement for Manitoba was not enough and therefore it was estimated the federal government would have to contribute a tax payment.

Had Manitoba followed the example of the province of Quebec it would have found itself in quite a different situation. Instead of the Manitoba treasury having to come up with $21 million on the 3 per cent sales tax cut across the board it would only have had to come up with $3.5 million. The federal government's share of the selective tax cut abatement on the same level as the province of Quebec would have cost the federal government only some $7 million and the taxpayers of Manitoba would have received cheques totalling about $36 million, which would certainly have been a good thing for the economy of that province. It would have protected its market for its own industry and benefited from the sales tax cuts on those goods it produces.

● (2042)

Industries in the province of Manitoba did not benefit directly from the sales tax very much. By the nature of our province, Manitoba does not have a large manufacturing component, whereas in the province of Quebec the manufacturing component is quite a bit larger. Certainly industry in the province of Quebec benefits by the rest of Canada being

able to take advantage, whatever it is, of the 3 per cent tax cut in Manitoba, Saskatchewan, B.C. and Ontario, while to a considerable extent the province of Quebec was able to protect its industries against goods shipped in from other provinces. The situation was no different than it has been in the past.

I would like to say that the minister of finance of the province of Quebec seems to have done exceedingly well for his province. He has protected industries which his province is able to take most advantage of and which do well, namely the furniture industry and the clothing industry. Industries in the province of Quebec have been able to go across the country and take advantage of whatever a 3 per cent sales tax in Ontario, Manitoba and the maritimes might bring. In return they have been able to get out of the federal treasury what they were entitled to on the basis as if the pay out of 3 per cent on the sales tax across the board had been implemented. In the situation we are concerned about as to how the tax pay-off will be made to the citizens of the province of Quebec, it does not seem to be terribly important. The citizens will receive it, and presumably the Quebec finance minister will have to find a way to tax back that portion that is paid to citizens in his province. I suspect this is the reason for the suggestion that some means be worked out for 1978 taxes so that we can arrive at a modicum which will not upset citizens. When people receive a cash payment they do not like to be taxed on it.

We have the situation where the Minister of Finance proposed to nine provinces a certain type of sales tax cut, in return for which he gave a certain amount of money. They accepted this, though for most of it not with any great alacrity and not with any great feeling that it was the right thing to do. After all, it is an invasion of provincial rights to some extent. I agree that the fields of unemployment insurance, health programs, welfare programs and education, fields which were given to the provinces, have been invaded by the federal jurisdiction over the years. They have been invaded because we did not allow enough tax room for the provinces to do those things they should have.

The Minister of Finance mentioned the other day, I believe, that he finds the provinces are spending more money than the federal government because of the change in tax revenues. It should be realized that the provinces' assumption of much of the tax load and spending has come about not because it has taken over from the federal government, but because in the fields of education, health and welfare the provincial governments have taken over from the private sector, and these fields alone contribute some 60 per cent to 70 per cent of the total provincial budgets. In this situation it has been bad business for the federal government to meddle in the sales tax, which is one of the few taxes the provinces have available. The BNA Act gave them only direct tax. There is not much scope for these when they are analyzed.

While it may have been a good thing economically to have the sales tax cut, one doubts whether the legacy of distrust that it will leave will contribute much to Canadian unity. In any event, the province of Quebec has won one over the Minister of Finance because the province has received its money and has made tax cuts which are favourable to that province and to its industries. To argue about in what manner or by what means the $186 million should be paid to that province seems to be largely academic.

Mr. Friesen: Mr. Chairman, we are seeing a very unusual happening in the House. We are debating a bill which the government pretends it wants to see passed as soon as possible, and yet it has the audacity to put up 15 speakers during second reading debate to the 17 speakers put forward by the members of the official opposition—

Mr. Huntington: And then bring down closure.

An hon. Member: The guillotine.

Mr. Friesen: —and then bring down closure. What a contradiction. It is not closure, I would remind the hon. member for Capilano, it is now called time allocation. What this government always does when it runs out of excuses is change the name. I do not know what PR company they hired to do this, but it always looks a lot better if they change the name. It is just as the Prime Minister says; he is in favour of democracy. By "democracy" he means: "Throw me out if you do not like what I have done". Whether or not he has kept a promise that he should have kept in the first place, that is his new definition of democracy.

I am a little amazed at the government's policy in taxation. It seems to me that we in this country are moving dangerously in the direction of a taxation policy which sees every missed opportunity as a tax loophole—

Mr. Epp: Confiscation instead of taxation.

Mr. Friesen: —that the government has to fill. The hon. member for Provencher says it is confiscation instead of taxation. That really is the direction in which we are going. So every time there is a missed opportunity the government gathers all of its staff resources together to see if they can plug that extra hole for fear that Joe Citizen has a few dollars left over. The parliamentary secretary is sitting there and joshing at all of this. What he is doing is attempting to pump the public to become dishonest citizens, because it is becoming a contest to see how much money will be left over at the end. It is a contest between them and the government. As soon as the government discovers there is something it can possibly latch on to, then Joe Citizen has to find a way of beating it. If we do not watch ourselves, we will find ourselves in the impossible position where we will have a whole generation of people who will see that they have, in order to eke out an existence, to beat out the government.

Mr. Hnatyshyn: Bring proposition 13 on!

Mr. Friesen: Yes, or bring proposition 13 on and see another tax revolt.

I have a few examples I would like to bring to the attention of the parliamentary secretary since the Minister of Finance is not here.

An hon. Member: He is here.

Mr. Friesen: He is here? I am sure he is listening to everything he can.

An hon. Member: With both ears.

An hon. Member: Pursed lips.

An hon. Member: And open arms.

Mr. Friesen: I know the Minister of Finance wants to talk about clause 1 and I thought that once in a while we should refer to it.

Mr. Lumley: Hear, hear! After three hours.

Mr. Friesen: I do not want to disappoint the hon. member completely, but I would like to make passing reference to clause 1. If the parliamentary secretary will notice, it has reference to a person at, and I quote:

—a special work site at which the duties performed by him were of a temporary nature and from which, by reason of distance from the place where he maintained a self-contained domestic establishment (in this subsection referred to as his "ordinary place of residence") in which he resided and actually supported a spouse or a person dependent upon him for support and connected with him by blood relationship, marriage or adoption, he could not reasonably be expected to return daily to his ordinary place of residence,

● (2052)

An hon. Member: Ask them what it means.

Mr. Friesen: I do not know whether they could tell us. But there is one group of people who would fit this description and who have faced the wrath of the income tax department every year. They are the truck drivers. Truck drivers are now expected to save every little receipt they get in the local coffee shops as they drive across the country. And if they exceed $9 they can get, maybe, a $12 or $15 deduction on expenses. I can just see every truck driver having a little filing cabinet in his cab in which to keep receipts from coffee shops. There are really some ridiculous connotations for truck drivers. The government are expecting truck drivers to save all receipts, but civil servants travelling across the country get $25 per diem. Somehow truck drivers are expected to save as much as possible, but members of parliament, members of the Senate and bureaucrats should spend as much as possible. It doesn't add up. It savours of discrimination.

It is one thing to drive in your local community where expenses are commensurate with the area, but what if you are a truck driver moving into, say, northern British Columbia or the Yukon or the Territories. You cannot always stop at a local greasy spoon to save money. Meals cost a great deal of money in those areas. We are asking these truck drivers to save receipts, and the implication seems to be that they are going to eat too much and live too high, possibly at the expense of some loss of revenue to the government.

I turn to another aspect which has come to my attention because I have a large number of employees of airlines in my constituency who are beginning to write to me on this subject.

The government seems to have a plan to put a tax on the airline passes given by the airlines to employees. I suggest to the Minister of Finance that here he is getting into dangerous territory.

I have already asked the Minister of National Revenue by letter how far he proposes to go with such a policy. How far is he willing to go in taxing these proposed perks? Does he propose to concern himself with every store clerk in Canada who gets a 10 per cent reduction on every piece of merchandise bought for personal use from department stores and other places where they work? Does he propose to estimate how much they save in a year and put a tax on it? Take one example which I brought to the attention of the Minister of National Revenue. Suppose, for example, you are a medical doctor and your wife is about to have a baby and one of your colleagues delivered the baby without charging a fee because he was a personal friend. Is it intended to impose a tax on that saving?

Then there is the position of the voluntary firefighter across Canada. For the past ten years or so they have been able to claim a tax deduction of $300 a year. Numbers of us have written to the Minister of Finance saying it is time for an adjustment to be made to bring the tax more into line with current realities. But the minister says he does not think so.

These are just a few items which occur to me, items which need amendment or further consideration. In so many of these respects the taxation policy is not only contradictory but is setting dangerous precedents and inviting habits among the taxpaying public which may be regretted in the future. It is inviting people to try to get as much as they can out of the treasury and to cheat on their taxes because there is so little over after the demands of oppressive taxation have been met.

All that is by way of introduction. I will be back later.

Mr. Huntington: Mr. Chairman, when you intervened to tell me my time had expired I was talking about the value of the new incentive for industrial research and development. I was drawing attention to the fact that research and development performed by industry in 1977 cost $846.4 million, and if you subtract the federal grant component amounting to $214.8 million the net value of research and development funded by industry is $631.8 million.

The minister in his budget speech mentioned R and D costs at the level of 20 cents on the dollar. But if you look at the rate of growth of research and development you will find that from 1971 to 1975 the rate of growth was 10.3 per cent per annum, which in real terms only matched inflation. It was a no-growth situation in terms of constant dollars.

If you look at the value of the new incentive for 1978 at 20 cents cost per dollar invested in research, and you take the $631.6 million research funded by industry at a growth rate of 10.3 per cent at 20 cents on the dollar, you arrive at a figure of $13 million. Yet the Minister of Finance in his budget address stated that, according to his estimate, in the initial years the reduction in federal revenue would be about $50 million a

year. That is $13 million—$13.01 million to be closer—versus the $50 million claimed by the Minister of Finance.

If one takes a very optimistic value of the incentive, say 15 per cent per annum growth rate, and takes the figure of $631.6 million invested in industry at a 15 per cent growth rate—which is almost 50 per cent greater than the actual rate from 1971 to 1975—at 20 cents on the dollar you would come up with a figure of $18.95 million. Even that, Mr. Chairman, is a long way from the $50 million presented by the minister in his April 10 budget address.

If, on the other hand, one took the figure of $50 million advanced by the Minister of Finance and extended it on the basis of a growth rate of 20 cents on the dollar, one would have something like $250 million. Then if you divided that by the 631.6, one would have an actual growth rate of 39.6 per cent per annum, a figure which is absolutely impossible.

● (2102)

In the simplest terms I can muster within the environment of this debate, I say that the $50 million figure of the Minister of Finance in his budget address and in his presentation to parliament and the Canadian people is just complete flim-flam, if I may use my colleague's term.

Another aspect of the research and development program which troubles me is that the Minister of Finance completely ignored all the representations from the industrial sector of this country. There has been much talk in recent months by the government side and by the Prime Minister that the government is going to do all kinds of things for the private sector to pull this country out of the doldrums and get the one million unemployed people back to work. We have to get the private sector working.

If that is so, why does the government not listen to the private sector once in a while? Why does the government listen to academics in closets in the ivory towers of government, those people who have come from the land of Academe? They have worked on campuses and established themselves with honours degrees and secure tenure, and then moved as experts in their fields up here to the halls of government. They have got themselves into isolated environments where they draft legislation and impose upon the people of Canada the legislation which comes down through the government into this House. There is no input at all from the private sector. Why did the government not listen to the private sector when it favoured a 25 per cent tax credit without increments?

Mr. Maine: Hear that, Harvey?

Mr. Huntington: An hon. member opposite is giving the needle to my colleague, the hon. member for Calgary Centre, who is an academic. However, let me tell the House that he is an academic with great experience in the world of industry. He is well respected in the world of industry and makes valuable contributions to it. He has not isolated himself in the sterile environment I am talking about where we have drafters of legislation who have had no experience out in the world of work or in the world of adding to the value of goods. One of the great problems the country is facing today is the lack of experience of academic drafters of legislation.

The hon. member shakes his head. Let me take him and waltz him into the Treasury Board. That is a place to end all ivory towers, believe me. There we can find very respected individuals, and I respect them too. They are very well qualified individuals. They are responsible for allocating the tax resource of Canada, and they look after the priorities set on the tax resource by the cabinet. Here we have these gentlemen in this sterile environment allocating this resource. They have all kinds of problems, and they are tearing their hair out because too many departments want too much. They are hard, tough, mean people as far as the departments, agencies and Crown corporations of government are concerned.

It has been my experience that those gentlemen, as respected as they are in their fields, have absolutely no concept of what the taxpayer in this country has to go through. The taxpayer in this country is accountable to the tax collector, but the people who spend and are responsible for the use of the tax resource in this government are on a cash-flow accounting basis and have been accountable really to no one. That is one of the dilemmas this country is in today, and it is a cause of concern for many people and one of the pressures this government is under.

If the people who allocate the tax resource had the same degree of training that people in the private sector have had to go through, there would be a lot more care and attention and much more accountability demanded by the people and by the government. Some of us in this House are certainly working on the word "accountability" right now.

I interrupted what I was saying about research and development. I take issue with the minister's $50 million figure. My arithmetic says that there is no way that there is truth in that figure, and that the figure is between $13 million and $18 million at the most. I think the people behind that other arithmetic should have their heads examined or should be on the carpet in front of the Minister of Finance tomorrow morning.

One other thing about research and development which troubles me is where federal government expenditure on research and development is directed. Looking at the intramural component—which means the in-government component—we find that in the fiscal year 1976-77 federal government expenditure in the field of natural sciences was $460.8 million. In the fiscal year 1977-78 it was $511 million. In the fiscal year 1978-79 it is $567.1 million, for an average growth rate of 10.9 per cent per annum. That is just a little bit ahead of the inflation component.

However, if we look at the extramural expenditure—that is, organizations outside government, industry—in 1976-77 expenditure was $222.3 million. In the fiscal year 1977-78 industry got $214.8 million. What happened there? In fiscal year 1978-79 industry gets $217.6 million, for an actual loss of 1.1 per cent per annum. The university component went up 10.4 per cent per annum. In the "other" category, expenditures have gone up 8.8 per cent per annum.

The point I want to make is that this government, which is saying it is doing everything it can to stimulate the private sector and industry in this country, has actually spent less in that sector, and I think the government should be severely criticized for that.

One other point on this allocation which troubles me is the fact that unsolicited proposals for industry got $1.5 million. The science and technology employment program for universities got $3 million. The program for industry laboratory projects got $5 million. For technical information from the National Research Council the government paid $.35 million. The total for "industrial" was $6.5 million. Universities got $15 million in total, and the intramural government sector got $7.5 million. However, of that $6.5 million for industry, $5 million was delivered to intramural programs, so industry ended up with $1.5 million.

I think this is where we have a very serious problem in the area of research and development. There is a problem not only with the program announced by the Minister of Finance but also with the program which was announced by the Minister of State for Science and Technology the other day.

Early in the debate today there was an exchange between the Minister of Finance and the hon. member for Yorkton-Melville about sales tax, and I would like to say a few words about that. I am in the importing and distributing business in Canada. I have been extensively involved in costing and in the distribution of consumer merchandise, and I can tell hon. members that one of the things which interferes with the purchasing power of the Canadian wage dollar is taxes which are collected at the bottom of the pyramid. I am speaking of the 12 per cent federal sales tax.

I can show hon. members that if there was no sales tax collected at the manufacturer's level, an item which retails for $5.60, rounded out to the psychological price of $5.59, would retail for $4.95. I really think that if we are going to start to improve the purchasing power of the wage dollar, we in this House have to take a serious look at the negative effects of the federal sales tax on that purchasing power.

Hon. members opposite might say there could be a loss of revenue which must be compensated for, and I agree. I think we could collect that in another way very easily, but I will save that for another point in this debate.

One of the other things which has delivered us into the national dilemma we are in today is that 55 per cent or 60 per cent of our federal budget is involved in statutory payments. In other words, there is no way to cut, mend, allocate or manage because 55 per cent to 60 per cent of our budget goes to transfer payments to the provinces to handle the social services we have built into the structure of Canada.

● (2112)

I do not think there is a person in the House who wants to see those social services threatened. But one of the weaknesses we have is that people, because of political gains, have got used to expecting something for nothing. When you compare one nation to another historically, you find that with high transfer payments you start to have problems with the collection of taxes with respect for taxation and with respect for the spending of that tax dollar.

Miss Bégin: Give us an example.

Mr. Huntington: We have seen, my dear, the example where you had to go into block funding because you had to put under control those provinces which spent money on the basis that the dollar they spent was matched by the federal government, and that got the Department of National Health and Welfare into a budget problem. It was a transfer of payments problem, and there was a runaway situation which the government had to put under control.

Miss Bégin: Of whom are you talking? Name the province.

Mr. Huntington: If we could give the people of Canada the measure of the services they demand from government in terms of their own purchasing power, we could start to put the situation under control and have an accurate measure of just what it is they want so that they could measure its benefit in terms of their own purchasing power. It is difficult for any one of us in the House to think and talk in billions of dollars as we are doing. We lose track of reality. But if you look at the cost of the service in terms of somebody who is spending $150 a week, and all of a sudden some political party comes along and promises medicare and you find you have $1 billion or $2 billion more in expense and more problems in the tax collectors' over-all situation, you should be able to measure whether you want medicare or denticare in terms of your present costs or in terms of what it will cost you if it is provided by the government.

Somehow or other in the next decade this chamber will have to meet that challenge. We have to convert the cost of social services into terms that can be measured by individual spending power. Let us say that Mrs. Johnny Canuck is spending $100 a week and someone promises a service that will take $2.50 away from that. She knows that her present cost is $1 or $1.50. She must be able to measure this, not in terms of the millions of dollars it will cost the government, or in terms of dreams, or in terms of "what does it matter, the government will give it to us". Somehow or other we must resolve this dilemma in the sales tax debate. If we could put the cost of our social services in this country in terms of measurement for each individual user or drawer of that service, we would start to turn our problem around.

I think the answer is in the sales tax. I was very interested in the exchange between the minister and the hon. member for Yorkton-Melville and the comments that were made in this debate earlier, because I suspect you are starting to move to the end user tax. If we had an end user tax with no exemptions, dedicated to the supply of health and welfare services to the people of Canada, we would then have a measure in terms of the value and cost of that service to them. No matter what his pay cheque, a person could measure the value of a given service and he would have to know that there is a cost. If you start to think in those terms or put your experts into studying

those terms or publish a national white paper in those terms, you could start to make a solid correction to some of the very serious problems and attitudes of the government and put some responsibility into the political forces in this country.

I think that the comments that came from the hon. member for Yorkton-Melville and the Minister of Finance today are very significant. This is an area in which I would certainly like to participate in the years ahead in trying to resolve the very serious problem of providing services at a cost that can be validly measured.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, the House is now studying Bill C-56 in committee of the whole. At the beginning of this study this afternoon, the spokesman for the official opposition and the Minister of Finance (Mr. Chrétien) seemed to be at grips with each other, to oppose each other on totally different principles. However, a few moments ago, they both seemed to be in complete agreement and, to repeat an old expression often used in the House, it was the same old gang. They leave the impression, Mr. Chairman, that they are opposed on principles, but when the time comes to take a decision they reach agreement. It seems to me they both obey the same commander, a commander we do not know, a commander who is not in the House, a commander whose authority is strong, who is outside the House and yet is able to command not only the old parties referred to as the traditional parties of the House, but also to parties in other legislatures, in other legislative assemblies. Mr. Chairman, I have already expressed my views on Bill C-56 on second reading or during the debate on the amendment moved by the leader of the New Democratic Party. At that time, Mr. Chairman, I said that when the government wants to pass legislation likely to serve the interests of high finance, it always manages to include, as in the case of Bill C-56, proposals which will please all members of parliament and serve at the same time the interests of ordinary workers.

• (2122)

This is the case of Bill C-56. It contains provisions on which we agree, but it also contains a provision on which we are in complete disagreement because it goes against our constitution, our constitution that we must obey and follow as long as it is not replaced by a totally Canadian constitution, made by Canadians, for Canadians and for the whole of Canada. I already had the opportunity to comment on this matter during a debate that took place in 1977 and which was brought about by a motion entitled "National Unity". At that time, at the very start of the debate, I immediately emphasized that a debate on Canadian unity could not produce anything new that would allow hope that Canada would really be the nation of all Canadians, regardless of their language or ethnic origin.

At that time, I said that it was the duty of the 264 members sitting in this institution to work earnestly so that all Canadians could be proud of a true nation that would be called Canada and in which they could live in harmony. Mr. Chairman, I value harmony much more than unity because if you want to have harmony within a family, you will also inevitably have unity. The same is true in a parish. The same is true in a county. The same is true in a province. The same is true in a country. And to live in harmony, Mr. Chairman, it must be acknowledged in practice at all costs that all citizens are equal before the law, that every province of our country, all ten of them, should enjoy the same advantages, the same rights, and that they should get the same income to be able to assume their responsibilities.

Mr. Chairman, Bill C-56 is the logical result of the statement made by the Minister of Finance (Mr. Chrétien) last April 10, in which he informed this House of the various policies that parliament might implement to alleviate the burden of Canadian taxpayers, to provide every Canadian with a higher income, to enable every head of family, every individual to face his responsibilities. This ways and means motion on income tax was followed by a legislation known as the Bill C-56. After the first reading of that bill, we witnessed the opposition of the Quebec government, a legitimate government, as it was elected following a general election on November 15, 1976. Some saw in the results of that election a rejection by the people in Quebec of a weak government, a government that was shirking its responsibilities in the face of events occurring in the province of Quebec at that time, when there were strikes after strikes in the private sector and in the public sector, and Quebeckers were asked at that election to pass judgment on the administration of our province, the province of Quebec. The people in Quebec chose an alternative government that had not mentioned in its electoral program its basic objective, the separation of Quebec from the rest of Canada.

Mr. Chairman, Canadians and Quebeckers voted then for a good government. They wished to express their desire to have a sound government, able to face its responsibilities and to solve our problems. Since then, Mr. Chairman, that government has made every effort with all kinds of mistakes, of course, like any government which acts, because a government which does nothing does not make any mistakes.

• (2132)

But a government which takes decisions also makes mistakes, as we do here in Ottawa. Mr. Trudeau's government has not only always done the right things; it has also made mistakes but it is through the experience of our mistakes that we learn how to correct them and do something in line with the common good. So, Mr. Chairman, this government, our national government, has presented a budget.

This afternoon I heard a member asking a question, the hon. member for Yorkton-Melville (Mr. Nystrom) who was asking: But if you had to make a decision at that time what would

have been your position? Mr. Chairman, I do not have to answer for that member, but as a responsible representative I have to answer as a responsible man. I must say that if the same procedure had been applied toward any of the other provinces of my country, I would also adopt the same position as the one I am taking today because we live in the same country, with the same principles, the same responsibilities and I feel quite disappointed today after these two months of debate for we have been discussing that for two months in this House and we have taken strong stands so that the constitution will be respected, so that we can live together in harmony. Today after reading the letter of the finance minister of Quebec which I have read carefully and reread and perhaps not understood completely, though I am willing to read it again, I think we should do our utmost to try to understand it well so that all of us 264 members of the House can adopt a position which will be the one likely to lead us to prosperity in this country and give equal chances to every province. Mr. Chairman, we have been witness to the fact that the province of Alberta, which does not have a retail sales tax and I now see the Minister of Finance (Mr. Chrétien) listening to me carefully, it will still be getting something from the federal government.

Mr. Chrétien: No.

Mr. Lambert (Bellechasse): No? Well, I would like to be corrected then. Will the province of Alberta not be getting a few million dollars—

Mr. Chrétien: No!

Mr. Lambert (Bellechasse): —to allow. Here, according to—the Minister of Finance shakes his head. All the more reason for saying that not many in this House understand the thinking of the Minister of Finance and the Prime Minister. About two weeks ago, the Minister of Finance—

Mr. Chrétien: I have been saying for two months that we are not paying Alberta!

Mr. Lambert (Bellechasse): —the following happened, and please correct me, because it is time to take honest stands. For me, if I have to back out, I say to the Minister of Finance that I will do so—

Mr. Chrétien: It will depend on the questions!

Mr. Lambert (Bellechasse): —in all honesty in order to serve my country well.

If the Minister of Finance has to do the same thing I hope he will be honest enough to do it to serve this country well because in the final analysis we are at a climax. We now have a crucial problem—

Mr. Chrétien: It is solved—read the letter.

[Mr. Lambert (Bellechasse).]

Mr. Lambert (Bellechasse): Mr. Chairman, the Minister of Finance tells me it is solved. He says, read the letter. In the first paragraph—I see the Minister of Finance telling me to read the letter. I am pleased that the Minister of Finance should refer to me as *tu*. We do it for the Holy Father, so why not for a simple member of parliament?

In the first paragraph, the minister of finance of Quebec says, and I quote:

. . . our governments disagree . . . and that it would be useless to seek a formula other than the one which was approved by the Quebec government and supported unanimously by the National Assembly.

That is in the first paragraph. Moving to the second paragraph, Mr. Chairman—

Mr. Chrétien: But the problem is solved.

Mr. Lambert (Bellechasse): You can be sure, Mr. Minister of Finance, that if you can convince us that the problem is solved I am going to applaud like mad with my two big hands—you can be sure of that!

Mr. Chrétien: Mr. Chairman, if I could urge the hon. member to read the letter where he says at the end of the second paragraph on page 2, and I quote:

In this regard, I would like to submit to you a three-part proposal which includes the various elements of solution suggested in recent weeks.

First, there is the $40 million that I mentioned at the beginning for which the government of Quebec qualified. The second paragraph deals with Bill C-56 in which we propose to reduce immediately the income tax of Quebec taxpayers by $85. That is clause 30(*b*) of the bill now before us. If we could vote tonight on clause 30(*b*), we would thus accept Mr. Parizeau's first proposal. Mr. Chairman, I am happy to see the hon. member for Bellechasse getting all set to applaud.

Mr. Lambert (Bellechasse): Let us not go too fast, do not ask for anything before I have understood everything clearly. I am not the only one who has not quite understood the policy of the Minister of Finance since April 10. If I were, I would bow out, but I am not the only one: many other hon. members did not either, nor did quite a number of editors who wrote whole pages on the matter and have kept asking questions of the Prime Minister and the Minister of Finance.

An hon. Member: Do not forget Claude Ryan.

Mr. Lambert (Bellechasse): Mr. Chairman, I should like to come back—

Mr. Nystrom: Do not forget the Gallup poll.

Mr. Lambert (Bellechasse): One hon. member tells me that only the Gallup poll understood. Mr. Chairman, in that regard, if you will allow me . . . I do not believe in the Gallup poll. Last week, they said white; this week they say black—

An hon. Member: Or red, rather.

Mr. Lambert (Bellechasse): I trust they do not mean red like in China or Russia: I would really feel terrible about that. Mr. Chairman, in any event, political colours do not mean much to me. I would rather have good old common sense any day. We now have a problem that is crucial, serious, and if the Quebec minister of finance . . . I can see the federal Minister of Finance showing the letter from his Quebec counterpart. He seems to be saying: Victory! Victory! He has given in to their proposals. But if that is true, surely someone was not serious somewhere.

● (2142)

There is only one possibility: either the Canadian government, through its Minister of Finance, was justified in making its tax proposal in the April 10 budget, or the Quebec minister of finance was justified in doing the same when introducing his budget, the date of which I do not remember. Both cannot be right at the same time. It is impossible. When he introduced his budget, the Minister of Finance of Canada made some proposals. He said: "We will grant an income tax reduction to Canadian taxpayers to enable them to increase their income, to spend more on the purchase of Canadian goods, to stimulate the Canadian economy and allow our Canadian industries to market their products, thus creating jobs and reducing inflation".

A week or two later, the Quebec minister of finance stated that the federal formula is unacceptable. The federal government wants to reduce income tax and compel the Quebec government to increase its taxes accordingly. Then it will be able to provide advantages to stimulate the economy.

Mr. Chairman, perhaps I do not understand anything and, in that case, the minister understands too well. He came here to sit in this chair. I asked him to explain clearly how he could possibly reconcile both policies. I would not want Canadians who are watching us on television to believe that we are making fun of their problems, far from it. Mr. Chairman, I want to say seriously that if the proposals contained in Bill C-56 are likely to become an economic solution or to stop inflation and bring harmony within our country, I would be quite happy. But why the discussions for two months between two intelligent ministers of finance, or supposedly intelligent, who were ruling the roost?

The federal minister said, "No, I don't understand anything". The minister in Quebec said: "The federal minister does not understand at all". At one time I for one was inclined to think that neither understood anything. Mr. Chairman, here is the centre of the problem. I made a promise to the Minister of Finance, I will keep my word.

Mr. Boulanger: Now we're going to get it!

Mr. Lambert (Bellechasse): Mr. Chairman, I can understand that hon. members who have nothing serious to say make jokes. They have no opinion to voice. They are simply here to vote, to increase their number when it is time to get a majority. But I cannot understand that a sensible man like the hon. member who just made a remark can make silly cracks such as the one we just heard. Mr. Chairman, the problem we are faced with now is one of a financial nature. If there is one hon. member in this House who can claim the opposite, let him rise and I will sit down.

It is a financial problem for the federal government, for the provincial governments, for municipal governments as well as for individuals.

What is a financial problem then? A financial problem occurs when you have more liabilities than you can meet. That's what a financial problem is. And Canada's problem is a financial one. Yesterday—that is quite recent, Mr. Chairman—yesterday the Minister of State for Urban Affairs submitted to us a formula which will allow some organizations to provide families or individuals with housing suited to their capacity to pay. In order to meet this objective, the Minister of State for Urban Affairs announced very happily to the House that the interest rates would be reduced from 8 per cent to 1 per cent, which represents a 7 per cent reduction. Then the hon. member opposite and, after him, the Minister of State for Urban Affairs, made the following remark: it is a Socred formula, the same kind that applies to developing countries to whom we provide loans with interest rates equivalent to the administration costs involved.

Mr. Chairman, we have often in the House urged the government to give Canadians in our own country the same advantages it is willing to give to people in underdeveloped countries. For once, Mr. Chairman, I must congratulate the Minister of State for Urban Affairs for realizing that the formula we are suggesting is reasonable and useful. He still has just a little further to go in this direction. How is that? Well, in order to get the necessary funds to provide loans with an interest rate to cover just about the cost of administration, we must take advantage of the bank which belongs to Canadians, the Bank of Canada, our own bank. We will be able to do so if we amend the current legislation along the line suggested in Bill C-390, which I introduced in the House and which has reached second reading stage—and I urge the Minister of Finance to bring back this bill in order that we may resume consideration of it, to help the government get out of its financial slavery.

The Minister of State for Urban Affairs has taken the right step, and I commend him for it. He speaks French and English, so he should have no difficulty making the Minister of

Finance, the President of Privy Council and the Prime Minister understand. He can tell them this: Canadian are glad of this initiative. If only we could make up our minds to get out of this financial ironcollar, to get rid of this machinery from outside the government which controls the financial affairs of our country, I can assure you, Mr. Chairman, that if the government, the Minister of Finance and the President of the Treasury Board had this courage, the government would remain in power till the end of times, because the Canadian people would be delighted to be liberated from their financial chains.

Mr. Chairman, clause 30 of Bill C-56 is at the centre of this whole debate. For our workers gone to work at remote work sites where they cannot maintain a home, a house, normal housing with their families, well, with this bill they will get some benefits. I am entirely for that.

As for the other clause regarding retirement savings plans, I have already talked about that—the hon. member for Saint-Denis is making faces. He looks as if he was saying: "Gee! That makes sense, but I do not have the guts to say it." Well, I have the guts to say so.

Mr. Prud'homme: You speak too loud.

Mr. Lambert (Bellechasse): Me, speaking too loud? That is my natural voice. We will never speak too loud in this House to wake up those who are sleepy, those who sit here only to vote at the call of the bell but who have no guts to rise when it is time to do so. Mr. Chairman, to sit on the majority side and form the majority when the time comes to vote, that is not what is called courageous. I have seen hon. members on the majority side who do not agree with this bill. Oh, my God! I see one over there who refrained from voting. But there are others who in the past have spoken in this House and accused the others of being fence riders, people with no spine. It was the hon. member for Compton who accused his colleagues of sitting on the fence. Well, Mr. Chairman, during the vote yesterday, he gave me the impression that he was the chief fence rider, because he voted for a bill which he denounced on television.

Mr. Chairman, I do not think that I am being insulting because it is the hon. member who said that first, not me, he said that there were such people who just swayed in the wind, one way and then the other, but who nevertheless continued to sit on their fence. Well, I do not want to be a fence rider, I want to know where I am going; the hon. member for Roberval knows where he is going. We may not have a large team, but we are not a team of fence riders, we are a team of people who know where they are going, we want financial reforms to put the economy back on its feet, we want to bring harmony in our country so that French Canadians and English Canadians will love each other, because after all, we eat the same way and we react the same way. When we look at one another, we find a striking resemblance, so why should we not be able to get along? Simply because there are financial considerations which separate us, because we create dividing interests, and that is why we cannot understand one another in this country.

Mr. Chairman, I take this opportunity to invite all my colleagues in the House to consider seriously in the coming months the bill which was introduced regarding chartered banks in Canada. It is that thick! It is an extraordinary bill, but it is a bill which can generate harmony among us, the federal government, the provincial governments, the municipal governments, and among Canadians. It is an extremely important bill and I would invite all my colleagues, during recess, if it can be called that, to scrutinize all the clauses in the legislation so that we can be well prepared to study it objectively when we return to the House.

Then it will be referred to the Standing Committee on Finance, Trade and Economic Affairs so that we can also consider it seriously, and finally bring in the necessary amendments to enable the Liberal, Progressive Conservative, NDP or Socred government to meet the aspirations of all Canadians, to give equal opportunity to all citizens, all individuals, to the private sector, to municipalities, to provincial governments and to the government of Canada. This is, Mr. Chairman, what a genuine Canadian constitution is about: first put some order in the financial system and the rest will come to us naturally.

● (2152)

[*English*]

Mr. Hnatyshyn: Mr. Chairman, I have only a few minutes in which to speak. I remarked to the Parliamentary Secretary to Minister of Finance that if the hon. member for Bellechase ever made a speech like that in Saskatoon, he would get a standing ovation.

Miss Bégin: Would he be elected?

Mr. Hnatyshyn: That is a good possibility, especially if he ran in the riding of the Minister of Transport. He would be a shoo-in there.

I want to direct a few questions to the Minister of Finance. As you pointed out in your ruling earlier today, Mr. Chairman, there is an opportunity in clause 1 for us to deal in a general way with some of the fundamental principles of this bill. I should like to ask the minister some questions on the amended ways and means motion as I am anxious to have a better understanding of it.

I must say I was very upset at the attitude taken by the minister this afternoon when he refused to answer questions on anything except clause 1. If we are to make any progress in committee of the whole he should not ignore this opportunity to try to clear away some of the misunderstandings and misapprehensions some of us have about this bill.

The way in which the bill has been handled up to this point reminds one of "Alice in Wonderland". It has been an unfortunate scenario of incompetence—of stupidity, I am sorry to say, as demonstrated by the minister. I should like to try and help him get the best possible arrangement under the circum-

stances, but that will be difficult if he refuses to answer questions. I suspect he wants to avoid answering questions, just put in some time here and then try to invoke a time allocation on this segment of the deliberation. This would be an unfortunate move on his part and would demonstrate again his inflexibility.

If the minister is not going to be here, perhaps I might ask the parliamentary secretary a couple of questions. If the minister is unwilling or afraid to answer questions maybe the parliamentary secretary will screw up his courage and answer them.

In the amended ways and means motion there is a provision that no interest will be payable on the portion of any refund arising by way of a reduction. Could the parliamentary secretary explain—

The Assistant Deputy Chairman: Order, please. It being 10 o'clock it is my duty to rise and report progress and request leave to consider the bill again at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CAPITAL PUNISHMENT—REINSTATEMENT OF DEATH PENALTY FOR TERRORISTS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, recently in Toronto the Minister of National Defence (Mr. Danson) announced that he was calling for hanging for terrorists. He said that while he does not think the death penalty would deter terrorists, it would keep them out of jail, and that one of the prime motives for terrorism is the demand for release of imprisoned terrorists. In an interview the minister cited the assassination of Aldo Moro as an example of why terrorists should be executed.

I raised this matter in the House on June 2 when I put a question to the Minister of Justice (Mr. Basford) about whether the government was considering reintroducing capital punishment for terrorism. At page 6000 of *Hansard* the minister replied:

> It is not the intention to amend the law in the manner indicated by the question.

I do not think I have to remind hon. members that 80 per cent of the Canadian people have been requesting the return of capital punishment. With the amount of terrorism we have seen around the world, the government should certainly be giving some serious consideration to the return of capital punishment. I asked the Minister of National Defence in the

House to explain his statement that he wanted capital punishment brought back for terrorism. Part of his answer, appearing in *Hansard* at page 6000, reads as follows:

> ● (2202)
>
> When one looks at the situation in recent months, where most terrorist activities have been directed to the release of terrorists who are incarcerated, one must consider the alternatives to reduce terrorism which is aimed at the structures of our society and our democratic way of life.

I would like to add a little further to that. When a terrorist is jailed he should be required to sign an affidavit that if his friends, the other terrorists outside, seize hostages to demand a prisoner's release from prison, it should be made clear to the jailed terrorist that he too will receive capital punishment along with his terrorist friends outside of the jail.

We have seen terrorist action in Zaire recently where rebels slaughtered as many as 200 foreigners in a hunt for the white man. French troops found a new massacre site in a European quarter of Kolwezi containing about 20 bodies, including a dozen children. In another town in Zaire, at Kinshasa, rescuers found 44 slain. Those examples prove that terrorists have been acting in a revolting manner around the world.

We now come to Spain, where three terrorists, believed to be mainly Armenian vengeance-seekers, pumped bullets into the Turkish ambassador's car at a stoplight in downtown Madrid killing his wife, brother-in-law and a chauffeur.

So one can see how bold terrorists are. No one is safe on the streets whether a person is in his car, walking down the street or whatever he is doing.

At least some countries know what to do with these individuals. I would like to refer to a recent case in Egypt where the Egyptian government hanged five people for a kidnap-murder. The Ottawa *Journal* for Monday, March 20, 1978 reported:

> The Egyptian government hanged five Moslem fanatics at dawn Sunday for the kidnap-murder last summer of former cabinet minister Sheik Mohamed Zahabi, Egypt's Middle East news agency reported.

Closer to home, Mr. Speaker, last year the FBI reported that 91 policemen were killed on duty in the United States. In 1976 111 were killed in that country. Many Canadians want capital punishment brought back for the murder of policemen. So far this year in Canada four policemen have been murdered.

One sees many letters to the editor in many papers across Canada. Members of parliament also receive mail on the subject of capital punishment. I would like to refer to a letter to the editor in the Winnipeg *Tribune* which states:

> We are not going to take it any more! Another police officer killed, two wounded, including a young woman constable!
>
> How many more police officers have to be murdered before our government will bring back capital punishment?

That is just an example of one letter. I have another one which appeared in a Winnipeg newspaper recently entitled "Who is next on killer list?" It states:

> At the risk of being thought a bigoted redneck from the West, I am still firmly in favour of capital punishment being put into force in Canada, immediately, for any deliberate murder.

The letter goes on to say:

In parliament the flag dropped to half mast in respect for Italy's Aldo Moro, a politician. How much more appropriate would it be for such respect to be shown for our own Mounties when they give their lives in the service of Canadian citizens, including those stupid politicians who refuse to give them the protection of the law.

I would like to refer to the murder of the young shoeshine boy in Toronto last year, and in particular to an article which appeared in the Toronto *Sun* under the heading "Police say film shows sex attack on Emanuel". The article states:

● (2207)

Police investigating the slaying of Emanuel Jaques yesterday revealed they had seized colour film showing the boy being repeatedly sexually assaulted before his death.

These are the types of people Canadians want punished and that is why the government must consider the implementation of capital punishment once again.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, it has been stated before that the ministry is not prepared to accede to the request for reinstatement of capital punishment in this country. The ministry does not feel compelled to depart from that principle presently enshrined in the law of this country in relation to offences committed by national or international terrorists.

This, notwithstanding the comments made by the hon. member this evening and the press clipping he quoted from a Winnipeg paper referring to "stupid politicians". I take it that must refer to all members of this House who voted for abolition in a free vote, including a number of members of his own party, among them his own leader.

Criminal Code amendments passed by parliament in 1977 which have now been proclaimed as the law of the land should be ample notice to would-be national or international terrorists that Canadians are prepared to deal rigorously with those who would commit violent criminal acts. This trend has been continued in the current legislation presently tabled before the House.

These present and proposed provisions are ample testimony to the fact that Canada will not be a haven for incidents of national or international terrorism.

The impact of the increased lengths of parole eligibility for persons convicted of first and second degree murder is becoming increasingly apparent in the community. Individuals who are convicted of first degree murder will be sentenced to imprisonment for life without eligibility for parole for 25 years. Persons found guilty of second degree murder run the risk of having their parole eligibility extended from ten to a maximum of 25 years.

Radical changes to the penalties for the criminal misuse of firearms are a mark of the new gun control legislation. Use of a firearm while committing an indictable offence will now be punished by mandatory imprisonment for one to 14 years for the first offence. Subsequent offences may attract sentences of three to 14 years. The sentence for use of a firearm in the commission of a violent indictable offence will be served consecutively to any other offence imposed for the crime. Carrying a concealed weapon, possessing prohibited weapons or unregistered restricted weapons, is punishable by up to five years imprisonment. Any offence under the Criminal Code authorizing imprisonment for five years or more now comes within the expanded definition of "offence" for which an authorization may be permitted under the wiretap provisions of the Code.

Proposed amendments presently before the House to the Fugitive Offenders and Extradition Acts are an attempt to modernize this legislation in the face of the increasing international scope of criminal activities, including terrorism. The—

The Acting Speaker (Mr. Ethier): Order. I regret to interrupt the hon. member but the time allotted to him has expired.

CONFLICT OF INTEREST—EFFECT OF GUIDELINES ON FORMER MINISTERS AND DEPUTY MINISTERS

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise tonight in the hope of getting a better answer to the question I raised with respect to the conflict of interest rules set out by the Prime Minister (Mr. Trudeau), particularly as they related to the appointment of the former minister of finance, the Hon. Donald Macdonald, to the board of directors of the MacDonnell-Douglas Corporation.

I suppose one of the advantages of flying back and forth between Saskatoon and Ottawa is that one has the chance of reading the papers. But on the weekend, before I asked my question, I noted on the financial pages of various newspapers, including the *Globe and Mail*, an announcement by the MacDonnell-Douglas Corporation of the appointment of Mr. Macdonald to the board of directors. In reading the announcement over, what struck me were the rather Freudian references to the qualifications of Mr. Macdonald, including the fact that he is a former minister of national defence and minister of finance. There was no reference to any other portfolios Mr. Macdonald held, so I suppose MacDonnell-Douglas felt those other portfolios brought no significant advantage to the company and were not the basis upon which Mr. Macdonald was made a member of the board.

● (2212)

The company went on to point out that it has commercial and military aircraft and automation services amongst its products. As we all know, the Government of Canada is now in process of considering a number of tenders for a massive $2.3 billion contract relating to military aircraft for the Department of National Defence and the government generally.

Mr. Macdonald resigned as minister of finance less than a year ago. He was minister of finance up until September, 1977, so there are a couple of considerations in this situation. As has been pointed out by many people, no one is suggesting that Mr. Macdonald is going to use some devious methods to obtain a particular preference for Macdonnell-Douglas. That is not the issue.

If we look ahead and if MacDonnell-Douglas is the successful bidder, what will be the perception as far as the Government of Canada is concerned? This will put the government in a very peculiar position, and the perception is going to be unfortunate. The perception might be that the contract was awarded to a company which had on its board of directors someone with access to and influence with the government over and above the normal lobby one might expect from competitors.

The point I was trying to make to the Prime Minister when I was asking the question was twofold. I think there is a very good reason to say that technically and unfortunately Mr. Macdonald has breached the guidelines which the Prime Minister laid down. Under the guidelines, and I quote:

A former office holder must not, within the relevant time period—

Which is two years.

—accept appointment to the board of directors of a commercial corporation which was, as a matter of course, in a special relationship with the department or agency with which he was last employed, where "special relationship" means regulation of the corporation by the department or agency—

The fact is that as minister of finance Mr. Macdonald would have had a special relationship with MacDonnell-Douglas and other companies such as Shell Canada Limited and Boise Cascade. Because he was minister of finance, he was technically responsible for the Anti-Inflation Board in relation to the aircraft company and quite possibly Shell, I do not know. He was also responsible for the Anti-Dumping Tribunal, which is responsible for protecting the production of materials in Canada and for making sure that there is no unfair importation of goods produced in other countries.

If we want to look at this technically, I suggest there was a breach of the guidelines. Quite apart from that, I suggest that the spirit of the guidelines has been breached in this situation because Mr. Macdonald was surely very keenly involved in cabinet deliberations respecting the expenditure of $2.3 billion. It goes without saying that as minister of finance he would have had to have very great interest in whether the government should expend that amount of money for fighter aircraft. He would have been involved in the decision-making process, so to say that he was not minister of national defence for some years and therefore the two-year period lapsed I think is begging the issue.

We have to have a serious look at what kind of rules we should have, if we are going to have rules, to bind office holders and former office holders so that there can be no question that there is preferential treatment being afforded some commercial corporation because of a particular connection of a former office holder. This is the submission I was making to the Prime Minister. I think this is a matter of public trust and confidence. If there are going to be guidelines which are worthless, why bother—

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

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, if I recall correctly, in 1975 an all-party committee of the House of Commons unanimously recommended conflict of interest guidelines. I remind the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) that his present leader was one of the members who worked on that committee. My recollection is that the recommendations of the committee to parliament were unanimously agreed upon.

In 1976 the Prime Minister (Mr. Trudeau) tabled guidelines respecting conflicts of interest relating to ministers. Last April post-employment guidelines were tabled in this House. They are public knowledge and within the awareness of the hon. member.

The hon. member indicates that there was a technical breach of the guidelines with respect to Mr. Donald Macdonald and the aircraft company mentioned. I have read those guidelines and I am of the same opinion as others who have said that there is no breach whatsoever and that the former minister of finance is perfectly within the spirit as well as the letter of those guidelines.

● (2217)

If the argument presented by the hon. member had any validity at all, it would absolutely deny former ministers and members of parliament participation in public life because of the most far-fetched possible connection that can be found. The minister has observed the rules, as the Prime Minister has indicated, and since the hon. member opposite has made a point of saying that he does not raise a question as to the good faith of the former minister, he should not argue that on the appearance of the matter there might be some apparent conflict of interest. He himself has stated that he is satisfied as to the good faith of the individual, so I do not think he does the institution of parliament any good when, despite his own faith in the former minister, he raises the question of appearance. I do not think he can have it both ways.

These guidelines are amongst the most stringent in the world, as I am personally aware as a result of being chairman of the Standing Committee on Privileges and Elections which has studied the guidelines on conflict of interest. I, too, from that position can say that I am perfectly satisfied that there is neither an apparent nor a real conflict of interest.

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

At 10.20 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

LETTER DATED JUNE 7, 1978 FROM QUEBEC MINISTER OF FINANCE TO FEDERAL MINISTER OF FINANCE

GOVERNMENT OF QUEBEC
MINISTRY OF FINANCE
OFFICE OF THE MINISTER

Quebec, June 7, 1978

Honorable Jean Chrétien,
Minister of Finance,
Government of Canada,
Ottawa, Ontario

Dear Sir:

Since your budget speech of April 10 last, we have had several opportunities to explain the point of view of our respective governments concerning the federal proposal on the provincial sales tax reduction. Following our exchange of correspondence and our discussions, it seems clear that our governments disagree about the formula for the sales tax reduction in Quebec and that it would be useless to seek a formula other than the one which was approved by the Quebec government and supported unanimously by the National Assembly.

The Government of Canada recognizes the principle that the decision of a province not to take part in a federal program should not result in a financial loss for the taxpayers of that province. Your government therefore accepts to pay to Quebec in one form or another the federal contribution originally offered in its provincial sales tax reduction proposal, which amounts to $226 million. Recognition of this principle should have led to a settlement between our two governments. You have not accepted that. I believe our disagreement on this matter has gone on long enough and time has come to settle the terms of payment of the federal contribution. In this regard, I would like to submit to you a three-part proposal which includes the various elements of solution suggested in recent weeks.

First, the federal government will pay to the government of Quebec, in this fiscal year, a financial contribution of some $40 million representing the equivalent of a two-point sales tax reduction for a six-month period on clothing, footwear, textiles, furniture and hotel accommodation, all this pursuant to the commitment you made in your letters of last April 21 and May 15.

Second, if you do not intend to amend Bill C-56, the government of Quebec will take the necessary action to recover a global amount equivalent to the sum which otherwise would have been paid to the province by the federal government. However, should the federal government choose to amend Bill C-56 and pay the balance of $186 million through a personal income tax reduction at the end of the 1978 fiscal year, the government of Quebec might consider recovering that amount through a special tax equivalent to the federal rebate. In the absence of any fiscal collection agreement, the government of Quebec would collect that tax itself. To facilitate its collection and ensure that in any case it will be no higher than the federal tax reduction our respective Departments of Revenue should agree on the administrative conditions governing that fiscal arrangement. Those conditions would concern particularly the provisions of our respective laws and formulas as well as the appropriate controls.

Last, the government of Quebec would be reimbursed the amount representing the interest on the loan it would contract in the absence of any fiscal collection agreement. Indeed, should Bill C-56 be amended as suggested above, unlike the other provinces the government of Quebec would have to wait until the next fiscal year to recover the federal rebate at the time of filing of income tax returns for the 1978 taxation year.

I hope that this proposal represents an acceptable solution as concerns the terms of payment of the amount of $226 million which must be paid to the province of Quebec one way or another, as you have recognized yourself.

Sincerely yours,

The Minister,
Jacques Parizeau

HOUSE OF COMMONS

Friday, June 9, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

OLD AGE SECURITY ACT

CALL FOR AMENDMENT TO END DISCRIMINATION AGAINST SINGLE PERSONS 60 TO 65—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, I raise a matter that is of continuing urgency. I therefore move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House urges the government to introduce before this session ends an amendment to the Old Age Security Act to end the discrimination therein against persons of single status between the ages of 60 and 65 by providing for the equivalent of the spouse's allowance to be available to all persons between the ages of 60 and 65 regardless of marital status, provided they are out of the labour market.

Mr. Speaker: The presentation of such a motion for debate at this time, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

PUBLIC WORKS

LES TERRASSES DE LA CHAUDIÈRE PROJECT, HULL, QUEBEC—ANSWER OF MINISTER OF PUBLIC WORKS

Mr. Ron Huntington (Capilano): Mr. Speaker, my question concerns Les Terrasses de la Chaudière project in Hull. As the Minister of Public Works has been absent from his place during the question period for the last three days, I was going to direct my question to the Minister of State for Urban Affairs, but in his absence I will direct it to the Prime Minister.

Is the Prime Minister aware that the Minister of Public Works, in reply to my colleague, the hon. member for Grenville-Carleton, as reported at page 6045 of *Hansard* for June 5, misled the House when he said:

Let us make it clear, however, that there were reasons why this arrangement was entered into. The land in question was partially owned by Mr. Campeau's corporation. The question really is, are you going to expropriate the land of a developer and then offer it to other developers? There was some question of ethics involved in the matter as well, since he owned part of the land which is in play and which is, in fact, being used for this development.

In light of the fact that the land was not owned by Mr. Campeau or the Campeau corporation—it was only under option and was not purchased until February 13, 1975—could the Prime Minister give some kind of explanation, that would be credible, for the statement of the Minister of Public Works?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, first of all, I would like to correct the false impression which the hon. member left in his question, that the Minister of Public Works was absent. In fact, he was here yesterday, when the Leader of the Opposition was not. The statement which the minister made last week is essentially correct, in that the land was privately owned and, therefore, had a different aspect so far as the negotiations were concerned.

Mr. Huntington: The facts do not bear out that answer, Mr. Speaker. Still pertaining to the land assembly problem surrounding the Les Terrasses project, perhaps the parliamentary secretary could explain the $600,000 overpayment to Hydro Quebec, particularly in light of the fact that the National Capital Commission went to the expense of having three independent appraisals made proving its worth below $1,700,000.

Mr. Maine: Mr. Speaker, I do not agree with the statement made by the hon. gentleman, but I will certainly consult with the departmental officials and get back to him at a later date.

• (1112)

Mr. Huntington: Mr. Speaker, I direct my question to the acting minister, whoever that may be. If the facts surrounding Les Terrasses de la Chaudière project are as tidy as the Minister of Public Works would have us believe, can the minister give us a believable explanation for the total rejection of the Campeau project by loyal, hardworking public servants involved in both the Department of Public Works and the National Capital Commission who were overruled by ministers acting politically?

Mr. Speaker: Order, please. The hon. member for Grenville-Carleton.

Oral Questions

LES TERRASSES DE LA CHAUDIÈRE PROJECT, HULL, QUEBEC—METHOD OF CALLING FOR TENDERS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the Prime Minister having to do with this matter. As well, it deals with statements which were made outside the House by the Minister of Public Works some time ago expressing misgivings about how this project went forward without tender and without the usual competitive aspect which should prevail. The Minister of Public Works said publicly that if he had been in charge, that kind of thing would not have occurred.

Given that set of circumstances, the fact that this project, which was worth, initially, $160 million, will eventually cost the Canadian public $600 million, and in view of the allegations which have been made by Mr. Fullerton—who is not known for an idle tongue—would the Prime Minister inform us whether he has had this matter under investigation? Can he assure the House that projects of this proportion are not cleared politically with certain ministers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the series of allegations made by the hon. member in his question are not all according to the facts. I am sure he would want to have some of his impressions corrected. The Minister of Public Works was in the House yesterday. He will be in the House next week. I will take notice of these questions, and I am sure he will be able to satisfy the hon. member on every aspect.

In so far as allegations are concerned based on what Mr. Fullerton said, I refer the hon. member to a denial made by Senator Marchand in the Senate who has been very incorrectly quoted by Mr. Fullerton. This shows the extent of Mr. Fullerton's ignorance or his lack of memory in this particular matter.

Mr. Baker (Grenville-Carleton): Mr. Speaker, if the Prime Minister had read the report correctly, he would find that Senator Marchand referred to the breaking of the height by-law by Place de Ville in the city of Ottawa. The series of questions which I am directing to him has nothing to do with that: my questions concern Les Terrasses de la Chaudière, which is the matter I am interested in today. We can explore the other aspect next week.

Relating to Les Terrasses de la Chaudière, has the Prime Minister had this matter under investigation? Can he assure the House that projects of this proportion and magnitude are not cleared politically; that this one was not cleared politically and that others are not cleared politically with certain ministers? Can he give us that assurance?

Mr. Trudeau: Mr. Speaker, the confusion is not in my mind; it is in the mind of the hon. member. I just indicated that in his questions concerning Les Terrasses de la Chaudière, he was quoting as his authority no less a person than Mr. Fullerton whom I indicated was proven wrong in his other allegations.

Mr. Baker (Grenville-Carleton): Make sure your minister is in the House on Monday.

Mr. Trudeau: Make sure your leader is here.

[Mr. Speaker.]

POST OFFICE

NEGOTIATIONS WITH UNION TO AVOID STRIKE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Prime Minister. In view of the fact that this country is faced with a very real threat of another postal strike, that a lot of tension and the threat arises from the fact that the Post Office Department has put before CUPW and the conciliator the possibility of reopening very sensitive areas of the contract, namely, the technological change clause, casual work and the contracting-out of work, and the seriousness of the situation, is the Prime Minister prepared to intervene and withdraw those proposals which are being put forward now by the Post Office Department over a year after negotiations for a new contract were commenced?

• (1117)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think the hon. member is making a representation on behalf of the union. I will make sure the minister is informed of it.

Mr. Rodriguez: Mr. Speaker, I am not making a representation on behalf of the union; I am making a representation on behalf of the 23 million shareholders of the Post Office Department. Can the Prime Minister give an assurance to this House, instead of participating with the Postmaster General in trying to provoke a strike?

Will the Prime Minister take his responsibility as leader of the government and of this country, remove these clauses and let the Post Office, Treasury Board and the union get on with negotiating a proper contract, instead of dragging in all these red-herrings to force a strike on the Canadian people?

Mr. Trudeau: Mr. Speaker, the hon. member seems to be the one who is excited and is drawing in red-herrings. He talks about a strike. We know of no imminent strike in the Post Office. Perhaps the hon. member could save his excitement until a little later; the minister will be back very soon.

Mr. Rodriguez: Mr. Speaker, in view of the fact that this member, myself, is not the one who is provoking a strike, but it is the Postmaster General himself, who is reported in the press as having said that it looks like we are heading on the path of a strike, and in view of the fact that this could be extemely serious to the taxpayers of this country—those who use the postal services, including the aged and small businesses—is the Prime Minister prepared to take action now, and not after the fact? Will he please have the Postmaster General withdraw this controversial proposal at this twelfth hour?

Mr. Trudeau: Mr. Speaker, all I am pointing out is that if the hon. member is talking about a strike and alleging this has something to do, perhaps, with a strike in the autumn, if he will keep his cool until Monday, the minister will be happy to answer.

[*Translation*]

ENERGY

PUBLICATION OF STUDY ON LIQUID FUEL EXTRACTED FROM RENEWABLE RESOURCES IN QUEBEC

Mr. Gérard Laprise (Abitibi): Mr. Speaker, since my question concerns several government departments, I shall put it to the right hon. Prime Minister.

A feasibility study has been conducted recently on liquid fuel extracted from renewable resources. Considering that some regions of our country are faced with a shortage of gas and oil resources and that this report seems to indicate that alternative supplies could be secured through processing certain materials into petroliferous fuel, would the Prime Minister tell the House if his government has been requested to take a closer look at this report and if it intends to implement the necessary policy to carry out the conclusions of that study which might yield an interesting solution to the problems that Canada is likely to face in a few years?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I thank the hon. member for Abitibi for directing the attention of the House to that report. The Minister of Energy, Mines and Resources has already referred to it but I can assure the hon. member that the report is under consideration and that the government, which has already announced several measures in the field of renewable resources, is as much interested as the hon. member in pursuing that line of thought.

POSSIBILITY OF PROCESSING CERTAIN ENERGY PRODUCTS IN EASTERN CANADA

Mr. Gérard Laprise (Abitibi): Mr. Speaker, as this report was prepared by a Winnipeg firm and seems to have dealt almost exclusively with such possibilities in western Canada, would the right hon. Prime Minister be willing to suggest to the Minister of Energy, Mines and Resources that a similar study be made on the possibilities in eastern Canada for converting various matters into sources of energy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it has already been done. The minister did it on a far broader scale. For instance, with regard to the region the hon. member represents, we have encouraged research in the use of forest by-products as a possible source of renewable energy.

OPERATION OF OIL WELLS IN QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my supplementary is also directed to the right hon. Prime Minister in the absence of the Minister of Energy, Mines and Resources. In view of the fact that, in the province of Quebec, and more specifically in the Lotbinière riding, an oil company did some exploration the results of which are very positive—oil has been proven to exist there—and the fact that the Quebec government seems to think that the construction of a pipeline from St. Flavien, in the Lotbinière riding, to Quebec City would be too costly compared with possible supplies outside the province, would the Prime Minister be willing to recommend to his minister that a special study be made on the cost of tapping those oil wells in the province of Quebec as compared with the cost of obtaining supplies from other parts of Canada or foreign countries?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would be glad to draw the attention of the minister to the matter and I am convinced he will take up the matter at least to the extent of giving the hon. member a reply.

* * *

● (1122)

[*English*]

TOURISM

STEPS TO COUNTERACT ADVERSE PUBLICITY IN U.S. RESPECTING SPORT FISHING IN CANADA

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I would like to direct a question to the Minister of Industry, Trade and Commerce whose department is responsible for the promotion of tourism in this country. As the minister is well aware, tourist operators and the tourist industry as a whole are very worried about the fish war which is still in progress. We are all aware that the Secretary of State for External Affairs and the Minister of Fisheries and the Environment have categorically stated that sport fishermen are welcome in Canada.

I am wondering if the minister, through his departmental officials, is getting that message across to our neighbours in the south, telling them that they are welcome here, because I have had information to the effect that United States Customs and Immigration officials have been spreading rumours that boats will be confiscated if they come across the border. I would appreciate the minister's comments on this matter.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we, too, have heard those rumours and we are attempting to track them down. We are also notifying our agents in the United States that we do not intend to take action against American sport fishermen in Canada. They are welcome to bring their boats, fishing reels and rods. We wish them all the luck in the world and hope all their catches will be big.

Mr. Darling: Mr. Speaker, I appreciate what the minister has stated, that he is passing on this information. But my point is that I think we should be spending some money to get that message across in the media—in the newspapers, on radio and television. If money is spent in that way, it will certainly come back tenfold. Will the minister tell me what they intend to do on that basis?

Mr. Horner: Mr. Speaker, we are advertising tourism in 56 major populated areas of the United States in order to get Americans to come to Canada. In that advertising package we will enhance the idea that sport fishermen are still welcome to do their fishing in Canada and to bring their boats. We will add that, I suppose, to what we are already doing.

* * *

INTERNATIONAL YEAR OF THE CHILD

CANADA'S PARTICIPATION IN PROGRAM

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the minister for external affairs and the Minister of National Health and Welfare, I would like to direct my question to the Prime Minister. It is a very important one of which I am sure he is aware.

In 1959, Canada voted for and was a signatory to the United Nations Declaration of the Rights of Children. To mark the twentieth anniversary of that declaration, the UN has declared 1979 as the International Year of the Child. I ask the Prime Minister, in light of the fact that a meeting is being held in Ottawa today by private groups which are fulfilling the leadership role in this area which has unfortunately been abdicated by the federal government, why the Government of Canada has not acted to set up a national committee to mark the International Year of the Child and make plans for it, as have 70 other countries.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, for a more detailed answer I am sure the Minister of National Health and Welfare will be in the House next week. I want to tell the hon. member that, far from being inactive, the government has taken many actions within its various departments to ensure that we live up to not only the letter but to the spirit of the International Year of the Child.

Of course, we also encourage the private sector to do the same thing and that is what is happening in Ottawa. People on the other side of this House are generally not too anxious to see the government set up new committees in every area and to create new areas of expenditure. That is why the government is doing its share. But it also expects the private sector and the voluntary organizations to do their share.

● (1127)

Mr. McGrath: Mr. Speaker, no one would expect the Government of Canada to exercise any degree of restraint in this very important area. The Prime Minister has confirmed what we already know, that the government has set aside a very modest budget for this very important year.

I should like to ask the Prime Minister if he can give the House an undertaking that the Minister of National Health and Welfare, or the Secretary of State for External Affairs, will make a statement to the House, before the adjournment, about the government's intentions with respect to marking the International Year of the Child.

[Mr. Darling.]

Mr. Trudeau: Mr. Speaker, I am sure those ministers will be happy to answer questions. As far as having a modest budget is concerned, of course we have a modest budget. I do not think the hon. member would expect us to have an immodest one. They are always preaching cuts in expenditure, and we are being modest in our expenditure.

* * *

ABORTION

REQUEST FOR REVIEW OF ABORTION LAWS

Mr. Jake Epp (Provencher): Mr. Speaker, I have a supplementary question for the Prime Minister. In view of the fact that 1979 will be the International Year of the Child, and the government's policy respecting that program, will the Prime Minister review Canada's abortion laws so that children will be given the greatest gift of all, namely, the gift of life?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is not for the government to give the gift of life to children: that is done by God and by the parents.

Mr. Epp: Mr. Speaker, this is a serious subject and I do not want to respond to the Prime Minister in kind. We realize that, but this is a serious topic. The fact is that under our present law, 60,000 children are losing their lives by reason of the system now being established through abortion committees.

Will the government review its abortion system, whereby the spirit of the law that was changed will again come into effect, rather than the situation that obtains at present in some of our hospitals which have become abortion clinics?

Mr. Trudeau: Mr. Speaker, more than a year ago, we set up a committee to report on that very subject. The essence of it is that although the federal government would like to see those laws applied in an even-handed way in every province, as the hon. member knows, the criminal law is administered by the provinces, so prosecutions under and enforcement of the law is up to them. Perhaps the hon. member could talk to his premier and suggest that the spirit of the law be observed.

* * *

CONFLICT OF INTEREST

CONSULTATION WITH MR. TERON ON HIS EXTENDED LEAVE OF ABSENCE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Prime Minister. It concerns a subject I have discussed with him on a number of occasions, namely, the possible conflict of interest of one of his senior public servants, Mr. William Teron.

At this time when the government is going in an entirely new direction in respect of housing, Mr. Teron is taking four months leave of absence to shore-up what he calls his ebbing

private fortunes both in Canada and in the United States. Has the Prime Minister consulted Mr. Teron about this latest exploit?

Right Hon. P. E. Trudeau (Prime Minister): Not directly Mr. Teron, Mr. Speaker, but I have been informed of the dispositions he intends to take during his leave of absence. I think the government should congratulate itself upon being able to keep men of this high standard and calibre in the service of the government, rather than having them return to the private sector where they could make a hell of a lot more money.

Mr. Oberle: A supplementary question, Mr. Speaker. According to an article in the *Globe and Mail* of yesterday, Mr. Teron said that he has been advised by friends, or consulted by friends—and the Prime Minister is one of his personal friends—who are telling him that he must be "an idealist or a fool" to continue what he is doing. Which of these two attributes does the Prime Minister ascribe to Mr. Teron, and which of them is best suited to Mr. Teron carrying on his portfolio?

Mr. Trudeau: Mr. Speaker, I am a friend of Mr. Teron, but I can assure the hon. member that he did not consult me on this matter. As far as the hon. member is concerned, he is not a friend. If I were to ask myself if he was an idealist or a fool, I would be using one word too many; I know which he is.

* * *

AIR TRANSPORT

LIABILITY TO DEPENDANTS OF DECEASED IN CRASH AT CRANBROOK, B.C.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I should like to direct a question to the Minister of Transport. The Vancouver *Province* of last Wednesday quoted the minister as saying that it was impossible for the federal government to join in a pool which would expedite early payment to dependants of the deceased in the very tragic Cranbrook crash of a few months ago. Can the minister tell the House what the difficulty is, and why his ministry felt it could not take part in that pool?

● (1132)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the difficulty is the legal one of not being in a position to pay money in these circumstances, as distinct from circumstances of established liability.

Mr. Fraser: Mr. Speaker, as I understand the situation, the first step would be to establish a pool and then to determine the liability of all those entering into the pool. Is the difficulty within federal statutes, or does the difficulty to which the minister alludes lie in the framing of a provincial statute?

Mr. Lang: Mr. Speaker, I had reference to the federal position, the federal law and lack of authority to pay such money in the circumstances. I have made it clear that we are quite prepared to involve ourselves in a negotiating team in an attempt to resolve the issues of liability and damages as quickly and as effectively as possible. But the advice I have been given is that we could not pay over money in the circumstances which were outlined to us.

Mr. Fraser: Mr. Speaker, can the minister tell the House whether the difficulty is in existing federal legislation or does it refer to the regulations? I ask that question seriously, because if it is the regulations, under the circumstances the minister has the right and power to make adjustments to them to suit this case. If it is in federal legislation, even that could be changed, given the seriousness of this particular incident.

Mr. Lang: Mr. Speaker, I am sure that if there were a simple change open to me to allow this to happen, it would have been drawn to my attention. The advice is that there is lack of legal authority to make a payment which would require some form of legislative action. I am not sure that the legislative solution would be so simple as to be accomplished in the time we may have available.

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[*Translation*]

FISHERIES

GOVERNMENT SUBSIDY OF TWO CENTS PER POUND FOR GROUNDFISH

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): My question is directed to the Minister of Fisheries and the Environment, but in his absence, I will put it to his parliamentary secretary. Could he tell the House whether the Department of Fisheries has decided to abandon the excellent policy it had put forward a few years ago to guarantee a reasonable income to fishermen in difficulty, and which provided for a two cents a pound subsidy for groundfish? If so, would the minister be prepared to reconsider his decision, at least until that resource has come back to normal?

[*English*]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the minister is aware of the request for a subsidy for groundfish. I understand an announcement will be made shortly regarding such subsidy, and I trust the hon. member will be patient until it is made.

* * *

VETERANS AFFAIRS

REQUEST INCREASE IN DISABILITY PENSION NOT BE TREATED AS INCOME

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Minister of Veterans Affairs; it

relates to a matter we discussed at a recent meeting of the Standing Committee on Veterans Affairs. Of course, at that time he was only able to take my question as notice.

In view of the fact that a veteran on a small disability pension who is also in receipt of war veteran's allowance will have his war veteran's allowance reduced by the amount of the increase in the disability pension because of the operation of the income test as it applies to the war veteran's allowance, has the minister found a way by which the War Veterans Allowance Board can treat as exempt income the increase in the disability pension which is to take place on July 1, so that all veterans who are receiving disability pensions can get the benefit of that increase and not have it given with one hand and taken away with the other?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, the act does provide for the exemptions of certain types of income. Each of these exemptions has been granted for a specific reason. To extend these exemptions to include the recent pension increases would be a contradiction of the philosophy underlying the allowance and would result in inequitable treatment of allowance recipients. After careful examination of the factors involved, I am not prepared to consider recommending that the exemptions be extended to include other payments under the Pension Act.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that on previous occasions when the minister has taken a negative stand, he has been persuaded to reconsider the matter and has done so successfully, may I ask if he will even yet reconsider this matter?

Would he also look at the position of widows who are in receipt of an allowance under the War Veterans Allowance Act to see if there is not some way in which they, too, can get the benefit of the increase which they would be getting if they were receiving a payment under the Pension Act?

Mr. MacDonald (Cardigan): Yes, Mr. Speaker, we have those things under consideration. I might add at this time, for the information of the House, that in respect of recipients of war veterans allowances there is a study under way which is quite comprehensive and which will not be available to my department for some time, probably a number of months. Something may be revealed by this study which will bring these things to light.

* * *

FINANCE

DEFICIT IN TOURISM ACCOUNT

Mr. Sinclair Stevens (York-Simcoe): In the absence of various ministers, Mr. Speaker, and as my question overlaps several departments, I would address it to the Prime Minister. In view of Statistics Canada's quarterly figures released yesterday which show a deterioration in the seasonally adjusted travel account in Canada, to use their terminology, which has risen by one-third to a current deficit of $471 million, would the Prime Minister indicate if he intends to take any steps to co-ordinate the activities of his departments to ensure that this tourism deficit will somehow be corrected in the near future?

Second, has the right hon. gentleman any plans to co-ordinate a federal-provincial approach to try to get a better handle on our tourism and travel deficit?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter was discussed at some length at the February conference of first ministers. It was referred to in a communiqué, which I commend to the hon. member's attention. Since then, the Minister of Industry, Trade and Commerce has been working at the federal level and the provinces have been taking various steps to attempt to ensure that the tourism deficit in Canada will be reduced. In due course, the Minister of Industry, Trade and Commerce will make the announcements.

Mr. Stevens: My supplementary question is to the Prime Minister. As Statistics Canada's quarterly figures also reveal that the interest on dividend outflow has now hit the staggering figure of $939 million in that one quarter—almost double the level in a comparable quarter two years ago—is the Prime Minister aware, first of all, of this deficit in our interest and dividend payments and, second, to what extent will the new government borrowing of foreign funds contribute in future months and years to an increasing deficit in our interest and dividend account?

Mr. Trudeau: Mr. Speaker, I should have thought the hon. member would have known for a long time that Canada has a deficit on interest and dividends and that this has been germane to Canada's economy for several decades. The fact that he is quoting a particular figure causes me to think that it is probably because the companies operating in Canada, both domestic and foreign, are making higher profits now than they were a couple of years ago. Perhaps they were paying small dividends then and are now paying higher ones.

* * *

AGRICULTURE

REQUESTED INCREASED MILK QUOTAS FOR ONTARIO CHEESE MANUFACTURERS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Prime Minister, in the absence of the Minister of Agriculture. It pertains to Ontario cheese manufacturers "who at the present time", to quote the Prime Minister, "are making a hell of a lot less money"—

An hon. Member: Order.

Mr. Alkenbrack: Following the recent meeting between the Minister of Agriculture and the Ontario minister of agriculture, has a solution been reached to provide increased milk quotas to Ontario Cheddar cheese manufacturers who are

experiencing a serious shortage of milk in their efforts to supply markets waiting for cheese?

● (1142)

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I will take that question as notice.

* * *

TRADE

PARTICIPATION IN INTERNATIONAL AIR SHOW—BENEFITS RESULTING THEREFROM

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I wish to direct a question to the Minister of Industry, Trade and Commerce. Each year, the Abbotsford Air Show Society sponsors an aerospace symposium in Vancouver and the international air show at Abbotsford. Attendance runs in the neighbourhood of 135,000 to 150,000 for the three-day show. Boeing Aircraft and Lockheed participate very willingly in the show.

Will the minister make representations to de Havilland Aircraft alerting them to the possibility of commercial and publicity benefits to Canada as well as to international trade? At the present time, de Havilland has refused to co-operate in plans for the international air show.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I will bring the hon. member's representation to the attention of management and the board of directors of de Havilland and see whether we can convince them to take part in the Abbotsford air show.

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CONSUMER AFFAIRS

REASON FOR BEEF PRICE INCREASES

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs. Notwithstanding the inevitable and, I believe, justified increase in beef prices and the need for a more stable meat market, the increases seem excessive at the retail level.

Is the minister monitoring this sector to see whether the increases are in excess of what is justified by farm price increases? Is there any evidence that the sharp rise in prices is also related to the disappearance of controls on the processing and retail side of the industry?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): As I answered in the House a few days ago, we are monitoring this situation. We are very concerned about it. I intend to have further discussions with other ministers and officials shortly.

[*Translation*]

THE CANADIAN CONSTITUTION

INQUIRY WHETHER DOCUMENT CONTAINING PROPOSALS FOR CHANGE HAS BEEN PREPARED

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is for the right hon. Prime Minister.

This morning a daily newspaper reports that the Prime Minister is ready to give Canada a new constitution in 1981. According to an original document, on the basis of reliable sources, it is a 400-page document which has been discussed by the cabinet and is entitled: A Time for Action. Could the Prime Minister tell the House whether this document has been drafted and completed and whether it represents the constitutional proposals? What information could the Prime Minister give us on the veracity of such a document?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not read about the document in the newspapers mentioned by the hon. member, but I announced yesterday and several times in the House and at press conferences that the government would in fact table in the House some proposals on national unity and the constitution before the end of the session. So the hon. member may expect such tablings in the course of next week.

Mr. La Salle: Mr. Speaker, I have a supplementary.

Considering that this document will certainly be of interest to the Canadian people, will it be made available for public consideration or will it be made available only to cabinet ministers or to government members?

Mr. Trudeau: Mr. Speaker, the document will have the widest distribution possible.

[*English*]

ALLEGED LEAK OF SECRET DOCUMENT

Mr. G. W. Baldwin (Peace River): Is the Prime Minister in a position to indicate to the House whether this leak was inadvertent, or was it a deliberate leak? If so, has he consulted the Minister of Justice about taking proceedings under the Official Secrets Act?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it was inadvertent as far as the government is concerned. I would not be surprised if the other side deliberately leaked some secret documents; they often do.

Oral Questions

AUTOMOBILE INSURANCE

CONSULTATIONS WITH QUEBEC AND SUPERINTENDENT OF INSURANCE ON QUEBEC SCHEME

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Prime Minister. There are press reports concerning the new Quebec auto insurance scheme that became effective March 1, 1978. My understanding is that there is now a combined public and private insurance coverage which provides minimum protection for Quebec residents anywhere in the world, but there is no reciprocal arrangement for other Canadians or American visitors to Quebec.

As this discriminatory jurisdiction currently affects thousands of Ontario workers who are working in Quebec, and our American visitors, many of whom have had no warning about it, can the Prime Minister tell the House if there have been consultations with the Superintendent of Insurance, and are there active negotiations going on with Quebec officials on this very serious situation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will have to take notice of the question. I know of no consultations having taken place, at least at the federal level. I suppose that in so far as the matter affects residents of Ontario, it would be good for the two provinces to discuss this matter since it is an area of provincial jurisdiction.

* * *

CONFLICT OF INTEREST

LEGISLATION COVERING GUIDELINES

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is for the Prime Minister. In view of the consensus that appears to have developed that Mr. Donald Macdonald, former minister of finance, breached even the guidelines of the Prime Minister with regard to his appointment to the board of directors of McDonnell-Douglas, and the Prime Minister acknowledges that the guidelines have no effect in law and no sanctions attached to them, is it the intention of the Prime Minister to bring forward legislation respecting conflict of interest guidelines for cabinet and former cabinet members which could be studied by this House at an early date?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member talks about consensus. I doubt whether consensus could even develop in his own party on such a simple matter as that. I can tell him that as far we are concerned, the guidelines were tabled in this House 2½ years ago. They were made public after having been sent to the ministers. From my examination of the guidelines, they have not been breached by the former minister of finance. If the hon. member can indicate some aspect of them which in his view has been breached, I will be happy to hear his information.

Mr. Hnatyshyn: It was contained in my speech of yesterday evening. The Prime Minister has been invited by McDonnell-Douglas to go to their plant in Malton on June 24 and 25. If he goes to McDonnell-Douglas, is he planning to visit the plants of their competitors for the $2.3 billion contract which is now being considered by the Government of Canada?

Mr. Trudeau: Mr. Speaker, the hon. member must have some inside information. He probably has friends in McDonnell-Douglas, because I know not of this invitation. I will take the hon. member's question as a representation on behalf of McDonnell-Douglas, Mr. Speaker.

* * *

NATIONAL REVENUE

CORRESPONDENCE RELATING TO RCMP ACCESS TO TAX FILES

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Prime Minister: it arises from an issue raised yesterday at his press conference about which he may be better briefed today. I refer to the correspondence of approximately two years ago between the then minister of national revenue, now Minister of Employment and Immigration, and the then solicitor general, now Minister of Consumer and Corporate Affairs. It relates, as the Prime Minister will know, to the 1972 agreement which permitted access by law enforcement officers to confidential income tax information. The nature of the correspondence indicated that the then minister of national revenue was very concerned about the legality of the agreement and the abuse under which it might have been implemented.

Can the Prime Minister tell us whether it is the position of the government that this correspondence is protected by the doctrine of cabinet secrecy or privilege or, in the alternative, are negotiations now under way among counsel for the various ministers appearing before the McDonald commission and counsel for the commission to permit the commission to examine that correspondence?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member refers to questions asked at a press conference yesterday, to which I was unable to give accurate answers because this whole matter surfaced when I was in New York and Washington a couple of weeks ago. However, since then I have informed myself and my understanding is that the whole of the correspondence is before the McDonald commission. It is in the possession of the McDonald commission. It has not yet been tabled, but the intention of the minister is to appear before the McDonald commission whenever he is asked to appear and to answer questions on this matter. I believe the further questions asked by the hon. member would have to be asked at that time.

• (1152)

Mr. Jarvis: Mr. Speaker, I wonder if the Prime Minister can inform us whether it is the position of counsel representing the various ministers before that commission that that correspondence will be tabled at an in-camera session. Is that now the negotiating position of the lawyers for the ministers, or is

the Prime Minister in a position to tell us that having agreed that the correspondence should be before the commission, the government is willing that it be before the commission at a public hearing?

Mr. Trudeau: Mr. Speaker, the attitude of the government has been that everything it had on the whole subject of the RCMP would be put before the McDonald commission. But many of the subjects inquired into by the commission are either of a security nature or they have to do with secrecy of cabinet, and so forth; that is why the McDonald commission has been given authority to hold certain meetings in camera.

Not having been party to the correspondence and not having looked at it, I cannot state at this time what the arguments will be relating to that particular part of the testimony. It is important to know that it is all before the McDonald commission and that the commission will bring it forth in evidence in the normal course of events. I do not know if the commission will want to do this in camera or in public.

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TRADE

IMPACT OF U.S. ACTION ON BEEF QUOTAS

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, my question is supplementary to one asked earlier by the hon. member for Fort William, who carefully and quite rightly avoided any criticism of farm incomes in his question about beef prices.

My question is directed to the Minister of Industry, Trade and Commerce. I wonder if the minister has yet been able to do a specific analysis of the impact of the recent U.S. action on beef quotas and what impact that action might have upon the Canadian scene. Also, can the minister give us the assurance that no Canadian action will be taken which would impact negatively on the recovering incomes of Canadian beef producers?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, as of June 2 the quota allotments for beef coming into Canada from Australia and New Zealand were 28 per cent behind those of a year ago. About 17 million fewer pounds came into Canada from Australia and New Zealand as of June 2 this year, compared with up to June 2, 1977. Allowing Australia and New Zealand to bring in more meat would not in any way affect today's prices because there is plenty of room in their allotment now for them to bring over more beef.

With regard to beef moving to the United States from Canada, our movement of dressed beef is 21 per cent behind what it was a year ago. As of June 2, about 11 million fewer pounds than last year moved from Canada to the United States. So I do not think the United States allowing us to shift an additional 15 million pounds to the United States will have any real effect on prices in Canada because we have not moved as much beef this year as we did last year. As of June 2, live cattle shipments were up slightly over last year. I suppose that gives the House a picture of beef movements in and out of Canada.

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COMMUNICATIONS

LIQUOR ADVERTISING IN SASKATCHEWAN

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Communications. I am sure the minister is aware that for years the Saskatchewan government has not allowed liquor advertising in the media in that province. A few weeks ago, the Saskatchewan legislature passed legislation extending that law to cable television. The legislature has not yet had a chance to proclaim the legislation, but last week a representative of the CRTC said that if the legislation is proclaimed, the CRTC will have to step in and do something.

I ask the minister whether she can explain what the CRTC means. Also, could she tell us the government's policy? Is the CRTC planning to step in and, if so, what will it do?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, as the hon. member knows, Saskatchewan has traditionally been opposed to alcohol advertising in the media. The law passed in the last few weeks is legislation regarding the provincial liquor act. That is entirely within provincial jurisdiction. However, some of the amendments apply to broadcasting and that, of course, is not within the jurisdiction of the province but is within the jurisdiction of the federal government.

When the CRTC says it will have to step in if the law is proclaimed and implemented, it means exactly that. The federal government is responsible for content, and advertising is content. However, for the hon. member's information, Mr. Romanow has asked to see me and I am supposed to meet with him in the weeks to come.

Mr. Nystrom: Mr. Speaker, I wonder if there is not a contradiction, because it applies now to radio and television advertising in the province, and if it applies to that, why cannot it apply to cable? The Minister of National Health and Welfare has said a number of times that there is a clear policy against promoting the consumption of alcohol in this country. Is there not a contradiction between the policy of the Department of National Health and Welfare and the statement of the CRTC? The statement of the CRTC seems to be promotion of the consumption of alcohol through advertising.

Mrs. Sauvé: No, Mr. Speaker, there is no contradiction. It is true that the CRTC has made adjustments and accommodations for provincial legislation regarding advertising. The CRTC has been able to do that for off-air broadcasting. However, when this would apply in the field of cable we have the problem that cable is the transmission of a foreign signal, and when we are dealing with a foreign signal the same flexibility, obviously, does not exist.

The hon. member will recall that the CRTC called a moratorium because it would imply a deletion of commercials on cable if advertising for alcohol were to be prohibited. So we had a moratorium on the matter of deleting commercials and that is why the situation is very different from off-air broadcasting.

* * *

ABORTION

FUNDING OF ABORTION CLINICS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is to the Prime Minister who, with his usual extraordinary perceptiveness, pointed out that only God and parents can create children. However, abortion clinics take those lives away, some of them on the advice of groups funded by the federal government.

I would like to ask the Prime Minister whether he is willing to re-examine the funding policy instituted by the previous minister of national health and welfare and take away some of the money that has brought about high abortion statistics in this country.

Mr. Speaker: Order, please. The hon. member is continuing another representation. The hon. member for Hamilton West.

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AIR TRANSPORT

FACILITIES FOR HANDICAPPED TRAVELLERS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Transport. I should think he now has at hand a letter from Mr. Al Oakie, executive vice-president of the Hamilton Automobile Club, regarding the treatment of handicapped travellers at Canadian airport terminals. If Your Honour will be very patient and allow me a couple of seconds, I shall read from that letter as follows:

● (1202)

Up until recently, handicapped people travelling in wheelchairs, etc., were assigned an attendant to assist them to the aircraft and off the aircraft. We understand that this has now been changed and such travellers must have a companion to take care of them.

I hope the Minister of Transport can advise us that this is not the policy and that he will ensure such restraint is not practiced on the backs of the handicapped. I hope he can give me the assurance that this is not happening and that it will not happen in the future.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not have that letter at hand but I will certainly be glad to look at it. I think the hon. member will agree that this is really a representation with regard to how airlines should conduct themselves. It would ordinarily be their responsibility to see to the comforts and needs of passengers approaching and boarding aircraft. Therefore, it is in no way a matter for the Department of Transport or government policy but, rather, that of airlines. But I will look into the matter in that way.

I should say to the hon. member that I have received many letters from associations concerned about the handicapped, and they have been very complimentary about the persistent way in which Transport Canada in particular, and this government in general, is providing facilities for handicapped persons in its buildings and in its transportation.

Mr. Alexander: I appreciate the answer given by the minister, but I would like an assurance from him, notwithstanding that he just said this is the role of the airline companies, that he will not tolerate this practice and that it is neither wanted nor acceptable, I think the handicapped want to know that we are not attempting to impose restraint on their backs. Surely the minister can show some sympathy in this regard.

Mr. Lang: Mr. Speaker, I have shown sympathy, indeed, by my emphasis on the fact that wherever we in the government or in my department are involved, we provide essentially for the needs of the handicapped. I demonstrate that in action. What I am not prepared to do is to accept a generalization, or even the allegation the hon. member is making, which presumably he is making on the basis of one letter with regard to one incident and it might apply to one company or more.

Notwithstanding his sympathy for the handicapped, which I share, I think he should have a set of standards which is not simply to indict all companies without first investigating all the facts. I will certainly want to investigate the facts.

Mr. Alexander: This is the case at Canadian air terminals.

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POINT OF ORDER

MR. FRIESEN—QUERY DURING QUESTION PERIOD

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my point of order has to do with your ruling a minute ago with respect to my question. While I respect your ruling, sir, I want to point out to you that my question was materially different from the others that had been raised because it had to do with the funding policies of the federal government, and the others have not raised that issue with regard to abortion clinics. The Minister of State for Federal-Provincial Relations (Mr. Lalonde) was rising to answer my question.

Mr. Speaker: The hon. member misunderstood if he concluded that I set the question aside because it was the same as the ones before. I indicated that he was continuing a representation. The difficulty with the question was that it was essentially a representation that funding in respect of certain groups be withdrawn. I regard that as a representation as opposed to a question. The hon. member may want to think about it and perhaps rephrase the approach to the matter in the form of a question as opposed to a representation.

ROUTINE PROCEEDINGS

[*English*]

DOMINION-PROVINCIAL RELATIONS

TABLING OF CORRESPONDENCE BETWEEN PRIME MINISTER AND PREMIER OF SASKATCHEWAN

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under Standing Order 41(2) I should like to table, in both official languages, an exchange of correspondence between myself and Premier Blakeney concerning the communiqué issued following the recent annual meeting of western premiers in Yorkton, Saskatchewan. I commend its reading to the opposition. It sheds some light.

* * *

EXTERNAL AFFAIRS

AMENDMENT TO CANADA-UNITED STATES AGREEMENT ON NORTHERN NATURAL GAS PIPELINE

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I should like to table copies, in English and French, of the exchange of notes between the Government of Canada and the United States to implement a technical amendment to Annex III of the agreement between the two countries on Principles Applicable to a Northern Natural Gas Pipeline, which was signed in Ottawa on September 20, 1977.

* * *

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of reports sent to the Administrator by the Anti-Inflation Board.

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OLD AGE SECURITY ACT

AMENDMENT TO CHANGE NAME OF STATUTE

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology) moved for leave to introduce Bill C-461, to amend the Old Age Security Act and to amend certain other acts in consequence thereof.

He said: Mr. Speaker, the purpose of this bill is to change the name of the Old Age Security Act to the Social Security Act, thereby striking from the existing act the words "old age", which discriminate against many senior citizens by suggesting that they, at the age of 65, are no longer capable of leading a productive life, and that they are no longer capable of making a valuable contribution to society.

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

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 415, 416, 418, 419, 420, 1,308, 1,314, 1,315 and 1,514.

[*Text*]

MR. VICTOR CHAPMAN

Question No. 415—**Mr. Cossitt:**

1. With reference to the answer to Question No. 2,441 of the Second Session of the 30th Parliament which stated in part that Mr. Victor Chapman received $12,701.90 up until May 11, 1977 acting as Media Co-ordinator for visits to Canada by the Prince of Wales and also by Queen Elizabeth and Prince Philip (a) what was the final figure received by Mr. Chapman now that the visits are concluded (b) what is the name of the highest ranking official who selected Mr. Chapman for the work (c) what are all the reasons that Mr. Chapman was selected (d) were any other persons or firms asked to submit prices to the government for doing the same work and, if so (i) on what date (ii) what were their names (iii) what were the amounts involved?

2. Is Mr. Victor Chapman the same Victor Chapman formerly employed on the staff of the Prime Minister?

Hon. John Roberts (Secretary of State): 1. (a) Fee, $27,000. Travel Expenses, $7,491.18; (b) The director of operations in consultation with the assistant under secretary of state and the federal coordinator for royal visits 1977. (c) Knowledge of and experience with the media. Arranging media requirements for many previous events in Canada such as First Ministers Conference (Commonwealth Conference), heads of governments meeting and many visits to Canada of heads of governments. Previous work as a press advisor to the Prime Minister. (d) No.

2. See reply to question No. 2,441 answered October 17, 1977.

Question No. 416—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,441 of the Second Session of the 30th Parliament which stated that certain specific sums of money were received by Intertask Limited and/or Vic Chapman for certain services, is the government aware that a press statement was issued by Mr. Paul Akehurst of Intertask Limited stating that no such money was received and, if so, how does the government explain this discrepancy?

2. Is Paul Akehurst of Intertask Limited a former employee of the staff of the Prime Minister's office?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. See reply to question No. 2,441 tabled October 17, 1977. Also see Beauchesne's Parliamentary Rules and Forms, fourth edition, citation 171(e) and (t).

2. No.

Order Paper Questions

Question No. 418—**Mr. Cossitt:**

1. With reference to the answer to Question No. 2,441 of the Second Session of the 30th Parliament which stated in part that Mr. Victor Chapman and/or Intertask Limited received $18,000 from the Department of External Affairs, Public Affairs Bureau for services rendered in co-ordination of a film project (a) what is the name of the highest ranking official who selected Mr. Chapman and/or Intertask Limited for the work (b) what are all the reasons that Mr. Chapman and/or Intertask Limited was selected (c) were any other persons or firms asked to submit prices to the government for doing this same work and, if so (i) on what date (ii) what were their names (iii) what were the amounts involved?

2. Is Mr. Victor Chapman the same Victor Chapman formerly employed on the staff of the Prime Minister?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. (a) The decision to hire Intertask Limited first for a feasibility study which eventually led to a second $18,000 co-ordination contract was made by an ad hoc committee chaired by the director of academic relations division and the second contract was approved by an assistant under-secretary of state for the Department of External Affairs. (b) Intertask Limited was chosen because of the expertise of one of its employees, Miss Ann Acland, the prospectus which accompanied its bid and by virtue of its bid on the first feasibility contract being 21 per cent less than its competitor. Because of its satisfactory feasibility study, Intertask was then given a further contract of $18,000 (referred to in (a) above) to co-ordinate the principals in the production of the film-video-tape series. (c) When bids were being solicited for the feasibility study, it was understood that the successful bidder would also be asked to co-ordinate the project if its work and prospectus were satisfactory to the Department of External Affairs. In so far as the first contract for $6,000 was concerned the answer is: (i) January 21, 1977; (ii) Innovacom (other solicited organizations were unable to provide the service required); (iii) $8,875.

2. See reply to question No. 2,441 answered October 17, 1977.

Question No. 419—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,441 of the Second Session of the 30th Parliament which stated in part that Mr. Victor Chapman and/or Intertask Limited received $17,875 from the Department of External Affairs for services rendered towards the NATO Ministerial Meeting Task Force on June 18 and 19, 1974 (a) what is the name of the highest ranking official who selected Mr. Chapman and/or Intertask Limited for the work (b) what are all the reasons that Mr. Chapman and/or Intertask Limited was selected (c) were any other persons or firms asked to submit prices to the government for doing this same work and, if so (i) on what date (ii) what were their names (iii) what were the amounts involved?

2. Is Mr. Victor Chapman the same Victor Chapman formerly employed on the staff of the Prime Minister?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. (a) The decision to hire Intertask Limited was made by an ad hoc committee chaired by the chief of protocol. The decision was approved by the under-secretary of state for the Department of External Affairs and by the minister. The contract was then submitted to Treasury Board for approval in the normal way. (b) Intertask Limited was selected because it was known to have expertise and experience in this area and it was available immediately. (c) Other firms were not asked to submit tenders because of the shortness of time between Canada's agreement to host the NATO ministerial meeting and the date on which it was held. Canada agreed to host this meeting only two months before it was held and was obliged to compress into that short time all the preparations that normally are made over a six-month span. (The Treasury Board regulation which covered situations of this nature in 1974, was section 14 of the Treasury Board Regulations PC 1964-1467. It states: "Before a service contract is entered into the contracting authority shall invite tenders except in such cases or classes of cases as the contracting authority considers the invitation of tenders not to be in the public interest").

2. See reply to question No. 2,441 answered October 17, 1977.

Question No. 420—**Mr. Cossitt:**

1. With reference to the answer to question No. 2,441 of the Second Session of the 30th Parliament which stated in part that Mr. Victor Chapman and/or Intertask Limited received $88,000 from the Department of Supply and Services for services rendered towards the United Nations Habitat Conference held in Vancouver, British Columbia from May 31 to June 11, 1976 (a) what is the name of the highest ranking official who selected Mr. Chapman and/or Intertask Limited for the work (b) what are all the reasons that Mr. Chapman and/or Intertask Limited was selected (c) were any other persons or firms asked to submit prices to the government for doing this same work and, if so (i) on what date (ii) what were their names (iii) what were the amounts involved?

2. Is Mr. Victor Chapman the same Victor Chapman formerly employed on the staff of the Prime Minister?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) the director, professional and special services centre, Department of Supply and Services. (b) This firm was recommended by the customer department. Intertask Limited has established an excellent standard of performance in providing identical services for previous conferences. A survey of other firms who provide the services established that none of the firms had previous experience with conferences of the same magnitude. As a result, Intertask Limited was the only firm invited to bid. (c) No.

2. See reply to question No. 2,441 answered October 17, 1977.

MURDERS—POLICEMEN, PRISON GUARDS OR DIRECTORS

Question No. 1,308—**Mr. Lambert (Bellechasse):**

1. Between 1965 and 1970, were any policemen, prison guards or prison directors murdered in Canada and, if so (a) how many (b) in each case, what was (i) his/her name and address (ii) the date and location of the murder?

2. Has anyone been found guilty of such crimes and, if so, what are their names?

3. Have there been any (a) hangings (b) remissions through a Cabinet Order and, if so (i) how many cases (ii) what were the cases?

Hon. J.-J. Blais (Solicitor General): 1. Yes. (a) Five members of the Royal Canadian Mounted Police but no prison guards or prison directors. (b) (i) Name-Address: Constable N. M. Bruce, RCMP Detachment, Kelowna, B.C.; (ii) Date-Location: April 10, 1965, Westbank, Kelowna, Detachment Area, B.C. (i) Name-Address: Constable G. D. Pearson, RCMP Detachment, Edmonton, Alberta; (ii) Date-Location:

November 22, 1966, Winterburn, Alberta. (i) Name-Address: Corporal D. A. Harvey, RCMP Detachment, Grande Prairie, Alberta; (ii) Date-Location: June 23, 1967, Grande Prairie, Alberta. (i) Name-Address: Sergeant R. J. Schrader, RCMP Detachment, Prince Albert, Saskatchewan; (ii) Date-Location: October 9, 1970, MacDowell District Saskatchewan. (i) Name-Address: Constable D. B. Anson, RCMP Detachment, Prince Albert, Saskatchewan; (ii) Date-Location: October 9, 1970, MacDowell District, Saskatchewan.

2. Charles Wilford Hill was found guilty of the murder of Constable G. D. Pearson. Leonard Otto Borg was found guilty of the murder of Corporal D. A. Harvey.

NOTE: With reference to parts 1 and 2 above, the Ministry of the Solicitor General is only able to supply details on the murders of RCMP members and federal custodial staff. For further information, your attention is directed to page 121 of the statistical handbook—Selected Aspects of Criminal Justice tabled in the House of Commons on March 19, 1976—Sessional Paper No. 301-7/48C.

3. (a) No. (b) Yes. (i) 39 cases. (ii) Joseph Angus McDonald; Thomas Louis Wolfson; Normand Laterreur; Lawrence Herman Haase; John Charles Byrnes; Melvin Peter Young; Joseph Celvis Marche; Joseph Antonio Leopold Dion; Joseph Philias Oscar Letourneau; Matthew Kerry Smith; Reginald John Colpitts; Lloyd Dennis Lyding; Roger Allan Fulton; Claude Levasseur; Henri Boivin; Rene Emile Castellani; Ovila Boulet; François Schirm; Clifford Wickett Lurvey; Michael Gregory Kuzyk; Frederick Myron Turner; Roger Poirier; William Tamas; Roger Chevalier; Robert Collin; Marcel Bernier; Claude Martin; Jean-Jacques Gladu; Roland Poirier; Jacques Poirier; Roger Demers; Douglas Brown; Douglas Joseph Booth; Jean-Jacques Boivin; David Albert Deleon; Herbert Mathew Myers; Harold Arthur Ortt; Edmond Guenette; Leonard Otto Borg.

Question No. 1,314—**Mr. Lambert (Bellechasse):**

Between 1970 and 1975, were any policemen, prison guards or prison directors murdered and, if so (a) how many (b) in each case, what was (i) his/her name and address (ii) the date and location of the murder?

Hon. J.-J. Blais (Solicitor General): Canadian Penitentiary Service and National Parole Service. Yes. (a) Canadian Penitentiary Service Officers, 3. Canadian Penitentiary Service Institutional Directors, Nil. (b) (i) Name: S. Green, (ii) Date-Location: July 22, 1974, Stony Mountain Institution, Manitoba. (i) Name: G. L. Nadeau, (ii) Date-Location: April 8, 1975, Cowansville Institution, Quebec. (i) Name: P. Gosselin, (ii) Date-Location: June 27, 1975, Queen Mary Veterans Hospital, Montreal.

NOTE: It is not the policy of the Canadian Penitentiary Service to reveal the address of its employees.

Royal Canadian Mounted Police: Yes. (a) two members of the Royal Canadian Mounted Police. (b) (i) Name-Address: Constable H. S. Seigel, RCMP Detachment, St. Pierre, Manitoba; (ii) Date-Location: September 26, 1971, Île des Chênes, Manitoba. (i) Name-Address: Constable R. E. Pierlet, RCMP Detachment, Surrey, B.C. (ii) Date-Location: March 29, 1974, Cloverdale, B.C.

NOTE: The Ministry of the Solicitor General is only able to supply details on the murders of RCMP members and federal custodial staff. For further information, your attention is directed to page 121 of the Statistical Handbook—Selected Aspects of Criminal Justice tabled in the House of Commons on March 19, 1976—Sessional Paper No. 301-7/48C.

Question No. 1,315—**Mr. Lambert (Bellechasse):**

In (a) 1975 (b) 1976 (c) 1977 (d) January 1978 (e) February 1978, were any policemen, prison guards or prison directors murdered and, if so, how many and what was his/her name and address in each case?

Hon. J.-J. Blais (Solicitor General): Canadian Penitentiary Service and National Parole Service: (a) Yes—2 Canadian Penitentiary Service officers; G. L. Nadeau (Instructor); P. Gosselin (CX Officer). (b) No. (c) No. (d) No. (e) Yes—1 Canadian Penitentiary Service Institutional Director. M. Roy.

NOTE: It is not the policy of the Canadian Penitentiary Service to reveal the address of its employees.

Royal Canadian Mounted Police: (a) No. (b) No. (c) No. (d) Yes—2 members of the Royal Canadian Mounted Police. Corporal B. W. Lidstone, RCMP Detachment, Fredericton, New Brunswick; Constable P. J. Brophy, RCMP Detachment, Fredericton, New Brunswick. (e) Yes—1 member of the Royal Canadian Mounted Police. Constable Dennis Onofrey, RCMP Detachment, Virden, Manitoba.

NOTE: The Ministry of the Solicitor General is only able to supply details on the murders of RCMP members and federal custodial staff. For further information, your attention is directed to page 121 of the Statistical Handbook—Selected Aspects of Criminal Justice tabled in the House of Commons on March 19, 1976—Sessional Paper No. 301-7/48C.

BAY BRIDGE—HIGHWAY 14, (ONTARIO)

Question No. 1,514—**Mr. Mazankowski:**

1. How many ships passed under the Bay Bridge at Highway 14 (Ontario) during the shipping season, May to October 1977?

2. What is the breakdown (a) eastbound (b) westbound?

3. What is the information for the past two years?

Hon. Otto E. Lang (Minister of Transport): The swing Bay Bridge at Highway 14 is owned and operated by the government of the province of Ontario, therefore provision of information concerning the operation of this bridge is not the responsibility of the Government of Canada.

[*Translation*]

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

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall the remaining questions stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—SUGGESTED LIMITATION ON SCOPE OF OFFICIAL SECRETS ACT

Mr. G. W. Baldwin (Peace River) moved:

That this House notes with concern the secret trial to Alexander Peter Treu and the harassment of the Toronto *Sun* and its editor, Peter Worthington, under the provisions of the Official Secrets Act, and urges the establishment of a special committee of this House to recommend such changes in the Act as will limit its scope to matters directly related to national security and defence.

Mr. Speaker: Hon. members will note that the proceedings on this motion shall expire at the ordinary hour of adjournment later this day, in accordance with the terms of section 11 of Standing Order 58.

Mr. Baldwin: Mr. Speaker, I rise first on a point of order before time starts ticking against me. Certain documents were tabled yesterday by the Parliamentary Secretary to the Minister of Justice (Mr. Young) and in tabling them he said, as reported at page 6189 of *Hansard*:

I would add, Mr. Speaker, that I am tabling the remarks at sentence in French only as we have no authority to produce an official translation of such court documents.

My office telephoned the office of the judge, and I spoke to the people there who said that so far as they were concerned that is a lot of nonsense and they have no objection at all to the documents being translated into English. After preliminary examination of these documents—it is the first time I have had a chance to pull back the curtain and have a look at what lies beneath—I think it is very important that these documents should be made available. It may well be that the House might agree at this time that the remarks of the trial judge with respect to the sentencing be appended to *Hansard*. They would then be available in both French and English for all people who are interested, and I commend them as very important reading to all members of the House.

Mr. Speaker: I would presume that any reluctance on the part of the government to do the translation was not related to a lack of permission but rather to an unwillingness to accept the responsibility for the translation of a document which might come under contest. I notice that the Parliamentary Secretary to the Minister of Justice (Mr. Young) is prepared to respond.

I have no objection to accepting the document on behalf of the House in any way that would facilitate its translation in our area of responsibility. We do it as a matter of regular course with those documents that are filed and are either referred to in debate in such a way as to require translation or, alternatively, are appended to *Hansard* so that they require translation. I think that should be done, unless the Department of Justice will proceed with the translation.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I think you have touched exactly on the point I would have mentioned. I do not think there is any objection on the part of the Minister of Justice (Mr. Basford) either to translating the document or having members of the opposition translate the words that I tabled yesterday, from French to English. The hon. member for Peace River (Mr. Baldwin) has mentioned a phone call and told us of the response that there was no objection to the translation.

I would point out that this is an entirely different issue from whether I or the Minister of Justice could have provided the House with an "official" translation. I do not think we could have done that. It was our belief that we could not specifically provide an official translation of the remarks by the court. We could do a translation and hon. members opposite could do one, but whether that would be accepted as "official" on the part of court officials is, I think, a completely different matter.

Mr. Baldwin: Would the parliamentary secretary then give consent to having the document which was tabled by him yesterday appended to today's *Hansard?* That would leave very simply the question of translation where it belongs, with the House. I would be as willing to accept the translation of the House as I would that of the Department of Justice.

Mr. Young: Mr. Speaker I have no objection to the document being appended to *Hansard* (and thereby translated.)

• (1212)

Mr. Speaker: The House is agreed. Then we will order that the document shall be appended to today's *Hansard,* in which case we can commence at once on the translation of it. There are parts of the document which should be given priorized treatment. Perhaps that can be related to further comment. In any case, we will agree and so order that the documents tabled by the Minister of Justice (Mr. Basford) yesterday, in respect of the Alexander Peter Treu case, be appended to today's *Hansard.* The result of that will be that we will commence translation at once.

Some hon. Members: Agreed.

[*Editor's Note: For text of document above referred to, see Appendix.*]

Mr. Baldwin: Mr. Speaker, I should like to indicate at once that I am glad we have been provided with the opportunity for this debate today. While I may have lost a skirmish yesterday,

we in the House get used to losing skirmishes from time to time. Because of Your Honour's remarks yesterday, perhaps the net result will be the provision of an opportunity for a committee to have a look at the general issue involved. Because of the fact that we have been provided with an opportunity to debate this matter, I think a major battle is being won by the House and by the country. There is still a war to be won, but this first battle will assist in the winning of that war. My loss of a skirmish is part of the proceedings which make this House go around.

Before I knew that we would proceed with this debate today I took the liberty of circulating to all members of the House, except cabinet members and, I believe, some parliamentary secretaries, a simple letter asking for the widest possible support for action involving the naming of a committee to examine the provisions of the Official Secrets Act. So far the result is that I have received approximately 80 or 90 responses, even some from the government side. I did not send one to Your Honour, of course, because it would place Your Honour in a difficult position, nor did I send copies to members of the cabinet. In any event, I have received responses from all parties in the House. With the permission of the Postmaster General (Mr. Lamontagne) and the facilities here, perhaps we will receive some 100 responses, all of them except one being favourable, and some indicating variations of the possible order. I mention this because I think it provides an attitude of the feeling in the House toward this issue.

The United Kingdom has the same rule as the House, where a motion can be put down which is signed by 100 or 150 members. I am attempting to receive signed support of a motion such as that before the House now. The response has been very gratifying. Before the debate is over perhaps the Minister of Transport (Mr. Lang) will lend his vocal support to the issue. Of course I will wait for him to speak in this regard.

There are some clichés concerning freedom and democracy. It is not true to say that we are born free and automatically inherit institutions of democracy which are self-starting and self-sustaining. On the contrary, in a democratic country there is a constant struggle against governments. By their nature, governments have an inclination to be authoritarian, tyrannical, overly secretive, and one of their prime requirements is to cover up embarrassments, mistakes, and sometimes touches of corruption. I say this of all governments. Because of long experience in this House, the present government has a special expertise in this regard, particularly respecting the hiding of information and taking steps to conceal facts and documents which to any extent may be considered embarrassing. Of course that touches upon the issue before us, the Official Secrets Act and the use which can be made of it.

Recently many people in this country were somewhat shocked to learn of the nature and history of our Official Secrets Act. I should like to take a very few minutes to comment on that aspect of the problem. The Official Secrets Act did not spring into being fully armed like the figure in Greek mythology. It was brought about in its present form mainly by the machinations and desires of senior bureaucrats in government.

In the nineteenth century in the United Kingdom, a clerk of the foreign office, who was doubling in brass and making extra money writing for the press, had a phenomenal memory. He was able to memorize foreign dispatches, return to his home, and write stories concerning them for the newspapers. He did this at the time of a very important meeting in Europe. As a result, a great deal of trouble was created. If I can quote the prime minister of the day who stated his disapproval, "All hell broke loose in the United Kingdom". This clerk was prosecuted, and the charges against him were dismissed because it was found that there was no charge under the then criminal code to deal with that particular case. Thus the first Official Secrets Act was born under those circumstances. It dealt exclusively with issues of national defence, espionage, and foreign relations. There was no law then; there had to be one and, quite properly so, one was passed.

Some years later enterprising bureaucrats, supported by people in government, improved upon and added clauses to the British act. It expanded the act to cover the disclosure of any official government information. That was the British experience. There were a number of prosecutions under it. As far as I could find out, none of the prosecutions were in secret. During the war there were secret trials, but they were held under the treason provisions where spies were charged, found guilty, and executed. These secret trials were held under the criminal provisions and not so much under the Official Secrets Act.

In 1939 in Canada, when we were approaching the eve of the Second World War, in the type of hysteria and attitude which prevailed at that time this country passed its own Official Secrets Act. To all intents and purposes, it was a replica of the British Act. I emphasize this to hon. members of the house. It was passed with no debate at all. There was no debate at second reading stage. There were a few comments at the time of clause by clause discussion.

The then minister of justice, Mr. Lapointe, who perhaps was badly advised by his officials, told the House that this was an act dealing with espionage and defence only. The only critic, an hon. member of the then C.C.F. party, who dealt with the issue said precisely the same thing.

Whereas in fact the direct copy of the British act brought within the ambit of sanctions and criminal action every minor leakage of official documents of any kind, any public servant who gave or any person who received documents was caught within the fine mesh of Section 4 and other sections of the particular act. What had been a weapon of defence against enemies without, became an offensive mechanism for governments and bureaucrats to deal with embarrassments within. In other words, it became part of the danger within. In my humble opinion, I consider the text and the provisions of the act, as it stands today, to be a very grave danger at this time.

● (1222)

Any law which does not deserve the respect of the people is not a law that should be on the statute books. I do not mean by this that we should remove the Official Secrets Act entirely, but we should certainly tailor it to make it conform to what the views of society think it should be.

Any act which would not sanction a situation such as we saw today, or in this House yesterday when the hon. member for Nickel Belt (Mr. Rodriguez) quite conscientiously and in good faith, when participating in a debate dealing with the Post Office, read from a secret report, namely the Hay report, a report not officially released, is a bad act. There is no doubt that someone gave that document to him or to somebody else. The hon. member was technically in default under the act.

How can we in this House discharge our duties in view of the failure of governments to provide us with documents which constitute reasonable analyses and suggestions in respect of problems in government departments? This forces us to break the law. I suggest with respect that possibly you, Mr. Speaker, at some time or other before you occupied that position—I am not going to ask you to deny this, because you cannot—have been in company with most members of this House in having in their possession documents not officially authorized, and perhaps not even dangerous. You, and all of us, were in breach of the act at those times. There are ministers in the House today who have, or through their assistants, deliberately leaked documents to provide a favourable impression of their activities, or quite frequently to deal with issues and confrontations between themselves and other ministers.

Mr. Lang: Mr. Speaker, I rise on a point of order. I think the hon. member for Peace River (Mr. Baldwin) said there are ministers in the House today who had themselves, or through their assistants, leaked documents. It seems to me he is in that way making an allegation of the commission of an offence.

An hon. Member: Oh, sit down.

Mr. Lang: I would think he ought not to do that unless he is prepared to give clear evidence about it.

Some hon. Members: Oh, oh!

Mr. Lang: The hon. member for Grenville-Carleton (Mr. Baker) seems to think this is a strange request. I am simply saying that if the hon. member for Peace River is there stating a specific illegal act, is describing an illegal act and ascribing it to a minister in this House, he ought to have some evidence to support what he is saying, or he ought not to say it, and ought to have the good grace to withdraw that allegation, making clear he is not alleging, because he lacks evidence to allege, any such wrong doing.

Some hon. Members: Oh, oh!

Mr. Baldwin: Mr. Speaker, if possible the minister is making himself even more ridiculous than he did the other day. I did not think that was possible, but apparently he has been successful.

[Mr. Baldwin.]

Some hon. Members: Hear, hear!

Mr. Baldwin: I made a general statement. If this minister can stand up in this House and say on his honour as a member of the House that none of his colleagues at any time has ever directly or indirectly leaked information to the press, or to other people, to influence the course of the appreciation for their actions, or to deal with confrontations, let him stand up and say so. If he can make that statement and guarantee it, and if he does so, I will say nothing more about it, but will leave it to the public and the press to judge who is correct.

Mr. Lang: Mr. Speaker, on the point of order, the hon. member for Peace River has now, indeed, even moved from the specific allegation of an illegal act and wrong doing to the general question of whether anything was ever leaked. What an extraordinary proposition he is putting forward! How extraordinary that he could a moment ago make a general charge of illegal act or wrong doing against ministers in this House—

An hon. Member: My goodness, he is sensitive.

Mr. Lang: —and now says he will not withdraw that but stand by it, not because he is going to produce a tittle of evidence about it, but will stand by it unless someone on this side can make a sweeping and absolute defence against some leak somewhere, which is quite a different issue. What an extraordinary legal doctrine, that the hon. member for Peace River may make a charge in relation to wrong doing, and then, rather than having evidence, he says; "Let the defence come forward first before the charge is even substantiated." I find that so extraordinary that it colours his entire earlier rhetoric about our legal system, our courts, and their role in it.

An hon. Member: How sensitive can you be.

Mr. Lang: It seems to show a complete lack of understanding of our legal system. If members opposite suggest I am sensitive about this, let me say that I am sensitive about the need to adhere to some decency and some tradition—

Some hon. Members: Oh, oh!

Mr. Lang: —and some traditions of British justice and fair play. If hon. members opposite find that unimportant, then let me say that, to me, it is extremely important that no member in this House should in that fashion seem to put the burden on others by a general statement of illegality and wrong doing. I take it the hon. member for Peace River should have the good grace, with his wisdom and experience in the law, to move away from any suggestion that he would, without evidence which he is willing to produce, make an allegation of illegality or wrong doing on the part of, as he said, ministers in this House.

An hon. Member: Your halo is crooked.

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. I think the expressions of opinion by the minister and the hon. member for Peace River (Mr. Baldwin) would indicate that the point has been clarified, at least to my satisfaction. I listened to the hon. member for Peace River who at one time implied that I, as a member, might have at one time, in my parliamentary life had some documents in my possession. I did not take that as a direct innuendo, but rather a statement said in a way that would mean any person at some time in his life might find himself, without his own knowledge, in that position. I took the hon. member's statement perhaps a little more lightly than did the minister. The minister did quite rightly rise to clarify the issue. I think we should leave it at that point.

Mr. Baldwin: Mr. Speaker, I was attacking the law and how it operates as being a stupid, silly, and ridiculous law. It was certainly not an attack in the parliamentary sense against any person at all. I think the Minister of Transport should have realized that. This reminds me of a judge we used to have in the Peace River country. He was there for a good many years and we used to refer to him as "the judge of necessity" because of that very old motto about necessity.

However, let me carry on, Mr. Speaker. I have said that in my opinion this act is no longer a weapon of defence but has now become an offensive mechanism. That is borne out by the report of the Royal Commission on Security in 1969. I am not going to take the time to read the document in whole or in part, but it does make some very strong criticisms of the operation of the Official Secrets Act.

That commission made some suggestions that I and other members on this side have advanced from time to time. Some of us who have been in the House for some time will remember the unfortunate case involving a postal clerk by the name of Spencer. He was a former member of the communist party and had gathered together information that was publicly available to anybody in this country, and had given it to an agent of another country. There was a fuss in this House, and the then Prime Minister, Mr. Pearson, quite courageously stated the facts and said that no action would be taken because of the nature of the proceedings that would have to be initiated. The man died, not long after. He was then suffering from terminal cancer. This shows the stupidity of the existence and maintenance of this act.

Those who have criticised us who have suggested that the law should be changed, have always asked us to define the kind of crime that should be covered. They have talked about definition of the kind of criminal actions that should be covered, and have referred to the use of the phrase "national security", which we deliberately put into this motion because it involves the subject of discussion. I recognize that it is not easy, Mr. Speaker. The words "national security" are comparatively new words which have come into the lexicon of governments and the courts since the time of Joseph MacCarthy and the cold war. But even if the Solicitor General (Mr. Blais) would find difficulty in defining them, I have seen in this House monstrosities in legal form perpetrated as legislation, after people in the Department of Justice have struggled to bring forward legislation.

• (1232)

I suggest that it is not beyond the scope and the capacity of this government to produce the limited, narrow type of definition to which provisions of this kind should be restricted. To say that it is hard to do, is no answer. The trouble today is that the normal practices of cover-up and concealment, which in the passive sense have been so evident in the operations of this government, have now been translated into intimidation and threats, as in the case of Rudnicki and in the case of attempts by the government to stop the operations of the Laycraft commission and the Keable commission using section 4(1) of the Federal Court Act. There are also the examples of the uranium cartel, that diabolical regulation which was enacted and the attempt by the Prime Minister to intimidate the CBC to take a course of action with regard to national unity, which was, in his opinion, the only course that could be taken.

There was a recent disclosure yesterday in the newspapers of the RCMP apparently taking OHIP records illegally and then saying they cannot break another law by revealing them. There is the case of the Toronto *Sun*, a case of selective prosecution that, in my opinion, was deliberately taken. I am not talking about whether or not the *Sun* is guilty of an offence under the act. As a matter of fact, as I tried to make out a moment ago, almost anything can be a crime under the Official Secrets Act. The Toronto *Sun* has been selectively prosecuted and the case is very similar to the Aitken's case in the United Kingdom.

I believe that part of the reason for which the *Sun* was picked out is because it came to the defence of Dr. Treu about the very dangerous trial that was undertaken in that regard by the government. In the Treu case, the trial and the conviction were in secret, and the sentence was open only because the law demanded it. The reasons for judgment disclosed in this sentencing are remarkable. The comments of the learned trial judge who sentenced this man to two years, and the fact that the government, not only stood by passively, but launched the prosecution, are events which I find extraordinary.

I find it difficult to believe that a government would act as this government has acted, and looking ahead I hope that the appeal will change the conviction. If it is not changed, Mr. Treu will go to jail for two years, or whatever time is suggested by the appeal court. I am convinced that if the government takes the same attitude it does now, Mr. Treu will be told while he is in jail that if he says anything his rights to parole will be limited, his opportunity to seek early release through parole will be limited, and he will be told that if he says anything after he has left jail he will be liable for further infractions and further charges under the Official Secrets Act.

Alexander Dumas should have lived today, Mr. Speaker, to write about this as he wrote about the Count of Monte Cristo or as in the story of "The Man in the Iron Mask." Those are the kinds of situations which have been created under the operation of the Official Secrets Act. It is particularly so in the

case of Alexander Peter Treu. This government has put out the lights for him.

The facts behind the charges against Mr. Treu, if there is a charge in the true sense of the word, not a technical sense, are extraordinary. In March, or at least early 1974, the authorities began a most painstaking investigation of his documents. The only charges which the former minister of justice, Mr. Turner, was able to lay were the two rather innocuous charges upon which he was convicted. The trial did not start until 1976, and a year and a half after it started Mr. Treu received from the NATO service centre in Brussels another contract related to the contract upon which he had been working before the documents were seized. He received a contract, and was operating under that contract, and he received other contracts as well since the time the investigation had started, and the last contract, which he received in 1977, Mr. Treu is still engaged in carrying it out, and he is still receiving classified documents. Those are the facts of the case.

However, this government has refused to look at the matter from the viewpoint of equity, to order a new trial in the open. It is one of the most extraordinary situations I have ever seen in all my years at the bar. There are a number of questions which cry out aloud against this government. There is the case of Treu alone, which goes in one slot. There is the case of this law, this stupid, tyrannical authoritarian law which, as an English judge once said, "has long outlived its usefulness in its present form and has to be pensioned off." A law such as this deserves contempt, and that is all I have for it.

This, Mr. Speaker, is a strange and disturbing case which remains a mystery in a dark room, behind locked doors. Unless this House and this country meet the challenge, open those doors, and turn on the lights, in my humble opinion a very substantial injustice will have been committed and carried on. Here is one small man against whom is arrayed the enormous power of the state and the state system. He is not a real criminal, as the judge himself said in sentencing, in the ordinary sense of the word, but had to be sent to jail as a deterrent to others, yet nobody else knows what the facts are.

If there is a criminal in this matter in the general sense of the word, it is the government that sits opposite, criminal in the sense that it has taken the proceedings which, in my opinion, are against natural justice and human rights. We in this House just a short time ago cried out unanimously against this kind of trial which was being perpetrated in the Soviet Union, and we did so promptly. I would suggest to the members of this House that we look at what we are doing in the case of Alexander Peter Treu.

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I rise here to speak in this debate on behalf of the Minister of Justice (Mr. Basford) because he has previous commitments in British Columbia today. He has several very important meetings, including, I believe, one with the premier and one with the Law Society, which were longstanding commitments. As hon. members know, a debate like this is brought about with relatively short notice. Indeed, we are grateful that perhaps the notice in this case was a few hours longer than normal, but even at that the travel plans and firm commitments of the Minister of Justice were in place.

First I would like to note that the hon. member for Peace River (Mr. Baldwin), in moving this motion, is asking for a review of a law, and that is in itself not an extraordinary matter but one which, after a period of time, obviously deserves attention, and I am sure it is receiving that attention.

The motion would have an examination undertaken by a committee of this parliament. No doubt at some point that would be the right course as well, although it may very well be that the best course is for the Minister of Justice and others charged with responsibility in this area to consider what propositions and proposals they would want to put forward, and have them examined as proposals rather than in the abstract.

● (1242)

I found the motion rather strange in that in referring the subject matter to a committee it seemed to go on to tell that committee in advance about the results of its work. It directed that the scope be limited to certain things. That would be, perhaps, an unusual way of concluding a question before the question is even raised in the committee. It shows the kind of confusion that the hon. member for Peace River is bringing into this area, which is a very important area.

It is important to understand that we all believe very firmly in the principle of the independence of the courts and their role in safeguarding rights of citizens while at the same time enforcing law laid down by parliament. It is important that we avoid intemperate outbursts against judges and the courts, against process and procedure, in the absence of the full facts, and to avoid implications that the courts are in some way misbehaving or mishandling the question. We have seen that recently from the hon. member for Peace River. I think it is unfortunate and wrong.

The fact that a trial was held in secret is, of course, a matter which can catch the public imagination and be made to sound as though something very strange was going on. The hon. member for Peace River referred to it in that way when he said in his closing rhetoric that this was held in a dark room behind closed doors. Mr. Speaker, neither the hon. member for Peace River nor I was present, and neither of us knows whether the room was dark, middle lit, or lit very brightly. That is a small example of the way in which rhetoric is designed to excite opinion about an issue which may be in the process of being handled in a completely legitimate way and in a way in which it would be handled even after the closest scrutiny by any committee. After the restructuring of laws in this particular case the same procedures might be followed.

There are reasons for a court from time to time to have discretion to exclude its deliberations from public view. Only about a year ago a piece of legislation with which I was associated as Minister of Justice, was endorsed by this House. It gave some additional powers to courts in relation to exclud-

ing from public view or comment, cases involving certain sexual offences where the particular purpose of the exclusion was obviously the defence of reputation and innocence which might otherwise be damaged. In the same way, in cases involving delicate information in the hands of government, the state and its agencies, where the protection of the security of the state is at issue and where the secrecy of that information is important, it would seem obvious to me that some such matters cannot properly be talked about in court in open public view.

If there is secrecy attached to any document or any information, and even the hon. member for Peace River admits that in certain categories of information, then there may be cases where secrecy in court is required as well. In this particular case that followed exactly. Indeed, items of information involved here would appear to fall even within the hon. member's narrow category, that is to say, even he would have the official secrets law apply to certain types of information with which we may deal here.

I cannot say very much about the two cases referred to in the motion, of course. Indeed, all hon. members would require that these matters be sub judice and there ought not to be extensive analysis or reference to them as though the rights of the individuals were not important and as though the proceedings before the court were not the right and best way to test those rights.

In this particular motion, referring again to the Treu case, what was arranged in advance was the application for the hearings to be in camera, and the indication was that that request was being made because the documents which would be reviewed included a large number of NATO documents and testimony of witnesses concerning those documents. The obligation of the Government of Canada to protect the secrecy of that information was also cited. Information was to be discussed which was of a military and defence nature. For those reasons the request was made for in camera proceedings.

The accused was there before the court with his laywer. The court invited the lawyer for the defence to make comment upon the request that the hearings be held in secret, and his reply, as recorded by counsel for the defence, was:

[*Translation*]

. . . as far as that request is concerned, I have no representation.

[*English*]

This is, therefore, hardly an occasion the beginnings or the continuation of which should lead to the high flown rhetoric of the hon. member for Peace River who referred to the Star Chamber, a situation where procedures for the defence, rights of appeal and all, were set aside at one difficult period in history a long time ago. In this country rights of defence counsel for the accused, rights of appeal, all stand and exist, and are very important indeed to us.

The Official Secrets Act is a necessary piece of legislation and exists in countries throughout the world where in every case there are certain matters which are of delicacy and confidentiality and which need, for a variety of public purposes, to be protected.

We have here the results of that in the existence in Canada of a law, one which in its particular form has stood for a long time, one which troubles the hon. member opposite when he reaches his own legal conclusions about who may be offending against provisions of the act, who may have a different opinion than his, a different legal advice than he about those provisions. In some cases he may be sweeping in as illegalities things which are not illegal under the act. His carelessness in referring to secrecy and the Star Chamber, his carelessness in referring to the judge, weaken the allegations he is making in law. It shows a driving willingness to exploit the situation in a particular way rather than analysing it in a way which a committee of this House dealing with it later on would presumably do.

Very few cases have gone to court under the Official Secrets Act. Officials have provided me with a list of eight or so cases, including the two to which the hon. member's motion refers. Of the others, four dealt particularly with matters which resolved around the famous Gouzenko case. There were two others, one in 1962 which was dismissed, and one in 1967 where a conviction was obtained, and there are two current cases. That is all an indication of the fact that the act in its operation is designed to deal with certain important matters and is not necessarily as sweeping as the hon. member would seem to imply.

I should say that I take some umbrage on behalf of the Minister of Justice at the words in the motion which refer to the harassment of the Toronto *Sun* and its editor. I am not sure that the hon. member for Peace River has added anything to clarify where he finds the harassment. He referred to the matter as being the subject of a charge and a proceeding. I wonder if he is, indeed, suggesting that this is a reason for somehow calling it harassment. If he is, I think it is a completely erroneous statement to make, having regard to the careful traditions and procedures which were followed in this case by the Attorney General who himself cited the long standing traditions of care with regard to these matters.

● (1252)

Mr. Speaker, I think it is worth while my recalling for hon. members the words of the Minister of Justice when referring to the matter in this House shortly after the laying of the charges. At that time the minister described his concern and deliberation of the matter before reaching his conclusions as to where his duty lay. I refer to page 388 of *Hansard* for March 17, 1978. The Minister of Justice is quoted as saying:

> In arriving at these I have been guided by recognized authorities such a Lord Shawcross, Edwards, Erskine, May and Bourinot, and more recently and very helpfully, my valuable discussions with Commonwealth attorneys general in Winnipeg last summer on the office of attorney general, and more particularly my personal conversations at that time with the Attorney General of England and Wales and the Lord Chancellor.
>
> I am aware that, since the enactment of the Official Secrets Act, this would appear to have been the first occasion in Canada where consideration has to be given to the provisions of the Official Secrets Act and the right of a member of

the House to freely express his views in the House in the course of carrying on his parliamentary business.

The first principle, in my view, is that there must be excluded any consideration based upon narrow, partisan views, or based upon the political consequences to me or to others.

In arriving at a decision on such a sensitive issue as this, the Attorney General is entitled to seek information and advice from others but in no way is he directed by his colleagues in the government or by parliament itself. That is not to say that the Attorney General is not accountable to parliament for his decisions, which he obviously is.

Clearly, I am entitled to seek and obtain information from others, including my colleague, the Solicitor General (Mr. Blais), and the Commissioner of the Royal Canadian Mounted Police on the security implications of recent disclosures. This I have done.

In my view, the special position of the Attorney General in this regard is clearly entrenched in our parliamentary practice. Based on the authorities and on my own experience as a member of the government for ten years, which has included my three immediate predecessors, this special position has been diligently protected in theory and in practice.

Mr. Speaker, the second principle is that every citizen is subject to the law. One of the pillars of our system of government, dating back three centuries, is that neither the king nor any other person, be he a member of this House, a member of the government, a member of the press, or someone possessed of title or position, is above the law. The law should apply to all, equally. He who breaks it must bear the consequences.

Third, with today's differing ideological viewpoints between different countries, it is essential for the preservation of our democratic way of life that there would be maintained a strong and vigorous security service. In spite of all that has been alleged and what is properly being examined by the McDonald Commission, we are being well served by a group of dedicated individuals.

The Minister of Justice went on to refer to his consultation with his officials and their advice in the matter, upon which he was relying. That, surely, is an answer, and a complete one, to the use of the word "harassment" used by the hon. member. We have before us the law of the land. Members opposite are sometimes seen to ask the government to ensure the law is observed and not in any way ignored. In this case the Attorney General, looking at his obligations under the law, following the highest precedents and traditions of his office, reached the conclusion that his consent under the Official Secrets Act was the appropriate course of action to take, and he therefore followed it. That is surely an answer to this particular part of the motion, one which should stand and should lead the hon. member for Peace River to accept and to qualify his remarks. He should accept these explanations and comments and qualify his remarks concerning harassment.

We do have in this country an Official Secrets Act, and we shall continue to need one. There seems to be no debate about that. The debate may go on with respect to interpretation and, perhaps, about some procedures within the law, but the law does stand. Hence, the judge in the Treu case was quite right in being concerned about implications that he had in some way ignored the law when those implications were somewhat overstated by the hon. member for Peace River.

The hon. member touched on another item. I do not know that he produced any evidence on it, but it concerned the suggestion when he said, I think, "the continuation of receipt of classified information by the defendant in this case." My information does not agree with that, and I do not know where the hon. member is receiving his. However, as I have indicated in some four or five cases during the course of my remarks, the hon. member for Peace River has substituted allegation and suggestion and hint without evidence at all for any substantial base upon which to make his case. We have heard him refer to the Official Secrets Act which he admits is required. He would argue about the nature of matters which should come before it. But surely in addition to those of national security and defence, there is a need to protect certain matters which need to be received in confidence, such as private information which is sometimes designed to be in confidence, such things as cabinet documents and information which in that way it is important to keep confidential.

The question of procedures which will follow is one which we can debate, but surely the hon. member would admit that some trials would have to be in secret. He should therefore avoid rhetoric which makes him sound as though he would never, at any time, have a part of any such secret trial.

Mr. Speaker, may I call it one o'clock?

Mr. Deputy Speaker: Order, please. It being one o'clock I do now leave the chair until two o'clock.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Lang: Mr. Speaker, I think it is clear, even from the motion, that from any analysis of the nature of the problem of secrecy and the protection of information, we need an Official Secrets Act. It is fairly clear in almost any circumstance it would be somewhat broader than the narrow definition prescribed for it by the motion of the hon. member for Peace River. I am thinking of information which, if released, might impede law enforcement, or assist criminals, which might interfere with our foreign relationships or, indeed, if information was received in confidence on categories which might continue to deserve protection.

I think that the reference I made to the Worthington case and the statement by the Minister of Justice adequately dealt with the course of conduct he felt obliged to follow. I do not want to say more about that in view of its nature as a case before the courts.

I think it is clear, without any reference to the Treu case, that secrecy in a trial may well be required. If that is the case, then the approach in the Official Secrets Act, which gives the judgment to the court and the decision of the judge as to when that should be the case, is the right and time-honoured approach. I think it sits very badly with a member of parliament, or indeed anyone, to attack intemperately that process of the court or the judge without the least bit of evidence of any misapplication of principles of law, fairness, and justice, to make it seem as though something nefarious had gone on.

I referred earlier to the fact that the accused's counsel did not in fact offer any representations on the argument that it was to be a case in camera. I put forward the proposition that obviously that would have to be so in some cases where the very evidence being dealt with was itself so delicate that the speaking about it and arguing about it would do the very damage that was sought to be prevented by the law.

I think any defence counsel would understand in certain circumstances it would be appropriate, just as in some others for the sole protection of the defence or a witness secrecy is the exception, as a permitted and recognized form of action. Here too with the judgment of a court it can be properly brought about.

It is rather sad if members raise the level of their rhetoric to try to appeal to the superficial view of the fact that the trial being in secret was something wrong by talking, as the hon. member for Peace River did, about something behind closed doors in a dark room or the Star Chamber. That is wrong, and should be emphasized. I repeat it in order to emphasize it.

Members of parliament and other citizens ought to have such respect for the courts and our processes that they do not launch into attacks against them without some evidence of a misapplication of a rule or principle. No such evidence has been put before us here.

I would add that we do not have before us, inevitably, the full story of that case. We may have more if the Minister of Justice succeeds in his suggestion that he will see if the judgment of the court, as distinct from the words of the sentencing, may be made available to the House for our further information about the case.

● (1412)

Obviously any law may be reviewed and should be reviewed from time to time, and I indicated earlier that that may well be an appropriate course of action now with regard to this one, but it is quite wrong to use lack of evidence, intemperate rhetoric, and the excitement of concern, based on principles and practices which themselves are completely defensible and understandable, to distort the situation and make it appear as though something is going on which is in fact not in any way a threat to the system of justice in which we all live and which we all defend and cherish.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to indicate that we in the New Democratic Party are in full support of the motion which has been placed before the House today by the hon. member for Peace River (Mr. Baldwin). I want to commend him on the campaign he has conducted over a number of years against secrecy in many areas of government. Indeed, the motion he has put down today specifies one particular area where there is too much secrecy for our democratic way of life, and we welcome the opportunity he has given the House to discuss this matter on this allotted day.

I want also to say that, in my view, the hon. member has certainly made a case for the intent of his motion, namely, that there should be a special committee of this House to review the Official Secrets Act and to recommend such changes as might seem desirable to that committee.

I listened with a great deal of interest, and perhaps a bit of amusement, to the attempt of the Minister of Transport (Mr. Lang) to demolish the case of the hon. member for Peace River by accusing him of indulging in rhetoric and of being intemperate.

Mr. Dick: That was because he had a weak argument.

Mr. Knowles (Winnipeg North Centre): Precisely. I thank my hon. friend for taking the words out of my mouth. The minister had such a weak argument that he had to turn on the hon. member for Peace River as a man who indulges in rhetoric. The hon. member for Peace River is a very interesting speaker. I like his style. He often comes out with a turn of phrase which really makes the point, but he is not exactly one of the tub-thumping orators of this place. As for accusing him of indulging in rhetoric, all the Minister of Transport was doing was admitting that he did not have a case against the solid arguments of the hon. member for Peace River. Then to throw in the word "intemperate" a few times adds to the evidence against the Minister of Transport that he was really floored by the argument and the case made by the hon. member for Peace River. We certainly give that hon. member and his motion our full support.

One other attempt the Minister of Transport made to belittle this motion was to argue that there have been very few cases under the Official Secrets Act where persons have been charged or brought to trial. I did not make the notes I perhaps should have made, but I think he said that since the Gouzenko case there have been only four cases. One case was dismissed, and another led to a conviction. Others are the two which are with us right now, the case against Alexander Peter Treu, and the harassment of the Toronto *Sun* and its editor, Peter Worthington. In terms of civil liberties and in terms of democracy that is just about the weakest argument I have heard. If there is only one case of injustice, or only one case of the law having done something wrong to a human being, that is a serious matter, and I think it calls for the kind of review which has been proposed by the hon. member for Peace River.

As for those few times that the Official Secrets Act has been used, I noted the reference to the Gouzenko days. I was here then, and I remember the feeling of revulsion there was on the part of people concerned about civil liberties.

Mr. Ellis: Nobody can remember when you weren't here.

Mr. Knowles (Winnipeg North Centre): The right hon. member for Prince Albert (Mr. Diefenbaker) was here a few years before I was, and my friend, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), came long before I did.

Mr. Goodale: All that is irrelevant.

Mr. Knowles (Winnipeg North Centre): My friend, the hon. member for Assiniboia (Mr. Goodale), says that is irrelevant. That is true. It was an answer to an interjection, but I thank the hon. member for getting me back to the point I wanted to make.

In the Gouzenko days there really was a hue and cry about the extent to which secrecy was used on that occasion against a great many Canadians. I well remember taking part with the late Dr. B. K. Sandwell and the present right hon. member for Prince Albert in a big meeting which was held in Winnipeg in those days. I remember how fully that was reported and how much interest there was, because even though Canadians were found guilty of certain crimes against their country, the feeling in defence of civil liberties was so strong in those days that there was a good deal of concern over the way in which the government had used that legislation, in other words, the Official Secrets Act.

The minister says that since that time there has been one case where there was a dismissal, another case where there was a conviction, and now there are two, in one of which there has already been a conviction. It is good to know that secrecy on the part of the government is not practised very often, but I thought we believed in an open society. I thought we were opposed to this sort of thing when it is done in countries on the other side of the iron curtain, but we had the Gouzenko experience and the use of the War Measures Act in 1970, and now we have the use of the Official Secrets Act in two cases. Even if in only one case harm is being done to an individual in terms of his rights, I say that it is time that this parliament, the highest court in the land, reviewed that situation, and I am pleased to indicate our full support for the motion which is before us at this time.

I said earlier that we welcome this motion not only for its own sake but also because it is tied in with and is part of a campaign in which many of us have taken part—I have to give the hon. member for Peace River particular commendation—against secrecy in government in many ways.

We have had a great deal of trouble the last number of months about matters respecting the Royal Canadian Mounted Police and their use of the powers they had or powers they did not have. We have had trouble because much has been kept secret, because the police did not tell the responsible cabinet minister what they were doing, or because one minister did not tell another, and a good deal of the trouble which is still with us today and which supposedly is being investigated by the McDonald commission is because we have across the way a government which seems to think that the right to do things in secret somehow goes with the fact that the government is in power. I think that that is an area where things ought to be reviewed.

I may say too that we all know of cases in the public service where persons get fired and never know the reason. There was much fuss a while back about extra-parliamentary activities and about a certain secret list, but around here many things which are secret seem to get leaked and seem to get out. However, many individuals feel that their lives are put in jeopardy, or their careers are frustrated because of things which are done against them for reasons they know nothing about at all. In our view that is not consistent with the whole principle of democracy, which calls for things to be done in the open just as much as possible.

• (1422)

I know that every time an hon. member, like the hon. member for Peace River, says we must have an Official Secrets Act, we must have some areas where secrecy is the rule, it brings back the great orator, the Minister of Transport, to tell us that we have admitted his side of the case. It makes it difficult for us to make that admission too strongly because our greater concern is indeed with individual rights and liberties, and those rights and liberties are in jeopardy when secrecy can be practised the way it is by this government.

I think of another area where we have far too much secrecy around here, and that has to do with the difficulty we have in getting hold of government documents, of opinions or reports that have been prepared for the government in connection with decisions. It is a myth that the government must have these secret reports and secret documents and that the rest of us must not know what is in them. The government makes decisions on the basis of reports or of research that has been done, but we in parliament and the people of the country are denied the right to know what has been produced by those who have done the research. Sometimes it is in matters of social policy, of agriculture, of labour, immigration, or what have you, and I think we have gone too far down the road in terms of protecting these areas by secrecy. When I say "we", I mean the government has gone that way.

Those guidelines which were tabled by the President of Privy Council (Mr. MacEachen) some time ago are forever being read to us. I realize that they have been studied in committee and so on, but they have never been adopted by parliament itself. They are guidelines foisted upon us unilaterally under which, as I say, the government keeps all kinds of things secret. Many a time when we have asked for the reasons for certain decisions, or why this piece of legislation was valid and that one was not valid, we have been told that this is because of a ruling from the Department of Justice, and a number of times I have had something to say about some of those rulings. As a matter of fact one former deputy minister of justice has remonstrated with me for referring to certain specific cases where I felt that the government was getting the ruling that it wanted from the Department of Justice. Out of respect for that opposite opinion I do not intend to mention any particular cases at this point, but I would just say that if we are expected to take at its face value the decisions that the government makes on a ruling of the Department of Justice, we should be able to see that ruling. The cloak of secrecy that is put around those rulings, like the cloak of secrecy that is put around reports prepared by the government, makes it difficult for us to make an evaluation as to whether the decision or the judgment is the correct one or not.

There is another area in which I think there is far too much secrecy, and although in this particular debate I am supporting a motion from the Conservative party—and they are glad to have my support—I am coming to an area where they might not be so ready to agree with me, but I will try it anyway. I believe that in income tax matters, out of respect for the poor little fellows whose affairs should not be made public, we have gone too far in terms of total secrecy on income tax returns. It seems to me that it would make good sense for us to strike some level, such as $50,000 a year, or what have you, and say that above that level information on people's returns should be made public. I think the same thing should apply to corporations. How many times do we find it impossible to ascertain whether the public has paid for certain expenditures of corporations because they get a deduction from their income tax because, we are told, of the secrecy provisions in the Income Tax Act?

I admit that 30 or 40 years ago I brought in a bill to remove the secrecy provisions from the Income Tax Act as a whole, and I well remember the howls I got from my friends to the right. I am prepared to modify that position and to say that for the little people the secrecy rule should stand. But when you get people making $50,000 or $100,000 a year, or more, when you get people with high incomes who manage to make our their returns so that they pay no income tax, I believe that they are defrauding the public and that this information should not be guarded by a cloak of secrecy. As I have said, the same thing applies to the kinds of expenses that corporations can claim for income tax purposes.

I am quite justified in putting this kind of thing in the same category with reports that are prepared for the government to help it make up its mind, with decisions that the government gets from the Department of Justice as to the validity or invalidity of certain measures, in the same way as I put the firings which take place, the reasons for hiring, and all the rest of it. There is far too much of the practice of secrecy in government today, particularly by this government, and what has happened in the Treu case is that the whole thing has been brought out into the open.

We are trying our best to get a freedom of information act passed in parliament. The government is favourable to it, and one minister after another says that it is a good idea. We have certain provisions now under the Canadian Human Rights Act where people can get certain information, but we seem to hear more about the kinds of information that cannot be obtained than we do about the kinds of information that can be obtained. Are we a free and open society or are we not? If we want to make a comparison with some other societies, maybe we are better off than they are, but in terms of our protestations about ours being a free, open, and democratic society, we are far below the mark.

Therefore, I am pleased that my friend, the hon. member for Peace River, had the opportunity to put this motion down today. I think he has made an excellent case for it. He did not indulge in intemperate rhetoric; he just stated the case as it is. The Minister of Transport has no reply, so he has made the accusations he has made in his remarks today, but I hope that the rest of the day will witness a number of members from all sides of the House supporting the proposition that it is time we had less secrecy in this country and therefore it is time we had the kind of committee that is recommended in the motion presented by the hon. member for Peace River.

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I would like to say something in support of the motion moved by the hon. member for Peace River (Mr. Baldwin). I have to say that the attitude taken by the minister today is almost as hard for me to accept as the terms and scope of the Official Secrets Act as it stands in the books. I understand of course what might have prompted the Minister of Transport (Mr. Lang) to talk so much about the importance of avoiding intemperate statements. I think that is something that the minister should repeat to himself every hour on the hour for several weeks.

Some hon. Members: Hear, hear!

Mr. Stanfield: It seems to me rather amusing that he should accuse the hon. member for Peace River, one of the most moderate and soft-tongued members of the House, of rhetoric and intemperate language. I quite understand why the hon. member for Peace River would speak with some vigour about the Official Secrets Act. It needs to be attacked with some vigour. The hon. member for Peace River has not attacked the judge or the courts, as the Minister of Transport seemed to indicate. He has attacked the act and he has used some vigour in doing so, as I may myself in the course of the afternoon.

I think there are a number of considerations in connection with legislation of this sort, the Official Secrets Act. The minister has said this morning, and again this afternoon, that there is agreement that this kind of legislation is necessary, and that it exists in virtually all countries. Certainly I am prepared to agree that we need an Official Secrets Act of some limited scope. I would not contest that point with the minister. He spoke as if the act is necessary, that we need this kind of legislation that perhaps it should be looked at, and that all legislation requires some review. He ignored almost entirely the weight of committees and commissions in Canada and elsewhere upon the urgency of a thorough overhaul of this legislation.

• (1432)

First of all, there is the question as to the appropriate scope of such legislation, and what kind of information the Official Secrets Act should try to protect. As the hon. member for Peace River pointed out, this legislation is practically a copy of the British legislation. Virtually it protects all government information. It would permit prosecution for wrongful possession or transmission of practically any or all government information.

An interdepartmental committee in Britain examined this, and made a report in 1972. The committee was headed by Lord Franks. He referred to section 2 of the British act, which is equivalent to section 4 of our act. He said that the main offence which section 2 created was the unauthorized com-

munication of official information, including documents, by a Crown servant. Actually this matter is not involved in either of the two cases we are talking about today, but this is the main offence created by section 2 of the British act. The Franks committee also indicated that the leading characteristic of this offence was its catch-all quality. It catches all official documents and information, everything and anything at all. It makes no distinction as to kind or degree. The committee indicated that all information which a Crown servant learns in the course of his duty is official for the purposes of section 2, whatever its nature, whatever its importance, whatever its original origin.

As the hon. member for Peace River pointed out, when this legislation was adopted in Canada there was virtually no debate. It was presented to parliament on the basis of legislation dealing with espionage and the protection of national security in a very basic way. I have the impression that the same thing occurred in Britain when the act was passed in the 1880s. It was not discussed on the basis of preserving the confidentiality of ordinary government documents. It was presented to the House in terms of espionage. The same thing took place in 1911 at Westminster. The situation was similar to what occurred in Ottawa. There was practically no debate or no discussion at all.

As I understand the situation, the catch-all provision has been loved by governments and high functionaries in the public service through the years because it serves as a deterrent. There are some known cases where it has been used, not necessarily in Canada but certainly in Britain, to persuade journalists and authors not to include certain documents or information in some of their writings.

In 1972 the British Franks committee came to the conclusion that their legislation was too broad. Also it found section 2 to be a mess, which is the equivalent of Section 4 in our legislation.

The Canadian Royal Commission on Security found that the legislation was much too broad. Having judged that the Official Secrets Act was unsatisfactory, the royal commission was in favour of a complete revision of the legislation. It discussed some of the things the revised legislation should and should not do.

This morning the Minister of Transport quoted the Minister of Justice (Mr. Basford) when he said that the law should apply to all equally. I say with no hesitation that this broad catch-all provision has not been applied equally. I doubt if it is possible to apply it equally. For that reason alone, it is bad legislation. Possibly it has been used as a threat or a deterrent, but no one would pretend either section 2 in Britain or Section 4 in Canada would apply to the need at hand, and therefore it is poor legislation.

In addition to preserving confidentiality and protecting the disclosure of matters, also there is the question as to what degree criminal law should be used for this purpose, and the group of cases where we should consider it appropriate to use criminal law. The Franks committee gave a good deal of attention to this question. It came to the conclusion that there was no justification or no acceptable reason for using the criminal law, as we now do, to protect all documents and information which we catch up and protect in Section 4 of our legislation. The Franks committee made a short list containing four categories of information where criminal law should be used. Under our Official Secrets Act, as it is now drafted and in effect, the sanction of the criminal law is applicable to any violation of the broad, wide-ranging Section 4 of our legislation. I suggest that is an intolerable situation. I hope the Minister of Transport will not regard that as intemperate language. It is an intolerable situation that we are using the sanction of criminal law to protect all the information covered in Section 4.

A third consideration or concern is evidential and procedural arrangements. These were of concern to our Royal Commission on Security. As the law now stands, in certain circumstances the burden of proof is put on the accused when certain facts have been established. It provides for certain evidentiary presumptions. The royal commission mentioned a couple of instances in which there should be some evidentiary presumption. Also the commission indicated, apart from the two provisions it had mentioned relating to classifications and cases involving classified information and ones involving unclassified material, that it saw no reason for major unusual evidential or procedural arrangements. Yet, the Official Secrets Act has very far-reaching evidential arrangements which are prejudicial to the usual position of a defendant charged with an offence.

This morning the minister said that such prosecutions are rare in Canada. I do not question that. But I do not know what that has to do with the situation, Mr. Speaker.

• (1442)

The minister said prosecutions are rare and, therefore, clearly the Act is designed to deal with certain important matters, but it is not really as sweeping as the hon. member for Peace River implies. I think I have said enough to indicate not only my opinion but the opinion of commissions which have been established to examine the legislation. Their view is that the legislation is enormously sweeping and catches up virtually everything that anyone could think of.

I say, without any hesitation, that I do not believe the government, ministers in a government, or high officials in a government are necessarily the best ones to decide what should or what needs to be kept secret. I am not being offensive about this, and this is not directed toward any individual, but there is a very real danger that members of the government or officials serving the government confuse the interests of the nation with their own political interests. There is very real danger of that.

Some hon. Members: Hear, hear!

Mr. Stanfield: I think some better mechanism or better method of deciding what needs to be protected should be considered by the committee.

We have secrecy in the case of the Treu trial. I do not hesitate to agree that there might very well be documents that

need to be considered in camera. There is no question about that. I must say, however, I find it pretty hard to accept that a whole trial has to take place in secret. That is asking me and other people to take a good deal on faith. I am not criticising the judge or the court. A court has to operate under the legislation of this country. The fact is that the trial did take place behind closed doors and, in terms of publicity at least, in a dark room. There is no suggestion in the sentence of any *mens rea* in this instance. It seems to be simply a matter of an allegation of improperly having information in one's possession and not taking proper measures to secure that information. The judge said, as I understand it, that it was necessary to convict and sentence Treu in order to serve as an example to others.

I do not want even to try to put myself in the position of being an appellate court, and I assume there will be an appeal, but I have to say very simply that I find this kind of totally secret trial pretty hard to accept in our country, and I would require a good deal better case than that put by the Minister of Transport this morning to persuade me that it is necessary. I repeat, I am not criticising the judge; I am criticising the legislation under which the judge had to proceed.

With regard to the Toronto *Sun*, I am sure the Minister of Justice did the best he could to make the best decision in respect of the charge. Again I find it difficult to understand how a document which was alleged to have been put in the hands of some 50 odd people could be considered an official secret document of any great importance to the state. As far as I know it was never denied that these documents had wide distribution.

I notice that the *Sun* was prosecuted, but radio stations and others that broadcast effectively what the *Sun* had published were not prosecuted. I think the Minister of Justice is put in a pretty difficult position with this kind of legislation, and we ought to be able to do something to help him.

The Official Secrets Act is much too broad and much too sweeping, as has been agreed by the authoritative groups which have examined it. It is badly in need of overhauling. The minister did not dispute that it might be a good idea, as he said, to have a look at it. He also said that rather than the work being done by a committee it might be more appropriate if the minister examined the legislation and brought forward some proposals. He said it might be more appropriate to deal with specific concrete proposals brought forth by the minister rather than have a committee deal with this question in the abstract. All I want to say about that, Mr. Speaker, is that it is nearly ten years since the Royal Commission on Security condemned the Official Secrets Act and, in very unambiguous language, called for a review and a substantial overhaul of that legislation.

What reason have we to believe that the Minister of Justice is going to bring forth concrete proposals in respect of overhauling this legislation when the matter has been before him and his predecessors for nearly a decade? It shows something of the attitude of the minister and the government that he should bother to say that perhaps the proposals should come from the minister rather than the matter being considered by a committee. This reflects what seems to me to be the rather authoritarian attitude of this government.

It was said some ten years ago by a royal commission in Canada that this legislation needs to be overhauled, narrowed, and substantially changed. It was said more recently in Great Britain, by a prestigious committee, that their legislation, which is very substantially the same as ours, needed to be overhauled and changed.

We have had these developments in our own country, the Treu trial and the charges against the Toronto *Sun*, that have served to accentuate the need for a fresh and urgent look at this legislation. I cannot think of very much that would be more urgent for this parliament to do than to send this subject matter to a committee, and for that committee promptly to launch a thorough study and overhaul which would result in legislation we need for our security, but not legislation that permits itself to be abused.

Some hon. Members: Hear, hear!

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, I want to begin by commending the hon. member for Peace River (Mr. Baldwin) for enabling us to discuss this subject in the House today, and also on a much broader basis for the determined leadership he has given in the country and in the House, not only in respect of this subject but on the broader understanding of it, namely, freedom of information.

I say this, first of all because I think it is true, and it is incumbent upon us from time to time in the House to pay tribute to what members on the other side are doing. I say it secondly because I have to admit I am disappointed with his presentation on this occasion.

An hon. Member: Oh, oh!

Mr. MacGuigan: It is sad to say that to gentlemen in the opposition, but I had thought the hon. member for Peace River might have given us a different kind of presentation this morning.

I am disappointed first of all because of the insertion in the motion of the reference to the "harassment of the Toronto *Sun* and its editor, Peter Worthington", to quote from the words of the motion. I had thought of challenging that on a procedural ground. I must say I think it is highly improper to refer in that way to a case which has not yet come to trial. It is unfortunate that such a reference was put into a motion of this kind, the subject matter of which ought to be approached on a different kind of basis.

The complaint of the hon. member for Peace River has to do, as I understand it, with the Official Secrets Act as such, and it should not really be necessary, and indeed it is not even proper, to bring in a reference to a case under that act which is presently in progress.

Secondly, I am disappointed because of the inclusion in the reference of the conclusion, which he would thus determine in advance. I do find this disappointing, Mr. Speaker, because

the conclusion which he recommends is not shared by either the Mackenzie Royal Commission or the Franks Royal Commission, in Great Britain. The Franks Royal Commission, admittedly, comes closer than the Mackenzie commission to the kind of proposal which is made here, because they recommend that section 2 of their act, which is equivalent to Section 4 of our act, should no longer be dealt with under the Official Secrets Act, but should be dealt with by a different kind of legislation. They go on to advocate much more than the terms of this motion would allow as to using the remedies of the criminal law to deal with the release of government or official information.

● (1452)

Thirdly, I have to admit that I am disappointed with the presentation of the hon. member for Peace River because of the partisan, rather than the positive, tone and content of his presentation. In fact the hon. member for Halifax (Mr. Stanfield), who is perhaps now freer from such considerations than many of his colleagues and even perhaps members on this side of the House, gave the kind of presentation I would have expected from the hon. member for Peace River.

Mr. Baldwin: I gave him my power of attorney.

Mr. MacGuigan: I think it is highly useful at least that we have the statements of the hon. member for Halifax because he did attempt to explore the legislation and to say what he would criticize in it and what he thought should be involved in the replacement of the Official Secrets Act. That is what this debate is about, Mr. Speaker, if this debate is to be useful at all. It is not an occasion for partisan polemics, but it is an opportunity for us to influence future legislation in an area which is most important to this country. Later on I will refer to another reason why I am disappointed in the statement of the hon. member for Peace River.

Mr. Dick: What would you do about it?

Mr. MacGuigan: I will tell you what I would do about it. I propose to say how I think the legislation is wrong and to some extent how I think it should be amended, within the limitations of the time that is available to me.

With respect to the Treu trial, we have a most unfortunate situation. We have a lot of information that has reached the public, and I will be taking a lot of it from an article on the Treu trial by Lew Diggs of the Canadian Press which was in the Montreal *Gazette* of May 29, so that members who wish to see these facts will find them in one place.

That article refers to a statement by Treu himself. He said:

—a top civil servant in the Department of Supply and Services withdrew his security clearance without his knowledge while he continued to receive classified documents.

Apparently, however, Treu's own counsel said that although this may have been substantially correct, it was a very marginal factor in the decision of the case. I just wish we knew more about the case to understand that comment. The Crown prosecutor said:

—he called witnesses from NATO and the federal department of supply and services as well as "three military witnesses." All had to deal with highly classified documents and to discuss in detail the relationship between NATO and Canadian classification system.

Apparently, according to other newspaper reports, Mr. Treu was a one time designer of NATO air communications systems.

Mr. Baldwin: He still is.

Mr. MacGuigan: He still is, as we are told by the hon. member for Peace River.

Mr. Baldwin: He may have to carry on in jail.

Mr. MacGuigan: In looking at the judgment of the court, I am even more troubled because one would normally think it would reveal a lot about the facts in the case. In fact, it reveals more about the judge's philosophy than about what actually happened in the case. There are, however, several passages worth referring to. In one case the judge says:

[*Translation*]

. . . it is exceedingly difficult for a human being to try another human being or sentence him . . . That is a task that is almost humanly impossible . . .

[*English*]

He goes on, Mr. Speaker, obviously addressing Mr. Treu himself:

[*Translation*]

In your case it is even more difficult because your lawyers are right, you are an exceptional person, you are certainly not, in my opinion, a criminal; you have committed a criminal act but you are not what one would call an individual with a criminal career, far from it, you are a person who has had a most respectable life, who has great intellectual qualities, who as a human being is likeable, at least in my opinion, who has a family, who has children . . .

[*English*]

In other words, the judge finds Mr. Treu an admirable person, and it seems that on the subjective side of the case he would be disposed to great leniency, but he talks about the necessity of looking at the objective side and of looking at the deterrent effect of sentencing.

I will not take the time to read much more of the judgment except for this one passage which indicates that Mr. Treu had legitimate access to the documents at least at certain times. The judge says:

[*Translation*]

Your lawyer drew my attention to certain circumstances—that the documents for which I have convicted you were your work tools, your intellectual property . . .

[*English*]

Again, this makes it a bit more difficult to understand the result, which consisted of a sentence of two years' imprisonment, two years on the first count, which was under Section 4(1)(c) of the Official Secrets Act, and one year concurrent under Section 4(1)(d) of the same act.

I have not gone into the case to the extent that I have with a view to criticizing the judge. Rather, the point I make is that

when we are given this much information, but no more, it is tantalizing, to say the least. We may almost be better off to be in the situation of the Australian parliament where the public is excluded from, not only the hearing itself, but also the sentencing, should the accused be found guilty. But in Canada the public is admitted to sentencing.

While I do not suggest that we revert to the Australian type of rule, nevertheless, if we were to have such a rule we would not have some of the problems which we have here. For one thing, given the reliance which the trial judge placed on the concept of deterrence, one can see certain limitations, given the fact that without knowledge of what the offence was and the kind of documents involved, the deterrent effect is somewhat muted. Of course, one learns that the courts take a serious view, at the very least, of the unauthorized holding of secret information, but perhaps that is not enough for the concept of deterrence to be as operative as it might be.

I would suggest that there ought to be a rule. I can accept the necessity for a secret trial as such, but there ought to be a rule that the judge divulge as much as possible of the proceedings, and especially, as much as possible, the kind of evidence which leads him to take such a serious view of the matter in question. Perhaps it would be possible to give an indication of the kinds of documents involved in a general way so that if it was necessary to impose a sentence for reasons of deterrence, we would at least have some idea of why the sentence was imposed. This would go a long way, not only toward public comprehension, but also toward increasing the deterrent effect which the court itself has in mind as one of the important aspects of a case such as this.

As the hon. member for Halifax pointed out, the Mackenzie Royal Commission on Security itself made a number of criticisms of the Official Secrets Act when it reported in 1969. The general comment at page 65 was as follows:

● (1502)

The Canadian Official Secrets Act is an unwieldy statute, couched in very broad and ambiguous language.

The commissioners found practical problems with that kind of legislation and they went on to say:

—must the Crown prove in all cases that the information concerned is secret and official?

The secrecy of the information or the relevancy of secrecy is thus the question they raise. They also raise the question of unusual evidential and procedural provisions relating to espionage cases.

The hon. member for Halifax (Mr. Stanfield) has dealt with these questions so I shall not take the time to deal with them further except to note that they point out that a prosecution for conspiracy to commit an Official Secrets Act offence is a prosecution under the Criminal Code and does not require the fiat of the attorney general as does a prosecution which is brought squarely under the Official Secrets Act. So there is even a way of getting around that provision for the permission of the attorney general for a prosecution under the legislation.

I would go further than the Mackenzie royal commission. It seems to me that under section 4 of the Official Secrets Act, which is the most relevant section for our discussion, the provision is so sweeping that it is almost difficult to conceive that in strict law any minister or public servant could lawfully communicate any significant information. The definition of "communication" in section 2(3)(a) is as follows:

—expressions referring to communicating or receiving include any communicating or receiving—

This is the broadest possible language imaginable. In section 4 the law allows him to communicate only to a person to whom he is authorized to communicate or a person to whom it is in the interest of the state to communicate.

Such a section can have a very chilling effect on the operations of people in government. It is quite true that the section has rarely been used. In fact, there are only two cases between the series of Gouzenko cases and the present Treu and *Sun* cases. Those are the Featherstone case of 1967 and the Biernacki case in 1962. The fact that there have not been many cases does not indicate the fully chilling effect such law may have by way of deterring people from communicating things they would otherwise communicate.

In particular, it seems to me that the concept of treasonable spying and improper release of classified information ought not to be treated on the same basis. Public release of secret information could conceivably be just as treasonably effective as clandestine delivery. Generally speaking, however, the two differ in character, nature and effect. I believe it is a mistake to jumble all those things together in the act as is the case at the present time. I think we have very serious reasons for looking at the effect of the legislation.

The Franks commission in Great Britain looked at similar British legislation—on which our statute is based and with which it is almost identical—and recommended a new statute called the official information act. This proposal has not yet been adopted by the British parliament but it has in it a lot of eminently good sense. The official information which it would be illegal to reveal includes not only classified information relating to defence or internal security, foreign relations, et cetera, but also matters such as are likely to assist criminal activity or to impede law enforcement—things which are not taken account of in the motion—or a cabinet document, or information that has been entrusted to the government by a private individual. I feel that the law ought to take account of those categories in its use of the criminal law to support the prohibition of release of certain kinds of information.

The "official secrets" question is almost the most serious aspect of the general problem of freedom of information. In the field of freedom of information we try to arrive at principles as to what should be released and how documents should be classified by the government. In the Official Secrets Act we impose penalties for releasing those documents. Official secrets legislation is, therefore, the completion of the doctrine of freedom of information.

In that context I find it all the more surprising that this motion should be placed before us by the hon. member for

Peace River, because he is chairman of the committee which is looking at the question of freedom of information based on the green paper. I believe he is also a member on the Special Committee on Rights and Immunities of Members which is even more directly looking at the question of official secrets. I suggest that it is incumbent on the members of those committees to put before the House and the country with the greatest possible speed their conclusions on these matters.

The Standing Committee on Regulations and other Statutory Instruments has had this reference before it at least since December. I know that one of the most important aspects of their report will be the consideration of what to do about the Official Secrets Act. I hope they will soon be able to make a report which will recommend to the government where we should go from here.

I would go so far as to suggest to the Secretary of State (Mr. Roberts) that if the committee does not produce that report in the near future he should no longer wait for it, the matter being of such importance. He should present his own proposals and perhaps later this afternoon he will give us some indication of what those proposals might be.

My time is almost up, Mr. Speaker. I would just like to conclude with a quotation from the Franks report which I believe puts the problem in the kind of context it seriously deserves, which I regret to say this motion does not do.

On page 12 of the Franks report appears the following statement:

> A totalitarian government finds it easy to maintain secrecy. It does not come into the open until it chooses to declare its settled intentions and demand support for them. A democratic government, however, though it must compete with these other types of organizations, has a task which is complicated by its obligations to the people. It needs the trust of the government. It cannot use the plea of secrecy to hide from the people its basic aims. On the contrary it must explain these aims: it must provide the justification for them and give the facts both for and against a selected course of action. Nor must such information be provided only at one level and through one means of communication. A government which pursues secret aims, or which operates in greater secrecy than the effective conduct of its proper functions requires or which turns information services into propaganda agencies, will lose the trust of the people. It will be countered by ill-informed and destructive criticism.

In those words, which I take to be of universal validity, I think there is a message for all of us—for the government, for the opposition and for the country. I hope that these words will be the inspiration for us in developing a new Official Secrets Act in this country.

Some hon. Members: Hear, hear!

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I welcome the opportunity to participate briefly in this debate. To those who will speak later I would like them to know that I have to leave the chamber early to catch a flight and I intend them no disrespect, particularly the Secretary of State (Mr. Roberts). I look forward to reading the transcript of his remarks with interest.

I deem it a pleasure to follow my distinguished colleague, the hon. member for Windsor-Walkerville (Mr. MacGuigan). I serve on the committee of which he is the distinguished and highly regarded chairman. His remarks today reminded me of nothing so much as a sandwich; the two slices of bread containing the opening and closing remarks were rather green and mouldy, but the meat in the middle was a credit to the hon. member. This was particularly so when he refuted the suggestion of the Minister of Transport (Mr. Lang) that we rate the Official Secrets Act by the number of charges laid under it. If one were to take that philosophy to its conclusion, it would mean the fewer the charges, the better the legislation. The Minister of Transport would continue to defend, as he did when he was minister of justice, that important provision in the Criminal Code dealing with the abduction of a female passenger by the master of a vessel. Likel no provision of greater import adopting that philosophy exists in the Criminal Code.

On a serious note, Mr. Speaker, one would hope that the provisions in the Criminal Code with regard to treason would not be judged on the number of charges laid under that particular section, and no one in this chamber would suggest that they be removed, but it was such a specious argument that I had to make mention of it. What troubles me the more is, if I understood the Minister of Transport correctly, that he opened his remarks by saying this law deserves attention and in fact is receiving attention now, the suggestion being there is proposed legislation of some kind. Because it would be a waste of time for the Minister of Transport to examine this situation of the Official Secrets Act in the abstract, to use his words.

● (1512)

What shallow hypocrisy is this when at this very moment this important subject is before the justice committee? In that committee we are debating matters pertaining to the invasion of privacy, of written communications, Bill C-26, to which the Official Secrets Act is applicable. Indeed, a year ago we went through the same exercise when we were dealing with the interception of oral communications by means of electronic surveillance. If, as the Minister of Transport says, the law deserves attention and is receiving attention now, why on earth in June of 1978 is the justice committee occupying itself with a study directly involving the application of the Official Secrets Act, particularly when a third situation is going on simultaneously? I refer to the McDonald royal commission. That absolutely astounds me.

No case has been made out for Bill C-26 as yet; it may be done in the days to follow. But for the Minister of Transport, a former minister of justice, to come into the House and say that this law deserves attention and is receiving attention now, while both the McDonald commission and the Standing Committee on Justice and Legal Affairs is preoccupied with the matter, is simply a demonstration of hypocrisy which brings no honour or integrity to this chamber or to the government.

Mr. Speaker, the Minister of Transport accused my hon. friend from Peace River (Mr. Baldwin) of bringing confusion into this area in challenging the independence of the courts, a charge which I feel I must reject out of hand, sir. The minister said the courts should have discretion. I do not believe that

anyone using the broadest interpretation possible of the remarks of the hon. member for Peace River would suggest that the judicial system and the discretion of that system is under attack. Far from it.

In my view, it is the unhappy position in which the legislation has put our judicial system which is under attack. Last night in committee we heard about a law case in British Columbia—the longest ever held in that province, lasting some seven and one half months, I believe—in which it was ruled that counsel for the accused could not cross-examine in any way the propriety of the warrant which led to the use of electronic surveillance. If the order had no defect on the face of it, then defence counsel had no right whatever to determine whether the warrant was issued properly.

Since we are now talking about postal interceptions, and particularly in the light of national security, I am disturbed even further. In the case of postal interception there is no judicial warrant; it is a warrant under the proposed legislation of the Solicitor General (Mr. Blais). Who watches the Solicitor General? Under the proposed legislation, no one watches the holder of that office.

A colleague of the Minister of Transport said last night—I do not think he was advancing this as a proposed amendment, although he was certainly advancing it as a suggestion for discussion by the committee—that the Solicitor General in his annual report should report to a committee of three judges of the Supreme Court of Canada. I put forward, again for discussion last night, the suggestion that before a warrant is issued we might consider a system whereby, on the national security side under the Official Secrets Act, the Solicitor General, rather than being the judge of whether a warrant should be issued, should be the applicant to a judge for a warrant.

I do not necessarily advance this as a policy of my party because I believe that the motion today is right on target and should be sent to a committee for extensive study. If I had the good fortune to be a member of such a committee I would not feel I was examining anything in the abstract. I would feel that suggestions such as the one which came from a Liberal member last night regarding reporting annually to a three-man committee of the Supreme Court of Canada would be an important and vital proposition to discuss. This is something very urgent and not in the abstract at all. Similarly, I hope that such a committee would consider the suggestion I made last night, that the Solicitor General should be the applicant for a warrant rather than the issuing officer for a warrant to intercept mail.

There are those who might argue that such a course would be an abdication of ministerial responsibility to the judiciary. I am willing to be persuaded, although I fail to follow the argument presently. It is one which has been advanced from time to time but, again, I would not anticipate that a discussion in committee about such a thing would be a discussion in the abstract. I believe it to be rather mundane. If I wished to be highly partisan here, I could say that under no circumstances is an abdication of the doctrine of ministerial ignorance advanced by the Prime Minister (Mr. Trudeau) whereunder if a minister is ignorant of a situation he is not responsible for the situation. I will refrain from doing that, Mr. Speaker, but under the more commonly accepted doctrines of ministerial responsibility I would think an argument could be sustained wherein judges of the Supreme Court of Canada could be the issuing authority, without taking away one whit from ministerial responsibility, of warrants under the proposed legislation to permit the interception of mail.

My final point, Mr. Speaker, goes back to what the Minister of Transport said earlier today. He kept using such words as "rhetoric" so often that it was sometimes very hard to get the point he was making. I do not wish to do him an injustice, but it seems to me he was suggesting that publicity, attendant upon a trial such as the Treu trial, would work against the interests of justice. I really cannot accept that premise. I was always under the impression that publicity protects against injustice.

An hon. Member: Right!

Mr. Jarvis: I always thought of that as a principle. As an officer of the court and as a defence counsel I always accepted the principle that one of the important things in the administration of law was publicity. I always attached importance to the view that publicity in itself worked to prevent either injustice in a specific case or future injustice. Yet if I understood the Minister of Transport today, he appeared to be advancing the proposition that publicity about a trial such as the Treu case would work an injustice or would constitute an attack on the judicial system. I do not see that point of view.

I am quite anxious to read the report of what the minister said because, as I have indicated, I found him difficult to follow because of his rhetoric. When we have trials in secret, without publicity, no one can gauge the wisdom of the verdict, no one can gauge the fairness of the sentence and, most important of all, no one can gauge whether or not a secret trial was necessary in the first place to protect the interest of the state. On these three crucial points no one, least of all the public, can sit in judgment as to the efficacy of that particular trial.

To my colleagues, particularly to those on the government side, I commend the necessity of taking some form of positive action wherein the Official Secrets Act is reviewed by the Standing Committee on Justice and Legal Affairs, by a special select committee or by some parliamentary committee, rather than waiting for some legislation or white paper from the government. To do otherwise, in my view, would be to deny this country and its citizens, the justice they have earned and the justice they deserve.

I am most obliged to my colleague, Mr. Speaker, the hon. member for Peace River, for bringing this motion before us today and I am most pleased to have had the opportunity of participating in the debate, one which I believe to be of the utmost importance.

● (1522)

Hon. John Roberts (Secretary of State): Mr. Speaker, as members of the House will realize, I am not in my normally fine voice today. I therefore would not have sought to rise to present my views to the House, particularly on the essential subject matter of the hon. member's motion, the Official Secrets Act, if it were not for the speech by the hon. member for Winnipeg North Centre (Mr. Knowles) and the speech of my colleague the hon. member for Windsor-Walkerville (Mr. MacGuigan) which touched upon the question of freedom of information or access to public documents.

No doubt the parliamentary secretary will later be replying to the various interesting speeches which have been made by members on all sides of the House which relate to the Official Secrets Act. I would like to confine my remarks to the question of freedom of information which the hon. member for Windsor-Walkerville virtually challenged me to speak about today. In the face of such a challenge, I would find it hard to resist informing the House as to what is the present situation.

The hon. member for Winnipeg North Centre said something to the effect—I may be paraphrasing but I think not inaccurately—that too much is secret around this place, that there is not enough openness in government administration. I want to say right off that both I and the government agree entirely with that statement as I have paraphrased it. We do agree that too much in the conduct of the business of the federal government, indeed one might say of all levels of government in Canada, is carried on in a confidential manner, behind closed doors and away from public scrutiny.

It may be interesting on some occasion to try to analyse the historical reasons why that should be the case. It may spring from the fact that the power of government was the power of the Crown. Gradually the Commons undermined that authority of the Crown; but the legacy of that process was the basic principle that the conduct of the business of the Crown was decided upon in secret. It may be in some ways a reflection of the traditions of parliamentary government.

In parliamentary government, as Bagehot described it a century ago, the principle was that responsibility was focused clearly in the hands of a prime minister and a government responsible to the Crown. They were judged through decisions of the House of Commons, through the decisions of the public, on the basis of their accomplishments, on the basis of their policies and on the basis of the legislation which they publicly presented. The process of arriving at that point of presentation, the planning, the consideration, the calculation of what was to be done and said, was away from the eye of the public or the opposition because it was, in effect, the results of government which were being judged and assessed by the Commons.

Whatever the historical reasons might be for the development of these traditions of secrecy and confidentiality, it is certainly a paradox that in the last quarter of the twentieth century so much in government should be hedged about by doctrines of confidentiality and practices of secrecy. We find this not only in the presentation of advice of civil servants to ministers. We find it not only in the deliberations of the cabinet. We find it in the deliberations of various caucuses of the parties of this House of Commons which are carried on behind closed doors, away from the public view. There is in some ways a legacy of the use of confidentiality which, I agree with the hon. member for Winnipeg North Centre, is in the present context, the context of the twentieth century, an unfortunate tradition which has carried this far.

The hon. member for Windsor-Walkerville invited me to associate myself and all members to associate themselves with the paragraph which he read from the Franks report. I do that with glad heart. Lord Franks describes the conditions which require openness in government, the danger of arbitrary and unjust decisions being taken by totalitarian governments which maintain secrecy. I would go further than Lord Franks and say that the doctrine that the government must be open, that administration must be open, that the research, material and information to government must be open, really springs from the doctrine of universal suffrage.

It was said in the nineteenth century in Great Britain by one British commentator when the act of universal manhood suffrage was passed that we must educate our masters. The implication was that now that power was in the hands of the people, they must be educated about their responsibilities since they would be determining the course of the nation.

I am not sure I would use the word "educated" in mid-twentieth century. I would say it is an obligation that they be informed. If people are to vote, if they are to present to government their view of what should be done, it must be on the basis of the knowledge of alternatives open to government, the information on which decisions are taken. Without full information on the basis of decision making, it will be difficult for them to exercise intelligently the vote, the responsibility and the power which the franchise gives to them.

The government therefore recognizes the need for open government. It not only agrees and accepts that it should be the case, but urges that that principle should be the basis of its administrative practices. It accepts, urges, and indeed in the green paper which I presented to the House on access to public documents accepted as a basic principle that the information and the material which is in the hands of government should be available to the public.

The green paper which I presented to the House embarked on the process of finding the most effective ways of making that principle a living reality within the Government of Canada and its administrative dependencies. The paper was presented to the House for the very real purpose of stimulating discussion and providing the basis for debate.

I think that most if not all members of the House recognize that there are certain areas of public documents which it would not necessarily be in the public interest to reveal. A moment ago the hon. member for Windsor-Walkerville cited a paragraph from the Franks report. I think he had a careful eye upon you, Mr. Speaker, at the time. He felt that he should close his quotation from that report because he saw you ready to stand before he had quite arrived at the end of it. Perhaps I could read the paragraph. Lord Franks was describing the

necessity of openness, a necessity which I certainly accept. He went on to say:

> A government which pursues secret aims, or which operates in greater secrecy than the effective conduct of its proper functions requires, or which turns information services into propaganda agencies, will lose the trust of the people. It will be countered by ill-informed and destructive criticism. Its critics will try to break down all barriers erected to preserve secrecy, and they will disclose all that they can, by whatever means, discover. As a result matters will be revealed when they ought to remain secret in the interests of the nation.

I think most, if not all members, will accept that there are some matters which should not be accessible to the public. That does not in any way derogate from the essential principle which should govern our actions.

The hon. member for Winnipeg North Centre touched upon one area, an area which has considerably exercised me, namely that there may be upon occasion a conflict or, it would be better to say, a tension between the rights to privacy and the rights to public knowledge. He cited in particular the case of income tax returns.

He cited also the fact that 40 years ago he presented a piece of legislation and in the intervening years he had become more concerned with the rights of poorer people. I find it impossible to believe that the hon. member could become more concerned with the rights of poorer people, a determination that he has shown throughout his parliamentary career. He recognized that there could be a conflict between the possession in the hands of government of tax information which the individual citizen, even if only an individual citizen with an income of $150,000 a year, would have a right to protect, a right to privacy that in some ways was a limitation therefore upon the right to know.

● (1532)

I doubt that there are many members of the House of Commons who want to allow the public to have the capacity to force the federal government, when preparing for a conference with the provinces, to disgorge its negotiating position or the basis upon which it wishes to undertake those negotiations one week or two weeks before the conference is to take place. To make the example more clear, I am sure most hon. members would not want the public to be able to insist on knowing what kind of negotiating position the government is considering in relation to some international negotiations.

Apart entirely from what we might call the narrow area of national security, there are public interests, which I think all hon. members would recognize, which relate to certain documents held within government.

The task which the green paper outlined as essential was not simply the establishment of the basic principle that information which is available to the government should also be available to the public; the green paper also recognized that there will have to be, however strongly that principle is established, certain exceptions to that principle.

I must confess that in government we found it difficult to wrestle with the problem of the precise definition of what those exemptions and exceptions could or should be and to find language which would adequately respond to the problem. That was one of the reasons why in the green paper on access to public documents we put before the public a variety of possible interpretations. For instance, we asked whether it would be acceptable to adopt the wording which exists in the United States freedom of information act or, alternatively, we wondered if it would be preferable to use the wording which was being considered by the parliament or the government of Australia. We were open to suggestions as to how these exceptions, which will be necessary, can be worded to make them as precise and narrow as possible. That was one area of controversy which was outlined in the green paper. I am glad to say that there has been a great deal of public discussion about it.

Another controversial matter is the question of what kind of review process should be applied to the application of those exemptions or exceptions. If one does admit that there must be some exceptions to the basic principle, then there is the basic question of who is to decide on the application of those exemptions and whether any specific document falls within their confines.

In the green paper we presented, as a basis for discussion, five varying approaches as to how that review process might be exercised. I know that there are some who regard the green paper process as a disguised dressing up of a determined government conviction. They feel that rather than genuinely presenting matters for discussion we have some design which has already been determined and that this is a means of obfuscating essential issues.

I want it to be clear to members of this House and to the public that that is definitely not the case. There has not been a predetermined government position on how the question of the exemptions and the review process should be handled. There was a genuine desire to have the input of that very valuable committee of which the hon. member for Peace River (Mr. Baldwin) is co-chairman. There was a desire to have its views as well as the views of the public. It was with that purpose in mind that the green paper was referred to the joint committee of which the hon. member for Peace River and a distinguished member of the other place are co-chairmen. I hestitate to say this, but I thought that the hon. member for Windsor-Walkerville (Mr. MacGuigan) might have been—unintentionally, I am sure—slightly unjust to the hon. member for Peace River when he implied that the hon. member was in some way dragging his feet on this issue.

The hon. member for Windsor-Walkerville urged me to take action without waiting for the report of the joint committee, but I know that the deliberations of the committee have been active, and I can say honestly that they have been extremely useful. I know that the joint committee plans to report some time before the end of this month. At least, we hope it will be before the end of this month, and I am very much looking forward to the conclusions the committee will draw from the hearings which have already been held.

The presentation of briefs to the committee has in itself been a very useful process. It has enabled us to get a sense of perspective regarding the views of interested organizations on

the matter. I can assure the hon. member for Windsor-Walkerville that we are going ahead and that I am now preparing proposals for my cabinet colleagues on this matter. In a sense I am not really waiting for the final report of the committee, but I am reassuring hon. members that when the report of the committee appears later this month it will certainly have an impact on the proposals I make. I will certainly not come forward with any final proposals until I have had a chance to assess the views the committee brings forward.

I want to assure the hon. member for Winnipeg North Centre and the hon. member for Windsor-Walkerville that as a government we are determined to proceed to the implementation of the principles which those hon. members, myself and all members of this House accept, the basic principle being that the information in the hands of the government must be available to the public. We know that there are aspects of the question which are complex. I have wrestled with them. The hon. member for Peace River has wrestled with them. The Joint Standing Committee on Regulations and other Statutory Instruments has wrestled with them. The committee is coming forward with its report. I will be presenting proposals to my colleagues. It is very much my hope that I will be presenting legislation in this regard early in the new session. Progress is being made. I hope the House will understand that the commitment of the government to this principle is fundamental. We shall proceed as expeditiously and efficaciously as we possibly can.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to compliment the hon. member for Peace River (Mr. Baldwin) for his efforts over the last number of weeks and for his determination in trying to bring a very sad state of Canadian affairs to light. I think the intent of the motion he has put forward today is the very minimum position this House should adopt. When I say "this House", I include the government. This matter should be referred to a committee.

I suggest that this government should take the position being taken by the hon. member for Peace River when he asks the Minister of Justice (Mr. Basford) to apply to the court to declare a mistrial. I suggest that a new trial should be directed and that that trial should be held in the open.

We heard some comments earlier today by the Minister of Transport (Mr. Lang). In his efforts to put down the mover of this motion he spoke quietly and with repetition. I feel that he spoke in this way because he had such a weak case. He does not have the facts on his side, so he used up his 20 minutes quietly trying to accuse others of doing things he feels they should not have done.

This is the forum in which things of national importance are brought forward to be discussed, and today we are dealing with a matter of crucial importance to the democratic way of life we believe we have here in Canada, that is, civil liberties and rights being guaranteed to human beings.

The hon. member for Windsor-Walkerville (Mr. MacGuigan) also deplored certain aspects of the presentation of the hon. member for Peace River. He went on to point out that he agreed with certain parts of the Franks report dealing with the official secrets act of England. I felt that there was much prattle but not very much substance in the three speeches from the government side.

We have heard from the Secretary of State (Mr. Roberts). He did not talk about the resolution at all. He spoke about freedom of information, which has been discussed for four or five years. If members of the government would stop talking, do something concrete and put something before the House—which could have been done three years ago—we would be well on the way. However, they have been prattling quietly today because the facts as they appear in this case indicate that perhaps a wrong course of action has been taken in Canada.

I have always been a very proud Canadian. I suppose I am nationalistic, and I am somewhat embarrassed by the fact that there has been a trial in this country which has been held in absolute and total secrecy. I am not ashamed of my country, I am not ashamed of our way of life, but I am embarrassed about this.

• (1542)

Perhaps I can draw to your attention, Mr. Speaker, that on February 15, 1977, as reported at page 3041 of *Hansard*, the former member for Eglinton, the Hon. Mitchell Sharp, stated that Canada was the strongest proponent of basket three incorporated in the final act of the Conference on Security and Co-operation in Europe, popularly known as the Helsinki Agreement. He went on to move a motion under Standing Order 43 which read as follows:

> That the Secretary of State for External Affairs convey to the government of the Soviet Union the disappointment and deep concern of the elected representatives of the Canadian people in parliament assembled at the arrest of Alexander Ginsberg, Mykola Rundenko, Alexy Tikhy and Yuri Orlov.

What he was doing in that motion was condemning an act in the judicial proceedings and the way in which things were carried out in the Soviet Union which is foreign to our ways in this country. We did not feel it was right and therefore we condemned it.

On March 2, 1978 a motion was put forward by the hon. member for Edmonton-Strathcona (Mr. Roche), seconded by the hon. member for Vancouver South (Mr. Fraser), under Standing Order 43 which read as follows:

> That the Canadian government request the Soviet government for permission to appoint an official observer at the trial of Anatoly Shcharansky on charges of treason so that the wide international community of concerned people can be assured that justice is done in this very important human rights case and, further, that the Canadian government repeat its offer to give immediate landed immigrant status to Mr. Shcharansky.

We as the House expressed concern in an official motion which has been adopted, and yet now we are saying that we do not even want the Canadian people to know what is going on at a secret trial in our own country. It seems absolutely absurd.

We find further that on Thursday, May 18 of this year, the following motion under Standing Order 43 was put forward by the Leader of the Opposition (Mr. Clark) and seconded by the Deputy Prime Minister (Mr. MacEachen):

That this House deplores the trial and extremely severe sentence given Yuri Orlov by the Soviet Union for his activities with the Moscow-Helsinki group, activities which in Canada would be perfectly acceptable.

We deplored that trial because it was held partially in secret and foreign correspondents and journalists were not allowed to attend. Yet here in our own country we have a trial which was held in absolute secrecy. How can we speak out of both sides of our mouth at the same time from this chamber? Therefore, I hope that the government will move, as was suggested by the hon. member for Peace River a couple of days ago, that the trial be declared to have been a mistrial and that the next trial be held in the open.

Having secret trials makes people think of, perhaps, Danté's "Inferno", the Star Chamber practices which took place in years gone by, or perhaps the practices that took place in Europe during the second world war. I think many people would want to forget that. We in a free, democratic country want to know that we have the right to free, public and open trials, because it is only by having a free, open and public trial that justice can not only be done but can be seen to be done.

I would like to sketch in a few things. It is my understanding that Alexander Peter Treu in 1974 had his documents seized for the first time and finally, after two years, charges were brought against him in 1976. After he had been charged in Canada, he was given contracts by NATO on security matters. I understand that the last contract was given to him in 1977 and even now that he is sentenced he is still working on that contract. I suppose that if he had not appealed and had gone to jail, he would be doing work on NATO's communication system. Would that not be interesting! This seems ludicrous, but that is what has actually happened in this case. What concerns me is that, even if there were a technical breach in this case, there is a judgment on the minister as to whether or not he would prosecute.

According to some of the comments the judge is alleged to have made in passing sentence, Peter Alexander Treu is not a criminal and cannot be considered a criminal. He is a brilliant man and he is continuing to do his work, but in a technical way he has breached the law. If it is a technicality, why was discretion under section 10 of the Official Secrets Act not applied? Section 10 says "may be arrested"; so a person may be arrested but does not have to be arrested. There is also discretion under section 12, which states:

A prosecution for an offence under this act shall not be instituted except by or with the consent of the Attorney General;—

The Attorney General of Canada had to give his consent, so again there was an overact after the delay, even though, at the very most, it might have been a technical breach of the law. Then in section 15 the Attorney General can elect whether to go by way of summary conviction or by way of indictment. Summary conviction carries a fine not exceeding $500 and imprisonment is not to exceed 12 months. But they proceeded by indictment, which could mean imprisonment up to 14 years.

What is interesting was that Treu was charged under section 4 of our Official Secrets Act, which is equivalent to section 2 of the British official secrets act. But the British official secrets act limits penalties under section 2 to two years, whereas our act carries a much more onerous penalty of up to 14 years. Bearing in mind those considerations and the overact by the Attorney General of Canada in exercising his discretion in proceeding by way of indictment and allowing a prosecution to take place, all this is of great concern to us and should be of concern to all Canadians.

It has been brought out that there have been only eight prosecutions under the present Official Secrets Act. The British official secrets act was first passed in Great Britain in 1889. It was adopted in the Canadian Criminal Code in 1892. It became a new statute and was passed in England in 1911. We adopted the statute holus-bolus in Canada until the Statute of Westminster in 1931. Technically we relied on the Criminal Code provisions without having an official secrets law between 1931 and 1939 when we adopted our Official Secrets Act modelled on the one passed in Great Britain in 1911. As I said, there have only been eight prosecutions under the act, but for the first time in Canadian history a trial has been carried out in Canada in complete secrecy.

The Gouzenko trial and the Rose trial were not held in secrecy. An application was made in front of an open court for portions of the trial to be held in secrecy because of certain reasons which were stated. Thus there was exclusion of the public for a short period of time. When the sensitive area had been dealt with, reporters were allowed back into court.

● (1552)

In 1961 the public was admitted to the trial of the Biernacki case, in which he was acquitted before he went back to Poland. In 1967 at the time of the Featherstone case, again press reporters and the public were allowed to attend. During that trial an application was made to exclude the public from portions of it.

I should like to indicate that I have carefully researched the law in this regard. Perhaps I am somewhat unique. Unlike the Minister of Transport and the hon. member for Windsor-Walkerville who are knowledgeable in theoretical approaches to the law, having been deans of universities, my experience has been a far cry different. Many persons who have studied law often wonder why they bothered to attend university, particularly when one compares the theoretical approach at university to the practice of law in the courts.

I have had an opportunity to prosecute on behalf of the Crown in Canada, wherein I made applications under section 44(2) of the Criminal Code which provides for excluding the public from all or portions of a trial. Because evidence was going to be disclosed indicating the procedure Bell Canada used to make credit card numbers, on one occasion it was necessary to make an application for exclusion of the public. The accused was being charged for a telecommunications theft. I explained to the judge that it would be necessary to establish how credit card numbers were arrived at. If that information was given in an open court, anyone who was present could make up a credit card number. Thus, the entire system would have been frustrated. Because it was not to the

benefit of the public, the spectators were removed from the courtroom for approximately 15 minutes while this evidence was adduced. After that sensitive technical information was established, the public and the press were allowed to return to the courtroom. Only under special circumstances should that be done.

I should like to refer to some of the most important cases historically regarding this matter, such as the Scott versus Scott case which was heard by the Privy Council of the House of Lords. At that time Viscount Haldane is reported as saying the following:

> In cases in other courts, where all that is at stake is the individual rights of the parties, which they are free to waive, a judge can exclude the public if he demits his capacity as a judge and sits as an arbitrator.

In other words, it cannot be done if he stays on as a judge. He continued as follows:

> . . . in the final reasons for his judgment, on the ground that justice could not be done in the particular case before him if it were not heard in camera.

He was discussing a case where counsel wanted a portion of it held in secrecy. He continued:

> My Lords, provided that the principle is applied with great care and is not stretched to cases where there is not a strict necessity for invoking it, I do not dissent from this view of the existing law.

He expressed the existing law as follows:

> While the broad principle is that the courts of this country must, as between parties, administer justice in public, this principle is subject to apparent exceptions, such as those to which I have referred. But the exceptions are themselves the outcome of a yet more fundamental principle that the chief object of courts of justice must be to secure that justice is done.

In other words, no matter what one may have to bear in front of the public's eye, it has to be done, because under common law a secret trial or portions thereof can be conducted only if it is for the protection of certain individuals and their rights. This matter dealt with immoral conduct involving children and lunatics. In order to provide a witness with some protection from being shot, for example, and in order for justice to be done, the request was made.

Viscount Haldane continued as follows:

> But the burden lies on those seeking to displace its application in the particular case to make out that the ordinary rule must as of necessity be superseded by this paramount consideration.

The paramount consideration is that justice must be done. He continued:

> The latter must treat it as one of principle, and as turning, not on convenience, but on necessity
>
> In either case he must satisfy the court that by nothing short of the exclusion of the public can justice be done . . .
>
> A mere desire to consider feelings of delicacy or to exclude from publicity details which it would be desirable not to publish is not, I repeat, enough as the law now stands.

That common law principle was expanded and relied upon in the case of Rex versus Lewes Prison (Governor), Doyle, ex parte. The case involved a court martial which was held in secrecy in Dublin in 1914. That was because martial law was in existence at the time. Dublin was under martial law because the IRA were in revolt. There was concern that the courtroom might be blown up, or at least that witnesses would have been shot either in the courtroom or in retaliation afterward. In order for justice to be done, it was necessary to conduct the trial in secrecy. Otherwise the trial could not have been carried out.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Dick: Thank you, Mr. Speaker. In conclusion, I should like to point out that nowhere can I find in civil cases, criminal cases or cases conducted under the Official Secrets Act in Canada, an example of a total trial being held in secrecy. Applications for exclusion have been made only for sensitive parts.

In the Treu case, upon the charge being read and the plea being entered, an application was made and secrecy was invoked carte blanche for the entire trial. It is unfortunate that not even the reasons for doing so were given publicly.

In the Tomasz Biernacki case, the accused was a hydraulic engineer. In his case, much of the evidence at the preliminary hearing was heard in public; but from time to time the judge ordered journalists present not to publish certain pieces of information involving national security matters. That was because the Official Secrets Act indicated that all or any portion of the public may be excluded. In other words, the judge may order average citizens out of the courtroom, at the same time as telling press reporters that they can remain. For example, the judge could order that all women have to leave the courtroom but that the men are allowed to remain, or vice versa. In the Biernacki case most of the evidence was heard in public.

In the 1967 Featherstone case, most of the evidence was heard in public; but the judge excluded reporters and spectators from the courtroom to protect the identity of undercover RCMP agents. The judge authorized the official court reporter to make available a transcript of the closed door testimony, provided the agents were not identified. Even though it was necessary to protect certain elements of secrecy, they went to extremes to make it as public as possible. "Public" means an open and public courtroom.

I should like to refer to the case of Mr. Treu and an article which appeared in the April 29 edition of the *Globe and Mail*. It was written by a Mr. Jeff Sallot and reads as follows:

> RCMP Sergeant D. R. McElroy, one of the investigators, told reporters there were "entire days of evidence" that didn't concern classified material.

● (1602)

Why was the public not there? The article continues as follows:

> But it was better not to have the public present because there was no way of determining in advance if questions by the defence would get into national security areas.

The defence counsel could easily have been warned by the judge—I have seen it happen many times, and have been warned myself—that he was going too far. If necessary they could have made orders for exclusion as they were needed.

I have been informed that the Crown prosecutor in this case also did a search but could not find any precedent in law which showed a complete trial held in secrecy in Canada. He has no knowledge of any such precendent although he did some research into the matter.

It is stated in an article which appeared in the Montreal *Gazette* of May 29, 1978 by Lew Diggs of the Canadian Press:

> But prosecutor Handfield said "the whole transcript would have to remain secret" even if it was reviewed today. The only possible exception, he added, was testimony from an RCMP officer who raided Treu's west-end home March 29, 1974, and hauled off about 500 pounds of documents, some of which were used in the trial.

The prosecutor indicated that there were areas in respect of which it was not necessary for the public to be excluded, as there would have been had matters of state secrecy been involved. So we have the prosecutor and one of the investigators both suggesting that the public could have been admitted. I do not know how we in this country can tolerate such a thing as a secret trial from beginning to end. I suggest that is intolerable and in this case it is unfortunate.

I want to refer to a very much celebrated British case, that of George Blake. I have a copy here of an editorial which appeared in the Toronto *Sun* of May 17, 1977.

> The article says that when Soviet master spy George Blake has a secret trial in Britain at least the opening and the closing sessions were open to the public. The evidence at those sessions was so damning and compromising to the state that it could not be revealed in total, and Blake was sentenced to 42 years. Then he escaped to Moscow.

In closing, Mr. Speaker, I want to point out something that apparently has not been brought forward, and of which I think the Minister of Justice should be made aware. Let me read sections 14(1) and (2) of the Official Secrets Act as follows:

> For the purposes of the trial of a person for an offence under this Act, the offence shall be deemed to have been committed either at the place in which the offence actually was committed, or at any place in Canada in which the offender may be found.
>
> In addition and without prejudice to any powers that a court may possess to order the exclusion of the public from any proceedings if, in the course of proceedings before a court against any person for an offence under this Act or the proceedings on appeal, application is made by the prosecution—

I want to emphasize those words "in the course of proceedings". You must make an application in the course of proceedings; but the application in the case to which we have reference was made before the trial got under way. A trial is not under way until after a plea has been entered. In this case they did not wait until the course of proceedings. The section of the act states:

> —if, in the course of proceedings before a court against any person for an offence under this Act or the proceedings on appeal, application is made by the prosecution, on the ground that the publication of any evidence to be given or of any statement to be made in the course of the proceedings—

Again, I would emphasize the words "in the course of proceedings" having regard to evidence to be given or statements made. It continues as follows:

> —would be prejudicial to the interest of the State—

In other words, you can only make the application during the course of the proceedings for exclusion during the giving of evidence or the making of a statement which would be prejudicial to the interests of the state. There is not to be a carte blanche order in this country for the closing of a trial. There must be a good reason, and that is stated in the act. The act goes on to state, and I want to emphasize this:

> —that all or any portion of the public shall be excluded during any part of the hearing—

Let me emphasize again the words "any part of the hearing, the court may make an order". It says "any part". It does not say the court can make an order in respect of the whole, but rather any part. I have not yet found a dictionary that describes "part" as being equal to the "whole". The statute says specifically a part of the trial, not the whole trial.

Even though the defence lawyer sat silent, as I understand it, or said he had no representations at that time, I do not understand how a judge looking at the law could make a decision that a "part" all of a sudden becomes the "whole". I will never know how that was done, because that is not what the law states.

With those remarks, Mr. Speaker, let me encourage members of the House in every way possible to accept the suggestion included in this motion; that we find some way of referring the subject matter to the committee. I hope the Minister of Justice will seriously consider the earlier question by the hon. member for Peace River as to whether he would direct a mistrial and order a new trial to be held in public, with some of the evidence being heard in secret, namely, those parts that are truly important to the national interest.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, before commencing my comments today I should like to commend all members of the House who I have heard participate in the debate so far. It appears very much to me that the debate has been straight forward and worth while. I congratulate those persons who have spoken for the largely calm and deliberate tone they have set. The matter has had a fairly thorough airing today.

Members on all sides of this House are concerned about these serious matters. That is quite apparent, and I think that speaks very well for parliament and its day to day work. The conduct of the debate so far has been exemplary.

Let me preface my remarks by making one point regarding the motion for the hon. member for Peace River (Mr. Baldwin). He does include in his motion the following comment:

> —this House notes with concern the secret trial of Alexander Peter Treu and the harassment of the Toronto *Sun* and its editor, Peter Worthington, under the provisions of the Official Secrets Act—

I could have risen earlier but I did not want to do so. I mention the matter now in only the most cautionary way. Members have had very great respect today for the *sub judice*

rule and have stuck to the main issues of the debate rather than reflecting upon the two cases mentioned. The hon. member for Lanark-Renfrew-Carleton (Mr. Dick) did make one or two remarks about the merit of those cases, but soon returned to the main point.

It is interesting to note, since there have been comments today about what the British parliament does in relation to its official secrets act, how the British House also treats the sub judice rule. Let me refer to Erskine May, nineteenth edition, at page 427. Under the heading "Matters pending judicial decision", May states:

> Matters awaiting the adjudication of a court of law should not be brought forward in debate, subject to the right of the House to legislate on any matter;

It goes on in the subsequent paragraph to state:

> Following the first report of the Select Committee on Procedure, 1962-63, the House passed a resolution (23 July 1963) which set out the rule in detail. This resolution bars references in debate (as well as in motions and questions) to matters awaiting or under adjudication in all courts exercising a criminal jurisdiction and in courts martial from the moment the law is set in motion by a charge being made to the time when verdict and sentence have been announced, and again when notice of appeal is given until the appeal is decided;—

● (1612)

That rule sets out a wise caution on matters of procedure and of debate such as we are into. I am not so sure if this were the British House that this same motion would have been allowed to be brought forward this afternoon by an hon. member, such as the hon. member for Peace River (Mr. Baldwin), in the same wording and debated in the same fashion.

This side of the House has participated quite willingly in the debate this afternoon, and the Minister of Justice (Mr. Basford) himself said somewhat earlier in the course of the session at page 3882 of *Hansard*:

> This House has established a committee to examine the privileges and immunities of members of parliament, including the application of the Official Secrets Act. That examination is necessary and, in my view, urgent. It is essential to protect the position of members of parliament to continue to be able to speak freely and candidly in carrying out the responsibilities that we bear on behalf of our constituents and the country at large without any harassment.

I point that out because the hon. member for Peace River in his speech this afternoon spoke of the harassment of an individual and a newspaper corporation. I think it explains quite adequately the position of the Minister of Justice.

The wording of the motion by the hon. member for Peace River gives me some trouble. To me, it is not just a mere reference to a matter before the courts, but it strikes me that the hon. member bases his motion to examine the Official Secrets Act on the obvious premise that the courts are no longer able to discharge their function of ensuring that the criminal process is not used for abusive ends. Where will it all end? Are we then to abolish all courts of appeal and refer judicial decisions to the hon. member for Peace River?

During the course of his comments, the hon. member compared the trial of Dr. Treu to the Star Chamber. I urge him to reflect upon that and to look into some law books and perhaps some legal history. The Star Chamber was a court of investigation and torture from which there was no appeal. To make reference to that infamous chamber in the context of comparing it with a modern day Canadian court with the attendant regard for due process, the rights of the accused, the presumption of innocence and the right of appeal, is something of a slight upon our judiciary, our laws and the rule of law in this country.

Does the hon. member really believe that the courts act judicially and fairly only in an open court? Is he serious in implying that Judge Trudel applied a different test to guilt or innocence in a closed court than he would have done otherwise in an open court? If the hon. member has any basis for such an allegation or such a comment on the judicial integrity, I would suggest that it is his duty to make it public. If not, then he would be doing himself, the bench, the country and this House a disservice.

Mr. Baldwin: I am waiting until the facts are made public.

Mr. Young: Mr. Speaker, the decision to hold the trial in camera was a decision for the judge, but only after he provided an opportunity to both sides, the prosecutor and the defence, to be heard on the question. It was pointed out earlier by the Minister of Transport (Mr. Lang) that in the Treu case the defence was given the opportunity to argue why the trial should not be held in camera, and counsel for the defence did not oppose the motion to proceed in camera.

In the course of the remarks made by the hon. member for Peace River today, he said that it may be possible to guard some secrets. He did not expand, but he said that perhaps at some time there may be a need to guard closely some secrets. However, in the course of his remarks today he called the Official Secrets Act a "stupid, tyrannical, authoritarian law deserving of contempt". I do not know how you can provide a law to protect secrets on the one hand, and on the other hand feel that it is "stupid, tyrannical, authoritarian and deserving of contempt." How can you balance those two points of view in your mind? Therefore, I am not quite sure exactly where on the real crunch of the issue the hon. member for Peace River comes down.

The hon. member said today that the scope of the Official Secrets Act should be limited to matters of national security and defence. I have yet to hear him come forward with a definition of the term "national security".

Mr. Baldwin: It is in my private member's bill. I have tabled it.

Mr. Young: I did not hear that put forward in the debate this afternoon.

Mr. Baldwin: I don't need to.

Mr. Young: Well, I did not hear it put forward in the debate this afternoon, but if the hon. member has a good definition, why did he not bring it in in the course of his remarks today?

Mr. Baldwin: Repetitious.

Mr. Hnatyshyn: He has been making speeches on this subject for a long time.

Mr. Young: The other day the hon. member for Peace River said that he held no brief for Mr. Treu, yet today his hope is that the verdict will be overturned on appeal. He said that the government has "put the lights out for Mr. Treu", that there has been a "selective prosecution" of Mr. Worthington and the Toronto *Sun*, and that it was an "act deliberately taken". This was not the kind of feeling which was gathered by a fairly well-known member of the press corps in this building, who is perhaps a much greater friend to the Conservative party than to this party or to myself, even though, if I may say, I went to school with the gentleman at one time.

I would like to read into the record the comments of Geoffrey Stevens in the *Globe and Mail* on March 18 of this year. The headline is "Mr. Basford's statement: calm, intelligent, non-partisan, restrained". In the course of that editorial, these comments are found:

> Justice Minister Ron Basford, a young veteran at the age of 45, is nearing the end of a 15-year career in Parliament; he will not be a candidate in the forthcoming general election. Yesterday, Mr. Basford ensured that he will depart with distinction.
>
> His statement to the Commons was everything we should expect from the Attorney-General of Canada on such a grave matter. It was intelligent, carefully reasoned, non-partisan, restrained in its language and calm in its tone.

Later on in the article:

> —the government cannot ignore the leak and dissemination of documents which it deems to be vital to the security of the nation. Thus, Mr. Basford has consented to the prosecution of the Toronto Sun.
>
> Although it can be argued that the Sun virtually dared the government to prosecute by publishing its materal five days after the Solicitor General had first demanded that Mr. Cossitt return the document, no one likes to see a newspaper hauled into court for giving its readers information which it judges is in their interest to have.
>
> Freedom of the press, however, is not a licence to break the law.

Those are the remarks of a reporter who watches these proceedings nearly every day of the week we are here, Mr. Speaker.

Mr. Baldwin: May I ask the hon. member a question?

Mr. Young: I will take a question at the end of my remarks, if the hon. member will allow me to continue. I say that only because I have some comments grouped before me and I do not want to lose track of my thoughts.

● (1622)

I listened to the hon. member for Halifax (Mr. Stanfield) with care because I have a great deal of respect for him. It seemed to me that his speech was built on the premise that the Official Secrets Act is bad because of the power of secrecy, because the power to hold hearings and trials in camera is built into it, and more so because he feels the scope of the act is far too wide and must be limited. I did not hear him outline a definition or a circumscribing of the scope that he felt would have been appropriate. It is much easier to be critical of a matter than to be positive; it is sometimes easier to criticize than to defend. I was always taught that one should criticize in a constructive manner. If you are going to say that the scope of something is too broad or the powers are too wide, then you should suggest a better outline of what you would like to see. But I did not hear that. I heard that the law was bad, that it was too powerful, but I did not hear what the definition of limitations of the law should be.

The hon. member for Lanark-Renfrew-Carleton touched upon some issues which reflected on the merits of the case. I want to be careful not to do something that I do not think anybody else should do. He referred to some comments on the supposed continuing employment of Mr. Treu. I do not want to say anything more than that those are not the facts as I understand them.

If I may deal with some of the facts involved in the case of Dr. Peter Alexander Treu, Mr. Speaker, they are that he was charged in March, 1976, on four counts under section 4(1) of the Official Secrets Act. The charges alleged in substance that Dr. Treu violated provisions of the Official Secrets Act by retaining in his possession certain documents without authority and failed to take reasonable care in the keeping of such documents. As mentioned already in public debates, the documents alleged to be in the possession of Dr. Treu were, for the most part, classified NATO documents.

After a trial held in camera, Dr. Treu was convicted on two of the four counts and was sentenced to two years in the penitentiary. Dr. Treu has appealed the decision to the court of appeal of Quebec. Shortly after his arrest on the charge he was granted bail and he continues to be free on bail pending his appeal.

Since this matter is now pending before the court of appeal it would be improper at this time to comment further on the facts of the case.

There has been considerable debate in this House and in the press concerning the decision made by the court to proceed in camera. Section 14(2) of the Official Secrets Act provides as follows:

> In addition and without prejudice to any powers that a court may possess to order the exclusion of the public from any proceedings if, in the course of proceedings before a court against any person for an offence under this Act or the proceedings on appeal, application is made by the prosecution, on the ground that the publication of any evidence to be given or of any statement to be made in the course of the proceedings would be prejudicial to the interest of the state, that all or any portion of the public shall be excluded during any part of the hearing, the court may make an order to that effect, but the passing of sentence shall in any case take place in public.

Parliament, in enacting the Official Secrets Act, did recognize that there would be instances where, by reason of the necessity to protect the interest of the state, in camera hearings would be required. Parliament, however, did not grant the state nor the prosecutor the power to unilaterally decide on the question of an in camera hearing. Parliament entrusted the judiciary with the power to make such decisions upon its being shown that the public interest would require an in camera hearing.

In comparison, Mr. Speaker, section 442(1) of the Criminal Code provides as follows:

—judge, magistrate or justice, as the case may be, is of the opinion that it is in the interest of public morals, the maintenance of order or the proper administration of justice to exclude all or any members of the public from the courtroom—

The judge may do so for all or part of the proceedings. The discretion to use in camera hearings, although used sparingly, already exists in the Criminal Code and may be exercised in those circumstances.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but I must inform him that his allotted time has expired. He may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Baldwin: Including the answer to the question.

Mr. Young: I will try to answer the hon. member's question, Mr. Speaker. I shall be as brief as I can but I hope I will be allowed a few moments to wind up my remarks.

What I am trying to point out is that the power to have in camera proceedings is found not only in the Official Secrets Act but also in the Criminal Code. Beyond that, at a preliminary hearing a justice of the peace may also order in camera hearings when he is of the opinion that the ends of justice will be best served by such an order as provided in section 465(1)(j).

A number of other provisions in the code, although they do not affect the right of the public to be present in the courtroom, affect the right of the media to publish the proceedings. Section 467 provides that a justice must, on the application of an accused, prohibit the publication of evidence adduced at a preliminary inquiry.

Section 470 prohibits the publication of a confession of an accused adduced at a preliminary inquiry.

Section 457.2 provides that a justice may, and must upon request by an accused, prohibit publication of evidence given at a bail hearing.

Section 442(3) provides that in trials pertaining to certain sexual offences the judge must, if the prosecutor so requests, order that the name of the victim and her evidence shall not be published.

Those are instances, far removed from the Official Secrets Act but found in the laws of this country, in which the public may be excluded from a trial. In essence, that part of the trial may be conducted in camera—such as was done under the Official Secrets Act—or the publication of evidence given in a trial may be barred or banned by a judge. That prevents its being given to those outside the courtroom where the trial was held by a newspaper or radio or television station.

Instances where the public may be excluded from a courtroom in criminal proceedings or where limitations on publication of evidence adduced may be imposed are not unique to the Official Secrets Act. The reasons for such limitations are self-evident and are designed to facilitate the administration of justice and protect the rights of accused as well as the victims of sexual offences.

In matters where state secrets are involved, some of which relate to sensitive defence secrets, can it not be advanced that it is quite legitimate and proper to grant courts the necessary powers to protect against the undue disclosure of such information? On balance, should it not be common ground that important state secrets, the disclosure of which might affect the security of Canada and its allies, warrant as much protection against unnecessary public disclosure as matters involving public morals? If it is proper to grant to the court the powers referred to in section 442 of the Criminal Code, I suggest it is as proper to give the courts the discretion provided for in section 14(2) of the Official Secrets Act.

● (1632)

Mr. Dick: Part of the trial, not the whole trial.

Mr. Young: Mr. Speaker, I reiterate that in this case the Crown prosecutor, during the course of a public hearing, at the outset of the trial—and I say this for the benefit of the hon. member for Lanark-Renfrew-Carleton—moved the court to order an in-camera hearing for reasons which I think have already been given today by the Minister of Transport or the hon. member for Windsor-Walkerville. The defence attorney made no representation to that question, Mr. Speaker. That was done in public. The court thereafter immediately ordered that the trial proceed in camera. In its remarks the court interpreted the attitude of the defence counsel as meaning that he had no particular objection to that order being made.

Just in closing, Mr. Speaker, I understand that counsel for Mr. Treu spoke openly within the last couple of weeks to a meeting of the bar; I believe it was an annual meeting held in Quebec. I do not know whether there is any transcript of those remarks but I am given to understand that counsel for Mr. Treu did speak openly and did make some references to the trial. I do not wish to take anything out of context, but I am of the understanding that counsel for the defendant accepted the proposition that there are matters relating to national security which cannot be discussed in public and that such matters arose in the Treu case, which led the court to make the decision it did for national security reasons and thus ordered the trial to proceed in camera.

I also understand that the impression gained from some who were in attendance was that defence counsel was quite happy with the handling of the matter by the court. The hon. member for Peace River shakes his head, but it is my understanding that defence counsel was quite happy to accept the fact that judges are given power to make such decisions, that they have the responsibility to make such determinations, and I know of no cause for complaint in respect to the manner in which the learned justice conducted the trial. I know of no complaint arising to date—at least none has come to my attention—that the judge had discharged his responsibilities in anything other than a proper manner.

If the point hon. members opposite are trying to make today is that the Official Secrets Act is so damnable because of its extent and scope, or because it contains within it the power to hold a trial in camera, then I would have expected to have

heard reflections in the debate on the Criminal Code on the powers given to justices of the peace and the powers given to judges to ban publication. We have heard nothing of those things, Mr. Speaker, although there may be someone to follow my contribution who will incorporate some such remarks into his speech. But so far we have heard none of those arguments.

I think it is true to say—and I hope not trite—that the party which gains the majority of the seats in an election is the party chosen to form a government. Upon it is thrust a great deal of responsibility to carry out the affairs of the country within the context of the laws by which we are all governed. I guess there is some degree of trust by the people of this country in those who are elected and then subsequently appointed to the ministry. I suppose we all share some degree of trust that in this democratic society those responsibilities will be carried out in a proper way and that our trust will be in the good hands of those who become members of the cabinet. Upon those people who are in charge of leading this country, in the context of their daily work, comes a good deal of information. Some of it is very sensitive and some of it is necessarily secret, and it is incumbent upon them to guard that information so that it may be used in the best interest of us all in this country.

An hon. Member: You are not in favour of freedom of information?

Mr. Young: I am not saying I am not in favour of freedom of information. I am saying that there is a trust placed in members of cabinet. They have to accept it and exercise their responsibilities diligently. There are some secrets which must be guarded and I know it must become very difficult. I am not saying that the hon. member for Peace River has no point whatever to make. I am not saying he is not a conscientious member or that he has not put forward a point or philosophy which bears examination and good, solid debate. I welcome these things because I share the concern which he has expressed in this House, that of an upstanding, honest member of parliament. That is fair game, fair comment in debate in this place.

Upon members on this side, particularly those in the cabinet, is thrust the responsibility of a difficult job to do. I am sure that the burden of some of the information which comes their way is not always welcomed on their shoulders. But they have that job to carry out and they must guard it carefully. That is a crunch decision to make. There has to be a way of doing it carefully. There is a necessity to carry it out, although at times it may be difficult. In my opinion that trust has been carried out admirably by people on this side, fairly and in a proper manner.

I do not wish to overstep the kindness and courtesy hon. members have allowed me in granting a few extra minutes to conclude my remarks, Mr. Speaker, and I will therefore break off at this point. There are a few more points I would have liked to make but I will conclude at this time because I understand the hon. member for Peace River wished to ask me a question.

Mr. Baldwin: Mr. Speaker, I pass the baton on to my hon. friend from Saskatoon-Biggar.

Mr. Knowles (Winnipeg North Centre): The old winder-upper!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, as the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, it seems to be my place to try to bring many debates in this House at least close to conclusion. I spend less time in this chamber, I am sure, than the hon. member but I seem to spend an inordinate amount of time catching up and trying to bring into perspective some of the comments which have been made and some of the deliberations which have gone on.

I wish first to commend and compliment my seatmate, the distinguished member for Peace River (Mr. Baldwin), for bringing to the attention of the House, through his motion today, a matter which I think is of utmost importance at this particular time. It is one which has caused people who give serious consideration to civil liberties in our country to feel great concern.

● (1642)

Notwithstanding some of the comments we have heard, which I take to represent official government attitude, I would not want to suggest that the parliamentary secretary, on the basis of the remarks he made, would be awarded the civil libertarian of the year award in this country or any other jurisdiction at least as far as I can make out.

There is a place for civil liberties in this country. I know the hon. member for Gloucester (Mr. Breau) may not agree with that view. In fact he may hold a contrary view. However, notwithstanding some of the activities of this administration, there is still room for civil liberties in this country. If he wants to take the contrary position, maybe the hon. member for Ottawa West (Mr. Francis) will yield his place and allow him to pursue that so that we can understand his position.

Mr. Breau: Mr. Speaker, I rise on a point of order. It is a little unfair for the hon. member to suggest that I am against civil liberties because of an interjection that I made.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member might have a private point or a point of debate, but it is certainly not a point of order.

Mr. Hnatyshyn: Maybe that will teach the hon. member not to interject as he does. He is renowned for his capacity to speak from the seat of his pants.

There are other points that have to be made. It is not as though the hon. member for Peace River is making an isolated plea on the basis of the motion he has presented today. I was surprised that the Parliamentary Secretary to the Minister of Justice (Mr. Young) quoted from Geoffrey Stevens as being the basis of absolute truth and perception in all things. We in the opposition understand as well as anyone that his perception with regard to the Gallup poll results last week sometimes

gives us cause for thought as to whether everything Mr. Stevens says is the absolute truth and comes from on high. Be that as it may, he is probably the sole critic of the position taken by my colleague from Peace River with regard to this matter.

I can perhaps underline that fact by making two comments. As far as I know, every newspaper, every editorial comment and every political observer commend the hon. member for Peace River on the position he has taken and castigate the government on the position it has taken with regard to this matter relating to Mr. Treu. In fact, the paper for which Mr. Stevens writes made reference to the Minister of Justice (Mr. Basford). I wish to quote from the collected wisdom of the paper rather than an isolated columnist. I quote from an editorial in the June 7, 1978 edition of the Toronto *Globe and Mail*. It is a reference to the attitude and position taken by the Minister of Justice. I quote:

> Mr. Basford responded with a glib sophistry unworthy of his office.

Mr. Stevens should read that comment. The article goes on to comment with regard to the performance of the Minister of Justice, and I quote:

> Meanwhile Canadians generally, and the Minister of Justice in particular, will have to start getting used to the idea that thanks to the Treu case Canada has joined such countries as Argentina, the Soviet Union, Chile and Uganda in coming under the examination of Amnesty International, the international organization that investigates violations of human rights and campaigns for their redress.

Those kinds of comments are the kinds of uniform comments one finds across this country with respect to this outrageous trial we are now considering and which continues on to appeal. It does not do the case of the government any good to have the parliamentary secretary bring forward provisions in the Criminal Code where there is a particular, narrow situation prohibited or banned from publication, or where there is an opportunity for the judge in certain cases to clear the courtroom temporarily. It does no good for the government side of the case to present those arguments. That is what those on all sides of the House who object to the provisions in the Official Secrets Act are trying to attain.

What does the motion say? It does not say that we should wipe out every provision in this country with regard to national security. It does not say there is not a place in certain limited instances where considerations of national security have to be protected. What the motion says is that certain aspects of the Official Secrets Act have to be changed. Limitations have to be placed on the powers now contained in that act relating to secrecy and to the onus of proof. If anyone speaking on behalf of the government suggests that is not the basis upon which we all approach the Official Secrets Act, then I am really concerned about where we are going in this country.

I suggest to those who oppose this motion that, as suggested in the motion, we should look in committee at ways of melding the interests of national security, the interests of the state, and the interests of the basic principles of freedom and openness which we hope will be prevalent in our country, and that in some way we can, by non-partisan deliberation, come to some conclusions.

[Mr. Hnatyshyn.]

Maybe we can do as the Prime Minister (Mr. Trudeau) suggested when he did not call the election—demonstrate that there is a lot of work which parliament can do. If we are not going into an election, let us get on with this kind of task. Let us have this kind of non-political, non-partisan look at what is an odious piece of legislation if ever there was one.

I want to comment on a rather interesting aspect of what has gone on in the debate today. I detect two lines of argument coming from those who purport to speak for the government. If I can lump the speakers together, one line consisted of arguments by the Minister of Transport (Mr. Lang) and the Parliamentary Secretary to the Minister of Justice who apparently gave us the official government view with regard to the Official Secrets Act and the content of this motion. The other line was presented by the Secretary of State (Mr. Roberts) and the hon. member for Windsor-Walkerville (Mr. MacGuigan). There was somewhat of a conflict between the two lines of reasoning carried on by those two groups.

As I understand the principles which should guide us in this country, freedom of information and openness should be a basic principle and a basic right and any limitation should be an exception to that rule. Those who oppose this motion appear to take the position that somehow the government, in its power that is granted to it by the electorate, should have the ability to make decisions and that there should be the right to do that in private, in closed conference, getting advice that is not open to the public except in specific exceptions granted by the government in their wisdom.

That really is the fundamental question we have to consider. What is the attitude of this government toward freedom of information as it relates to the general topic and to the conduct of judicial proceedings in this country? The Secretary of State tried to speak on behalf of freedom of information. He said he accepts that idea and supports it strongly. I ask the Secretary of State, as I have done in the course of committee meetings, how far he and this government are prepared to go to bring about effective freedom of information as opposed to something less than effective freedom of information.

● (1652)

Unfortunately, the Secretary of State has not yet come down hard on the side of supporting the proposition that there should be an independent review of an application for information by any citizen of this country which could be adjudicated upon by an independent arbiter whose decision would be binding in 99.9 per cent of the cases upon the executive or cabinet of this country. I think that is a very fundamental consideration we have to give to the kind of freedom of information we have in this country, if it is to be effective. All I am saying is that it is all right to pay lip service to freedom of information and to stand up in this House and say that we really believe that there should be freedom of information; but if we are not prepared to support the basic mechanisms which would bring about that freedom of information, it is quite another thing to be believed.

I do not want to speak for too long because I know that the hon. member for Ottawa West wishes to make a few remarks. However, I do want to point out that part of the motion refers to the fact that, in the case of Peter Worthington of the Toronto *Sun*, there has been harassment.

When we talk about harassment, there are two ways to look at it. Without getting involved in the merits of this particular case, actual prosecutorial actions have been taken against the Toronto *Sun*. Some say that this is an isolated incident, but this is not the first time Mr. Worthington and the Toronto *Sun* have been threatened under the Official Secrets Act. Hon. members will recall that a little more than two years ago, on May 7, 1976, the Prime Minister of this country was ranting and raving in this House about an attempt on the part of the media to discredit him. He said the following in this House:

I think it is of concern to every member of the House, too, that a leak which is obviously destined to destroy my reputation and credibility should have been deliberately put into the hands of the press and treated that way by the press.

The Prime Minister was referring to a letter, as hon. members will recall, which was from General Dare, the head of the security section, to his deputy. The Prime Minister was in hot flight after the press and after the Toronto *Sun* particularly. What he said about the Toronto *Sun* almost prohibits repetition in this place.

While the Prime Minister was carrying this on, by mere coincidence four RCMP officers swooped into the offices of the Toronto *Sun*, demanded copies of the correspondence and threatened Mr. Worthington under the Official Secrets Act. That is the kind of use to which the Official Secrets Act has been put on a previous occasion.

What has happened in this instance? The Prime Minister talks about rights of individuals and democratic principles, but we all recall that not too long ago the Prime Minister stood in this House and, in effect, charged, tried and convicted on public television a member of this House with respect to the alleged possession of certain documents, as well as Mr. Worthington and the Toronto *Sun*. What basic precepts or concepts of freedom and principles of justice does the Prime Minister have when under the protection of this House he advises everybody in public that these are secret documents and that there has been a breach of the Official Secrets Act? Where do we go from there? There is no charge against the hon. member for Leeds (Mr. Cossitt). Is there a charge against the CTV network which carried the essence of those documents and the story? I do not recall there being any charge laid against that network.

Is there a charge against any other newspaper in this country? No. Only Mr. Worthington and the Toronto *Sun* were charged. Mr. Speaker, I am talking about harassment by selective prosecution. Without going into the merits of the thing, I simply ask you, as an independent observer, what conclusions can be drawn from that situation.

I want to conclude on that note. I am sorry; I did not realize what the time was. I know the hon. member for Ottawa West does want to speak briefly and conclude this debate, but I appreciate the time I have been given.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, in the very brief time—some two minutes or so—remaining to me I want to go on record as supporting the principle of referral of the Official Secrets Act to a committee of investigation. I am not prepared in any way to comment or pass judgment on the way in which the existing law has been applied in the cases under it. It seems to me that previous speakers have explained in some detail the law as it stands.

Mr. Prud'homme: I share your opinion.

Mr. Francis: I know some of my colleagues to my right share the opinion I am expressing now. The hon. member for Saint-Denis (Mr. Prud'homme) is one of them.

On only one or two occasions have I had reason to be familiar with the provisions of the Official Secrets Act. I remember that in 1975 the hon. member for Kenora-Rainy River (Mr. Reid) was charged by a newspaper, the Montreal *Gazette*—it was really quite an incredible situation—with having disclosed some features which were allegedly contained in a budget, which would have been the basis of a violation of the Official Secrets Act.

The charge led to hearings before the Standing Committee on Privileges and Elections, and the findings were as one might have predicted. There really was not much to substantiate the charge of the Montreal *Gazette*. However, if the effect of the Official Secrets Act is to restrict access to information, the context in which the hon. member for Peace River (Mr. Baldwin) has set the debate today, then along with other hon. members I can only express the wish that we have it reviewed and that we will proceed to a freedom of information act.

Speaking earlier in this debate the Secretary of State (Mr. Roberts) undertook that, at the beginning of the next session, he hoped to have a bill to present to this House. I welcome that very much. Those of us who have examined the green paper on freedom of access to information have found that it really is not strong enough, as far as I am concerned, in many areas. I for one prefer to have a judicial review to determine whether papers should be accessible through a federal court.

The Acting Speaker (Mr. Ethier): Order, please. It being five o'clock, it is my duty to declare, pursuant to Standing Order 58(11), that the proceedings on the motion have expired.

Accordingly, this House stands adjourned until two o'clock on Monday afternoon.

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

OFFICIAL TRANSCRIPT OF SENTENCING IN TRIAL OF ALEXANDER PETER TREU, MONTREAL, MAY, 1978

[*Editor's Note: Text of unrevised translation in English will be appended to Hansard of June 12.*]

CANADA COUR: SESSIONS DE LA PAIX

PROVINCE DE QUÉBEC

DISTRICT: MONTRÉAL VILLE: MONTRÉAL

CAUSE NO: 27-003926-765

ÉTAPE: SENTENCE

PRÉSIDENT: M. LE JUGE LUC TRUDEL, J.C.S.P.

NOM DES PARTIES:

LA REINE

VS

ALEXANDER PETER TREU

NOM DES PROCUREURS:

Me FRANÇOIS HANDFIELD
PROCUREUR DE LA COURONNE

Me MICHEL CHABOT et
Me PAUL MIQUELON
PROCUREURS DE LA DÉFENSE

DATE D'AUDITION: 4 mai 1978

ENRG. MÉCANIQUE NO: 1904057802151177

SECRÉTAIRE JUDICIAIRE: DIANE ROBIDOUX

STÉNOGRAPHE JUDICIAIRE:

TRANSCRIPTION REMISE LE 16 mai 1978

ALEXANDER PETER TREU
SENTENCE
27-003926-765

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[*Traduction*]

PAR LA COUR (M. LE JUGE LUC TRUDEL, J.C.S.P.)

Monsieur Treu, je vais rendre ma sentence en français, ma langue maternelle, car j'y suis beaucoup plus à l'aise. J'estime que c'est important et je préfère m'exprimer en français. Cependant, vous pourrez obtenir le compte rendu de mon jugement sans difficulté et, si vous insistez, nous pouvons le faire traduire dès maintenant.

PAR L'ACCUSÉ

Cela ne sera pas nécessaire, Votre Honneur.

PAR LA COUR

Très bien, mais j'espère, et je suis même sûr que vous allez le faire, que vous allez lire ce jugement et vous le faire traduire. Je pense que vous devriez le faire.

[*Français*]

Alors, en date du 28 avril 1978, la Cour a trouvé coupable monsieur Treu sous deux chefs d'accusation, à savoir: que le ou vers le 29 mars 1974, il a eu illégalement en sa possession, ou contrôle, des documents ou des informations qu'il avait obtenus, ou auxquels il avait eu accès, comme un individu qui était employé pour une compagnie qui avait eu un contrat pour le compte de Sa Majesté, à savoir: la Northern Electric Company Limited, lequel monsieur Treu a illégalement retenu de tels documents et/ou de telles informations, alors qu'il n'avait pas le droit de le faire, commettant ainsi un acte criminel contrairement à l'article 4-1-c) de la Loi sur les secrets officiels. Le deuxième chef d'accusation était à l'effet que, quant aux mêmes documents et quant aux mêmes informations, après les avoir retenus ainsi illégalement, l'accusé n'en a pas pris un soin raisonnable, tel qu'il est spécifié par la Loi, ou s'est conduit de telle façon et de telle manière qu'il mettait en danger la sécurité de tels documents, le tout contrairement à l'article 4-1-d) de la Loi sur les secrets officiels. Je veux assurer l'accusé, ainsi que les avocats, que j'ai revisé entièrement, avant de rendre mon jugement, tel que la Loi m'y oblige d'ailleurs et en conformité avec mon secret d'office, que j'ai revisé entièrement toute la preuve, que j'ai revu tous les exhibits, que j'ai, je crois avoir compris, dans son entité, toute la preuve, sauf évidemment certaines parties techniques, très techniques qui dépassaient mes connaissances, du moins quant à la partie qui exigeait des connaissances vraiment spéciales que l'accusé possède et que d'autres experts possèdent. Mais du moins, tout ce qui regarde le côté légal et le côté droit et les faits de la cause, je crois que j'ai rempli mon serment d'office du mieux que je le pouvais dans les circonstances, après avoir revisé et après avoir pris tout le temps et toutes les heures nécessaires qui s'imposaient dans les circonstances.

Je ne dis pas cela évidemment pour un but personnel, au contraire, c'est pour assurer tout simplement l'accusé que tel que mes fonctions l'exigent et tel que mon serment d'office l'exige, j'ai revu toute la preuve et j'ai basé mon jugement uniquement sur cette preuve et sur rien d'autre que la preuve qui a été faite devant moi durant tout le procès. En surplus, depuis que j'ai rendu mon jugement, j'ai pensé tout le long de cette période qui s'est écoulée entre la fin de mon jugement et votre comparution aujourd'hui et je puis vous assurer que j'ai continuellement pensé à la sentence que je devais rendre, sans tout de même présumer des plaidoiries qui seraient faites devant moi, ou sans non plus me faire une idée définitive parce que je n'avais pas le droit, tant que je n'avais pas entendu votre avocat, ou la preuve qu'il voulait m'offrir, et tant aussi que je n'avais pas entendu la plaidoirie de la Couronne, mais je possédais les faits de la cause et je possédais la Loi et il était de mon devoir, tout de même, de commencer à mûrir et à penser à une sentence que je pourrais vous imposer après vous avoir trouvé coupable. Alors, ni mon jugement ni ma sentence ne sont des décisions de dernière seconde ou de dernière minute et mon jugement et ma sentence, je le crois en toute honnêteté, ne sont basés que sur les faits, que sur la preuve, que sur la Loi, que sur la jurisprudence, après, comme je vous le répète, avoir pris connaissance du dossier et après avoir entendu les plaidoiries de vos deux avocats et ce jugement et cette sentence évidemment sont rendus en conformité avec ma conscience et de la façon que j'interprète à la fois les faits, la Loi et la jurisprudence. Monsieur Treu, je veux aussi vous dire que, dans mon opinion, vous avez subi un procès juste, en conformité avec les lois du Canada, telles qu'elles existent; la Loi des secrets officiels évidemment est une loi canadienne qui nous lie tous, y compris moi-même, y compris les avocats, y compris les journaux et les journalistes. D'ailleurs nous tous, comme citoyens, les Juges à plus forte raison et les gens qui occupent de hautes responsabilités, nous sommes tous liés par les lois de ce pays et je crois personnellement que la Loi est au-dessus des hommes, est au-dessus des personnalités, est au-dessus de tous les citoyens, individuels ou corporatifs, et j'avoue que votre procès a été tenu, vous le savez, dans des conditions exceptionnelles, mais en conformité avec la Loi sur les secrets officiels et, à cet effet, j'aimerais tout de même monsieur Treu, rappeler, pour les fins du dossier, les procédures qui ont eu lieu dans cette cause. Vous avez d'abord comparu devant un Juge de la Cour des Sessions de la Paix; ce Juge vous a mis en liberté, conformément à la Loi, avec certaines conditions. Par la suite vos avocats, tel que c'était leur droit et le vôtre aussi, a présenté une requête devant la Cour Supérieure à l'effet de reviser les conditions qui avaient été imposées par le Juge de la Cour des Sessions de la Paix; sans entrer dans le détail, je crois que le Juge de la Cour Supérieure, après avoir pris connaissance évidemment des plaintes et des faits qui lui ont été présentés, ainsi que de votre requête assermentée, a décidé de changer certaines des conditions de votre mise en liberté, sauf qu'il vous obligeait encore à vous représenter devant, plutôt à la Gendarmerie Royale, une fois par mois au lieu de deux fois et peut-être que certaines autres conditions mineures ont été changées mais, dans leur essence, le Juge de la Cour Supérieure a maintenu les conditions qui avaient été imposées par le Juge de la Cour des Sessions de la Paix. Par la suite, vous avez comparu encore de temps à autre devant d'autres Juges, soit pour les remises du procès ou pour d'autres formalités administratives, pour finir par fixer une date de l'enquête préliminaire. L'enquête préliminaire a eu lieu. Au début de l'enquête préliminaire, la Couronne a demandé que le procès se tienne à huis-clos, pour des raisons qui ont été indiquées par la Couronne; les avocats de la Défense, vos deux avocats qu'entre parenthèses je considère compétents et que je considère honnêtes, je crois qu'ils vous ont défendu

avec tous les moyens qu'ils avaient à leur disposition, ont consenti à ce huis-clos. Par la suite, à l'enquête préliminaire, et je n'ai pas à revoir toute la preuve, mais à l'enquête préliminaire les exhibits, pour la plus grande majorité, les documents, pour la plus grande majorité qui ont été déposés devant moi au procès, ont aussi été déposés à l'enquête préliminaire et entre autre, à l'enquête préliminaire, la liste d'inventaire a été produite et par la suite j'ai aussi appris, lorsque j'ai présidé le procès, qu'il y avait eu échange de correspondance entre vos avocats et l'avocat de la Couronne quant aux documents qui seraient éventuellement produits, même s'il y a eu certaines divergences d'opinions entre les avocats quant à la masse des documents. Mais ce que je veux exprimer par ceci, c'est que, dès le début du procès, la Couronne qui représente évidemment le Ministère de la Justice, dans le cas, le Ministère de la Justice Fédéral et en passant je dois dire, je dois souligner parce que ça fait partie du dossier, qu'une autorisation du Ministre de la Justice a été produite, je l'ai ici, conformément à l'article 12, le texte est en anglais, mais conformément à l'article 12 de la Loi sur les secrets officiels, le Procureur Général du Canada, monsieur Basford, a autorisé toutes les procédures qui ont été intentées contre vous, conformément à nos lois, ici, au pays. Je n'ai pas besoin de vous dire évidemment, tout le monde le sait, que le Procureur Général du Canada occupe les plus hautes fonctions, du moins quant à l'administration de la Justice au pays et qu'aucune poursuite en vertu de la Loi des secrets officiels ne peut être intentée sans l'approbation ou le consentement du Procureur Général.

Le procureur de la Couronne a fait connaître à la Cour les intentions et les raisons pour lesquelles ce procès devait avoir lieu dans des conditions vraiment exceptionnelles; comme je le disais, il représente les plus hautes autorités du pays et la Cour, face au sérieux et par le fait que vos avocat connaissaient le dossier et les documents et que vous-même, vous en connaissiez tous les documents qui avaient déjà été déposés à l'enquête préliminaire, je crois que dans les circonstances, la Cour ayant exerçé d'une façon discrétionnaire sa juridiction, je crois que dans les circonstances qu'elle était basée et je ne dis pas ça du tout pour justifier en aucune façon, parce que les avocats connaissent notre système, toute décision judiciaire de première instance évidemment, sauf dans certains cas, quant à sa discrétion, je ne veux pas donner tout cours de droit ici, sont toujours appelables et c'est une bonne chose, non seulement c'est une bonne chose, c'est péremptoire dans notre droit et c'est essentiel pour que la démocratie puisse fonctionner. Alors, je dis ceci tout simplement pour que ce soit bien clair dans mon esprit que je vous ai jugé, quant à moi, dans les cadres de la Loi canadienne, je n'en ai pas sorti, je n'avais pas l'intention d'en sortir et je n'en sortirai pas, ni pour ma sentence. Je vous ai jugé, quant à moi, selon la preuve qui a été faite devant moi et je ne sortirai pas de cette preuve et des faits de la cause et c'était important pour moi d'établir cette position de la Cour parce que, vous le savez, il y a eu dans ce dossier-là beaucoup de publicité, dans beaucoup de cas à tort et à travers, on m'en a souligné certains faits de part et d'autre et il y a peut-être eu aussi certaines mauvaises interprétations qui ont été faites à tort ou à travers, de bonne ou de mauvaise foi selon le cas, par des gens qui ont intérêt des fois à agir ainsi. Vous-même, monsieur Treu, comme je le disais, vous étiez représenté par des avocats compétents et honnêtes. Dès le début, vous avez, évidemment vous avez vu tout le déroulement du dossier, vous avez été averti par la Cour à certaines occasions, vous saviez que le huis-clos a été ordonné, vous saviez qu'au début du procès ou à peu près, votre avocat avait souligné à la Cour un journal de Toronto, dont je me souviens pas le nom, pas tellement important, n'avait pas respecté le huis-clos ordonné par la Cour. J'avais, dès ce moment-là et c'est dans les notes évidemment, averti Me Chabot que je considérais ceci d'une façon trés sérieuse et que, dans mon opinion à moi, personne n'est au dessus de la Loi, ni vous ni, comme je le disais tout à l'heure, ni les journaux, ni personne en définitive mais que, vous le savez peut-être pas, mais il y a ce qu'on appelle les mépris de Cour qui sont commis face à la Cour et il y aussi le mépris de Cour qui est commis hors la présence du Tribunal. Quand il s'agit d'un mépris de Cour qui est commis face à la Cour, la Loi me donne juridiction pour agir immédiatement; quand il s'agit d'un mépris de Cour qui est commis hors la présence du Tribunal, je n'ai pas juridiction. Tout ce que je peux faire, ou tout ce que je pouvais faire dans les circonstances, ou ce que votre avocat pouvait faire, était évidemment de soumettre le tout à la Couronne qui est en charge de ces procédures en vertu du Code criminel et, dans le cas, il s'agissait de la Couronne provinciale. Quant à moi, je n'ai pas voulu, j'ai souligné immédiatement par exemple que votre avocat devrait, s'il le désirait, prendre des procédures immédiatement, ou faire un rapport à qui de droit, j'ignore s'il l'a fait ou non, quant à moi je n'ai pas voulu à ce moment-là rien faire et je crois que c'était justifié parce que je ne voulais pas obnubiler mon esprit en aucune façon et je voulais demeurer, tel que je conçois mon devoir, le plus objectif possible dans les circonstances, et je ne voulais pas en aucune façon être dérangé par quoi que ce soit, intellectuellement et légalement, par d'autres choses que les faits qui se déroulaient devant moi à la Cour, que la preuve qui se déroulait devant moi. Alors, j'ai tout simplement porté à mon sens le tout à la fin du procès mais il reste que je vais tout de même bien spécifier et je crois que c'était compris des avocats et, logiquement, ça devait être compris de vous parce que vos avocats tout de même vous ont conseillé tout le long de ce procès et avant les procédures, et je crois que logiquement ça devait aussi être compris de vous que le huis-clos devait être respecté. Les personnalités en cause ne sont absolument pas importantes à mon point du vue, tel que je vous le disais, c'est la Loi qui doit être respectée, monsieur Treu, c'est ça qui est le plus important dans notre société, c'est le seul rempart que la société, que nous avons nous tous ici. Le dernier rempart qui vraiment, qui puisse nous protéger, c'est la Loi et le respect des tribunaux et je crois, cet énoncé qui a été dit d'une façon beaucoup plus élaborée et d'une façon beaucoup plus savante par énormément d'auteurs, de savants ou de juristes, mais il reste que dans des termes bien simples, il me semble que tout le monde comprend que, sur une longue période, la seule protection de tout citoyen est la Loi et le respect de la Loi et le respect des tribunaux. Chaque fois que vous ou moi ou un citoyen corporatif ou autre, un journaliste ou journal, enfin de compte, qui que ce soit, manquons au respect de la Loi et manquons à des ordres de Cour d'une façon aussi flagrante, à mon sens, je crois que nous tous nous en souffrons et que

la société dans laquelle nous vivons et pour laquelle nous avons, depuis des siècles dans beaucoup de cas, l'être humain s'est battu pour obtenir une certaine garantie judiciaire, une certaine indépendance des tribunaux, il y a des gens qui se sont battus pour ça et, quant à moi, je crois que nous devrions respecter ceci d'une façon intégrale. Alors, ce que j'ai l'intention de faire, je ne peux pas présumer de ce que les tribunaux en feront ou de ce que la Couronne en ferait, mais maintenant que le procès quant à moi va être fini bientôt, d'ici une demi-heure, trois quarts d'heure, après que ma sentence sera rendue parce qu'il faut bien préciser que vous êtes sous ma juridiction tant que ma sentence n'est pas rendue et que vous l'étiez évidemment dès le début du procès, et que ce procès n'était pas terminé tant que la sentence n'était rendue, alors j'ai l'intention de faire un rapport à la Couronne de ce que j'ai pu lire dans les journaux et, autant des remarques qui avaient été faites par Me Chabot que, depuis ce temps-là, et la Couronne prendra ses responsabilités à cet effet. Si, je ne dis pas, moi, qu'ily a eu outrage au Tribunal ou non, c'est pas à moi à me prononcer sur cette partie. Je ferai mon rapport de ce que j'ai pu constater moi-même en lisant les journaux. Je me souviens que même avant que Me Handfield en fasse mention ce matin qu'après que la preuve était terminée des deux côtés, vous avez donné au Montreal Star une entrevue et vous avez encore expliqué toute votre Défense en plein milieu du procès, alors qu'il n'était pas, la preuve était terminée mais le procès comme tel n'est pas terminé, il y a la règle du sub judice qui évidemment doit être respectée et il ne faut pas que les tribunaux soient influencés par quoi que ce soit en dehors de la Cour. J'ai pas agi, parce que je ne voulais pas être influencé et j'ai d'ailleurs, le procès, je crois que ça c'est en octobre ou à peu près que cette entrevue a eu lieu, le procès a été remis par la suite et il s'est écoulé une période assez longue de sorte que, quant à moi, je n'ai pas tenu compte de tout ceci. Mais je voulais que vous compreniez que pour vous, comme pour moi, votre meilleure Défense, c'était la Cour et votre meilleur, l'exercice de vos droits doivent être faits à l'intérieur du système, à l'intérieur du Tribunal et que ce soit par des actions en dommages-intérêts ou que ce soit par, dans la présentation de votre Défense ici au procès ou que ce soit à la Cour d'Appel, si tel était votre désir d'y aller de mon jugement, ou plus loin, en fin de compte, d'épuiser tous les recours auxquels vous avez droit et que je respecte énormément, mais si vous pensez que votre réputation a été atteinte ou si vous pensez que, pour une raison ou pour une autre, la dénonciation initiale qui était assermentée était de mauvaise foi, je vous le dis encore parce que je considère que c'est un dossier d'une nature spéciale, vos avocats pourraient vous renseigner davantage mais il est bien évident que tout citoyen a droit à des actions en libelle, tout citoyen a droit à des actions en dommages-intérêts, que ce soit avant les procédures ou que ce soit quand le dénonciateur est de mauvaise foi, dès le dépôt de la plainte, à ce moment-là le droit de poursuite en libelle existe. Personne n'a le droit de faire du tort à qui que ce soit. Et c'est à ce moment-là que vous avez votre meilleure protection et dès le dépôt de la dénonciation, dès le début des procédures, pour une raison ou pour une autre, si vous étiez capable de prouver la mauvaise foi du dénonciateur, celui-ci peut être, pourrait être condamné, selon la preuve, à des dommages-intérêts et pourrait être certainement poursuivi en libelle. Alors, vous avez droit, avez le droit comme tout citoyen à l'exercice de vos recours et il n'y a aucun doute aussi que, on a dit que c'était un procès secret, mais il y a tout de même, dès le début, tel que je vous le disais, il y a eu des dénonciations qui a été déposée, les journaux ont rapporté d'ailleurs les actes d'accusation, les journaux ont rapporté ce qui était normal dans les circonstances, les journaux aussi ont rapporté ce sur quoi vous avez été jugé et ce sur quoi vous avez été condamné. Alors, ce sur quoi vous avez été condamné, je vous l'ai lu tout à l'heure, ce sont des offenses conformément à l'article 4 et, quant à moi, je ne fais pas plus de commentaires que ça, mais il est bien évident que la Loi, elle, elle est publique et tout le monde est censé connaître la Loi. A l'article 3 de la même Loi sur les secrets officiels, dont le titre en français est indiqué à côté «spying» et en français plutôt «espionnage» et en anglais «spying», c'est sous l'article 3 que le législateur a décidé de décrire l'infraction d'espionnage ou de «spying» en anglais, et non sous l'article 4. Alors, si qui que ce soit vous a atteint dans votre réputation, ou ont mal rapporté de bonne foi ou de mauvaise foi, mais par ignorance, négligence grossière ou de mauvaise foi ce qui serait pire, je vous prierais d'exercer tous les recours que vous puissiez avoir; vous avez été accusé sous l'article 4 et vous avez été trouvé coupable sous l'article 4 et la Loi parle d'elle-même quant à ceci. Alors, tout ceci pour vous dire, monsieur Treu, qu'il n'y a pas, ce ne sont pas les journalistes qui vous ont condamné ou qui vous auraient acquitté, ce ne sont pas les journalistes qui vont vous sentencer autrement puis ce ne sont pas non plus les journalistes qui vont plaider votre cause en appel, c'est pas comme ça que le système marche et ce ne sont pas non plus, votre réputation, la meilleure protection, quitte à ce que je me répète, c'est que votre protection à vous et l'exercice de vos droits doivent se faire à l'intérieur du système judiciaire, puis c'est encore là, malgré les imperfections du système, que vous allez obtenir la meilleure justice, puis c'est encore là que, il faudrait que vous vous méfiiez de vous-même, de vos réactions et peut-être de vos amis dans certains cas. Votre avocat, Me Chabot, a souligné à la Cour que vous ne faisiez que vous défendre, mais je n'ai pas, je ne répète pas ce que je viens de dire depuis au moins dix, quinze minutes, parce qu'il est bien évident comme je vous l'ai dit que c'est pas, un député est soumis à la Loi, un ministre est soumis à la Loi, tout le monde, et on ne se défend pas, on n'a pas le droit de prendre la Loi dans nos propres mains et de faire ce qu'on en veut, personne n'est au dessus de la Loi, alors que ces gens-là, ce n'est pas une réponse parce qu'on verrait quelqu'un en tuer un autre, «moi, j'ai le droit de le tuer», c'est pas comme ça que ça marche. Ou, en fin de compte, «Quelqu'un qui me ferait du tort dans mes biens, puis je vais lui en faire, du tort», vous savez, c'est pas, j'ai pas besoin de vous donner plusieurs exemples mais, de toute façon, tout le monde sait ce que je veux dire, je le pense. Il s'agit simplement que de regarder ce qui se passe dans le monde pour s'apercevoir que tout citoyen, plus il a des responsabilités élevées, plus il doit respecter et se soumettre à la Loi; on a simplement qu'à regarder ce qui s'est passé aux États-Unis, alors que le Ministre de la Justice a été condamné parce qu'il n'avait pas observé la Loi pour comprendre que, dans une société, c'est important. Bon. J'en viens à la partie

même de la sentence, je n'ai pas besoin de vous dire, monsieur Treu, que ça fait un certain temps que j'œuvre en droit criminel, que ce soit à titre de Juge ou dans d'autres fonctions, et je crois que c'est la partie, on le dit souvent mais peut-être que les Juges sentent le besoin de le dire davantage parce que ce sont ceux qui les rendent, ces sentences-là, il n'y a aucun doute que c'est la partie qui est la plus difficile. Il est relativement facile, même si ça prend beaucoup d'ouvrage, il est relativement facile de, parce que nous avons des connaissances légales particulières, d'étudier un dossier et d'analyser une preuve et de finir par atteindre certaines conclusions légales et, après que nous avons tout fait, du moins humainement parlant, avec nos connaissances, bien, nous croyons que nous ayons nous croyons avoir rempli notre devoir de la façon qu'il doit être rempli. Mais quand nous arrivons à la partie de la sentence, même si celle-ci est réglée de la même façon par la Loi et par la jurisprudence, il reste que le Juge est un être humain; il est excessivement difficile pour un être humain de juger un autre être humain ou de le sentencer, ne serais-ce qu'à cause de cette partie humaine. C'est une tâche qui est presqu'impossible, humainement parlant et je ne connais pas de Juges qui, et d'ailleurs ça ne serait pas un bon Juge, il ne mériterit pas de siéger, à mon sens, qui prendrait un certain plaisir à sentencer un de ses semblables. C'est excessivement difficile. Mais cette partie-là, évidemment, ne peut pas être rendue, non plus que le jugement, sur des sentiments: il faut que le Juge se base uniquement sur la Loi et sur la jurisprudence et sur les faits, puis sur les critères que les cours d'appel nous donnent et, encore là, je pense que le Juge n'a pas le choix, que ce soit pour une sentence très minime ou que ce soit pour une sentence plus sévère, le Juge est liépar la Loi et je pense encore là que c'est la meilleure protection. Alors, dans votre cas, c'est encore plus difficile parce que, vos avocats ont raison, vous êtes uen personnalité exceptionnelle, vous êtes certainement pas, dans mon opinion à moi, un criminel, vous avez commis un acte criminel mais vous n'êtes pas ce qu'on appelle un individu avec une carrière criminelle, loin de là, vous êtes un individu qui avez eu une vie plus que respectable, qui avez de grandes qualités intellectuelles, qui, comme être humain, est sympathique, du moins à mon sens, qui avez une famille, qui avez des enfants, alors vous n'êtes pas un individu, ça complique davantage et ça rend plus difficile une sentence dans ces cas-là. A l'occasion de vos fonctions et à l'occasion des hautes responsabilités que vous aviez, à mon sens, puisque je vous ai trouvé coupable, vous avez commis un acte criminel mais vous n'êtes pas, je ne vous ai jamais considéré, parce que je n'ai jamais eu cette preuve-là, comme un criminel et je ne l'ai pas davantage alors, dans mon esprit à moi, vous n'en êtes pas un. Il faut que je vous juge, que je vous donne ma sentence en tenant compte, tel qu'on l'a mentionné ce matin, de l'objectivité du crime, la protection de la société, l'exemplarité, de la dissuasion, en anglais, «deterrence» et, évidemment aussi, de la subjectivité; qui a commis ce crime, votre âge, votre personnalité, votre situation familiale, vos antécédents, dans le cas il n'y en a pas, votre réhabilitation possible, votre attitude au moment du crime ou immédiatement après le crime, vottre degré de préméditation, les circonstances du crime. Je dois, comme toute Cour, je dois balancer tous ces facteurs, du moins il faut que je retienne certains de ces facteurs, certns critères et les mette dans une espèce de balance et c'est de là que la sentence sort. Dans certaines causes, il est plus important, le facteur de réhabilitation est plus important que dans d'autres causes; dans d'autres causes, c'est la protection de la société; dans d'autres causes, nous devons tenir compte de la personnalité qui influe encore davantage, qui fait peser la balance d'une façon un peu plus lourde que de l'autre côté, dans certains cas, quant à l'individu lui-même; alors, c'est de tenir compte à la fois des critères objectifs et à la fois des critères subjectifs et après avoir pesé, mis tout ça dans les deux plateaux de la balance, essayer de rendre justice à l'accusé conformément à la Loi et à la jurisprudence. Et, c'est cette partie évidemment qui doit guider le Juge, c'est l'ensemble de tous ces facteurs qui doit guider le Juge, afin de rendre sa sentence. Je n'ai pas besoin de tout répéter au point de vue subjectivité, je n'ai pas de doute, monsieur Treu, en aucune façon, que vous êtes un individu respectable à mon sens; vous l'étiez, vous l'êtes encore et je crois que, comme je le disais, vous n'êtes pas un criminel. Votre avocat a attiré mon attention sur certaines circonstances à l'effet que les documents pour lesquels je vous ai trouvé coupable, c'était vos instruments de travail, il s'agissait de votre propriété intellectuelle, que la compagnie ou l'OTAN, dans certains cas, ou la compagnie Nadgeco et que, elle continuait à vous favoriser dans votre travail, enfin de compte, que vous avez continué à travailler.

Toutes circonstances du crime que j'ai étudiées dans mon jugement, alors je n'ai pas l'intention d'y revenir en détails parce que les circonstances du crime ont été que, je les ai toutes analysées et étudiées et je me souviens d'avoir analysé P-10, je me souviens d'avoir analysé tout ce qui a retenu votre, tout ce qui a plutôt amené votre rétention des documents et à votre détention des documents pour une période assez longue, après la cessation de votre emploi à la Northern Electric. Alors, en résumé, moi je crois que, après avoir pensé, monsieur Treu, à cette affaire et après avoir pesé le pour et le contre, je pouvais, dans les sentences que je pouvais rendre étaient que, c'est punissable par un maximum de quatorze ans, on l'a souligné; je veux tout simplement, pour les fins du dossier ici, répéter les causes qu'on m'a données: la cause de Lemire et Gosselin, 1948, 5 C.R., page 181 et suivantes, 92 C.C.C., page 201; la cause de Pierre Tanguay, C.R., Cour d'Appel, numéro A-4962; la cause de Pierre Taillon, C.R., Cour d'Appel, numéro A-4963; la cause de R. versus Wilmott, W-I-L-M-O-T-T, 1967, 1 C.C.C., page 171, Cour d'Appel de l'Ontario et, en surplus, il y a une cause ici que j'ai, qui va peut-être vous faire comprendre ce sur quoi je base davantage ma sentence, la cause de la Reine versus Morrissette, qui est reportée à 1970, 1 C.C.C., deuxième édition, page 307, dont on émet certains principes à la page 207, du volume de Canadian Criminal Procedure, deuxième édition, Salhamy, S-A-L-H-A-M-Y. Alors, je pourrais évidemment, le maximum est de quatorze ans de prison, le minimum dans les circonstances, ça serait une sentence suspendue, à laquelle je pourrais ajouter une sentence suspendue à laquelle je pourrais ajouter évidemment une ordonnance de probation ainsi qu'une amende, du moins selon les causes que je vois ici et qui sont rapportées dans Martin's sous les articles 663, mais je ne pourrais pas vous imposer une amende seulement et, à l'intérieur de ces deux extrémités, bien j'ai le choix, j'ai une

certaine discrétion. Alors, pour résumer tout ce que j'ai dit, quant à moi, je retiens le facteur principal en mettant, comme je vous le disais tout à l'heure, dans le plateau de la balance votre personnalité subjective même, ainsi que certains autres facteurs dont l'exemplarité et la dissuasion, en tenant compte du contexte dans lequel vous avez obtenu les documents en question parce qu'au fond, dans votre cas comme dans le cas de n'importe quel autre citoyen qui entrerait en possession de tels documents, dans le contexte de la Loi sur les secrets officiels, avec des conditions bien strictes et restrictives, il faut tenir compte, à mon sens, de la dissuasion, de l'exemplarité et davantage ces deux facteurs que le facteur subjectif que j'ai énuméré et que votre avocat a énuméré. Il est bien évident que nous ne pouvons pas, votre avocat posait la question souvent «Pour qui, l'exemplarité», ou «Pour qui, la dissuasion?»; il s'agit d'un crime bien spécial, ce n'est certainement pas, je pense bien, pour le voisin, mais je ne crois pas, peut-être à tort remarquez bien, pour un je respecterais, non seulement je respecterais mais, quant au fond du jugement ou quant à la sentence je, vous devriez exercer tous vos droits évidemment, judiciaires, si vous croyez qu'ils doivent être exercés. Alors, il faut tenir compte davantage à mon sense de la dissuasion et, pas tant pour monsieur «X» qui serait l'inconnu ou le citoyen moyen, je ne crois pas, ça serait pour éviter que des gens qui sont placés dans la même situation où vous l'avez été, avec les responsabilités que vous aviez, en tenant compte des conséquences que ceci peut avoir en tenant compte aussi que la confiance qu'on vous faisait, et même si je prenais pour acquis qu'il s'agissait de votre responsabilité, plutôt de votre propriété intelectuelle, en partie, et d'ailleurs je le mentionne dans mon jugement aussi, il reste que cette propriété intellectuelle ou ces connaissances que vous avez comme savant, ou comme ingénieur, ou comme, ces connaissances que vous avez, à un moment donné vous les avez mises à la disposition du Gouvernement, à l'intérieur de nos règles de sécurité, pour réaliser un contrat où les règles de sécurité devaient être observées et cette partie-là pour lesquelles vous êtes favorisé en fait, d'avoir toutes ces connaissances, elle devait être, ces connaissances intellectuelles, cette propriété intellectuelle qui était mise à la disposition de la compagnie, dans la réalisation d'un contrat où le Canada avait un intérêt, tel que je l'ai mentionné dans mon jugement, cette connaissance et cette propriété intellectuelle devaient être observées et devaient être protégées par des règles de sécurité qui sont établies par l'État et l'État, à tort ou à raison, est le maître absolu de ces règles de sécurité et l'État tire son mandat évidemment de la société, du moins de la façon que la Loi existe actuellement et, si l'État se trompe, bien, que le législateur change la Loi mais vous aviez, dans ce cadre bien précis, des responsabilités énormes, des responsabilités précises et votre propriété intellectuelle devait être exercée dans ce cadre bien délimité et était remise en définitive à l'État et, une fois que l'exécution de ce contrat était terminée, de la façon que je l'ai interprété en tout cas, vous n'aviez plus le droit de retenir ces documents et ils devaient être soit détruits, ou vous deviez obtenir une permission pour les garder, ce qui n'a pas été fait et c'est pour ça d'ailleurs que je vous ai trouvé coupable et c'est pour ça que ça occasionnait à partir de ce moment-là un danger pour la sécurité de l'État, du moins tel que je l'ai conçu dans mon jugement.

Dans la cause de Morrissette, on cite ceci au deuxième paragraphe du moins, de la page 207:

[*Traduction*]

«La dissuasion est aussi un facteur important. Le problème est différent si l'objet d'une sentence est de dissuader le contrevenant de répéter l'infraction plutôt que de dissuader d'autres personnes qui pourraient être tentées de commettre la même infraction. Il ne s'ensuit pas nécessairement dans l'un ou l'autre des deux cas qu'une sentence prolongée s'impose pour atteindre cette fin. Il faut considérer la dissuasion objectivement, si le but de la sentence est de dissuader d'autres personnes de commettre la même infraction. Dans ce cas, la gravité de l'infraction, l'incidence du crime dans la collectivité, le tort qu'il a causé soit à l'individu, soit à la collectivité et l'opinion publique à ce sujet représentent quelques-uns des aspects dont il faut tenir compte.»

[*Français*]

Alors, en définitive, c'est que cet élément de dissuasion, de prévention d'un crime, devrait être considéré d'une façon objective, si le but est d'empêcher d'autres personnes ou d'autres individus de commettre ce même crime, qui pourraient être inclinés, qui pourraient avoir des tendances à faire cette infraction, s'ils sont placés dans les mêmes circonstances. En d'autre mots, la gravité objective du crime, l'incidence de ce crime dans la communauté, le tort causé, que ce soit par l'individu ou à la communauté, ou à l'individu, et l'attitude publique envers ceci, devraient être des sujets qui puissent être considérés et cet effet de dissuasion, évidemment, si elle s'applique à celui qui a commis un crime, si c'est pour l'empêcher de commettre ce même crime, bien là nous devons considérer davantage les facteurs subjectifs parce que si un individu, par exemple, aurait une tendance à faire des vols qualifiés, bien, pour éviter qu'il commette d'autres vols qualifiés, à ce moment-là, nous pouvons considérer le facteur subjectif et aussi, s'il n'a pas cette tendance à répéter le même vol, bien, nous devons tenir compte de son âge et le facteur subjectif serait, prévaudrait sur le facteur objectif. Mais lorsqu'il s'agit, non pas d'empêcher un autre individu, c'est-à-dire l'accusé plutôt de commettre le même crime, mais d'empêcher que d'autres individus placés dans les mêmes circonstances soient tentés de commettre ce crime, il faut à ce moment-là considérer les facteurs objectifs et je pense que, dans votre cas à vous, de toute façon, je n'ai pas toute cette cause devant moi, je n'ai qu'un résumé, mais de la façon que je l'interprète et quoi qu'il en soit, je considère, moi, que je suis obligé de peser dans la balance le facteur objectif, avant tous les critères subjectifs, dans votre cas, c'est-à-dire que je me dois de considérer le facteur dissuasion, ainsi que l'exemplarité, pour que toute personne ou tout autre individu qui, dans les mêmes circonstances, dans les mêmes cas, serait obligé d'avoir accès à des documents d'une nature militaire si importante, selon la preuve qui a été faite devant moi, ce facteur doit primer sur tous les autres facteurs et je m'en tiens uniquement à la preuve et la preuve a été faite devant moi que ces documents-là avaient une importance excessivement grande, quant à la preuve qui a été faite devant moi, quant à la preuve d'expert que j'ai entendue.

Alors, en conséquence, monsieur Treu, je me vois dans l'obligation de vous condamner à un terme de prison et je

vais vous condamner, sur le premier chef, à deux ans de prison, sur le deuxième chef, à une année de prison, concurramment. C'est tout.

LA COUR EST AJOURNÉE

Je, soussignée, secrétaire judiciaire, certifie sous mon serment d'office que les pages qui précèdent contiennent la transcription des paroles recueillies au moyen de l'enregistrement mécanique sur le ruban nº 1904057802151177.

Diane Robidoux
Secrétaire judiciaire

HOUSE OF COMMONS

Monday, June 12, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

COMMUNICATIONS

LICENCE APPLICATIONS BY NEWFOUNDLAND RADIO STATION VOWR—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that radio station VOWR of St. John's, Newfoundland, owned and operated by Wesley United Church since the year 1924 as a non-profit service, today is appearing before the CRTC on an application to increase the power of the station from 1,000 watts to 5,000 watts which application, if successful, will not cause interference with other radio signals in Newfoundland, and in view of the fact that this application has the support of the VOCM network and all public spirited citizens, but is opposed by radio CJYQ 930 Limited of St. John's, a company beneficially owned by the Secretary of State for External Affairs (Mr. Jamieson) and managed by Mr. Colin Jamieson, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House supports the application of Wesley United Church radio station VOWR for an increase in power from 1,000 watts to 5,000 watts and requests the Minister of Communications to pass on to the CRTC and her colleague the support of members of the House for this application, and to radio CJYQ 930 Limited the request that it cease and desist from opposition to this most worthy application.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

PROPOSED TAKEOVER OF HUSKY OIL BY PETRO-CANADA—MOTION UNDER S.O. 43

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I should like to move a motion of urgent and pressing necessity under the provisions of Standing Order 43. My motion concerns the pending purchase by Petro-Canada of Husky Oil. This takeover will not add one barrel to Canada's present reserves of oil. It will probably not result in any increased processing of heavy oil which the present owners of Husky Oil would not have undertaken. But it will allow a foreign-owned company to liquidate its Canadian assets and, in the process, make a healthy profit. Husky Oil will not have to reinvest these funds in Canada but will be free to move them out of the country. Therefore, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House deplores this misuse of taxpayer's money by Petro-Canada and urges that the government prohibit it from carrying forward its proposed purchase of Husky Oil.

Mr. Speaker: Presentation of such a motion can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIRPORTS

FIREFIGHTING EQUIPMENT AT CASTLEGAR, B.C.—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In light of the fact that the Minister of Transport (Mr. Lang) attempted to assuage some of the concerns of the users of Castlegar airport who may have taken seriously the statements of the minister regarding five suppression standards at that airport, I move, seconded by the hon. member for Pembina (Mr. Elzinga):

That the minister come clean and admit, contrary to his statement that the airport has a jeep, two fire extinguishers, an axe and two pairs of rubber boots, that there are, in fact, three pairs of rubber boots and a rubber ducky for the minister.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Oral questions.

• (1412)

ORAL QUESTION PERIOD

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I had intended to ask questions of the Prime Minister, the Minister of Justice and the Minister of Supply and Services on a very important issue touching upon the liberty of the subject. In the appalling absence of those ministers, and if it were not too late—probably it is—I would like to move a motion under Standing Order 43 to the effect that the Sergeant-at-Arms be instructed to go out and have those members attend the service of the House.

Some hon. Members: Agreed.

Some hon. Members: Oh, oh!

Mr. Baldwin: I will postpone asking these questions until these ministers return.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I will postpone my questions until these ministers return.

Mr. Broadbent: Mr. Speaker, I, too, will have to hold my questions until the Prime Minister gets here.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUESTED AMENDMENT TO LEGISLATION TO PROVIDE JUSTICE TO FARM WORKERS

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. It deals with section 57 of the unemployment insurance regulations, namely, that which stipulates that whoever works for a farmer is not entitled to unemployment insurance stamps unless he has worked during 25 work days. This is discrimination because in industry the employer must pay those stamps for the first full week of employment. I therefore ask the minister whether he intends to change that rule to do justice to farm workers.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for his representations. From time to time, that rule has posed problems and we will have to examine it. I believe my advisory council will look into it in the near future.

Mr. Gauthier (Roberval): Mr. Speaker, I should like to point out to the minister, before he goes ahead with that study, that there are cases of real hardship such as the one that recently occurred in my riding. After one year, a person was declared non-insurable and had to reimburse $2,400; civil servants had said the person could be insured. I ask the minister whether it might be possible to do something in such cases?

Mr. Cullen: Mr. Speaker, I believe that, with the present regulations, it is impossible.

* * *

[*English*]

ENERGY

PROPOSED TAKEOVER OF HUSKY OIL BY PETRO-CANADA

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources and concerns the Petro-Canada takeover bid of Husky Oil at a price rumoured to be 50 per cent higher than the market considers Husky shares to be worth. Given that when Petro-Canada was established, we were told its purpose was to explore, either alone or jointly with other Canadian companies, for new oil and gas reserves, can the minister tell the House why Petro-Canada is using taxpayers' money to buy out an existing oil company, rather than pursuing its original mandate of aggressively exploring for new oil and gas reserves?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I believe, if the hon. member were to reflect on the objects of the Crown corporation and review the various statements of government ministers of the day in respect of the purpose of the Crown corporation, Petro-Canada, he would realize that the activities, including acquisition by Petro-Canada, are very much in the national interest and very much in conformity with the mandate as laid down by the House of Commons.

Mr. Andre: Mr. Speaker, given that Petro-Canada has yet to discover any new oil and gas reserves, and in view of the fact that at least one other consortium of Canadian-owned and controlled companies, of which I am aware, as I am sure is the minister, was on the verge of making a takeover bid for Husky when upstaged by Petro-Canada, would the minister not agree that in terms of Canada's over-all interests it would be better to allow these private Canadian companies to take over Husky Oil and direct Petro-Canada to fulfil its original mandate, namely, going out and trying to find the new oil and gas reserves which Canada is supposed to need in the future?

• (1417)

Mr. Gillespie: Mr. Speaker, I believe the hon. member has misread the situation and is trying to mislead public opinion with respect to the situation. The board of directors of Petro-Canada or, more particularly, the president, has issued a statement today indicating that they have communicated their interest in acquiring all of the common shares of Husky Oil. To my knowledge, no other group of Canadian companies has made a similar declaration.

Mr. Andre: Mr. Speaker, I hope the minister did not say that I deliberately misled the House.

Mr. Alexander: It was close.

Mr. Andre: My remarks were that there is another consortium of Canadian companies on the verge of making a takeover bid. My supplementary question is: Given that Husky shares rose from $28.75 to $35.75 in the last week of trading and, indeed, $4 of that was in the last day, within a few hours, could the minister indicate whether the government has taken any steps to investigate allegations that insiders who are privy to Petro-Canada's plans may have profited from this inside knowledge?

Mr. Gillespie: Mr. Speaker, I think that is a red-herring. The hon. member probably realizes that the directors of the stock exchange have already indicated that they will initiate an investigation to see whether there had been any insider knowledge and whether that insider knowledge had been used improperly.

* * *

NATIONAL CAPITAL COMMISSION

POLITICAL CLEARANCE OF MAJOR CONTRACTS IN QUEBEC

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, all the ministers that I wish to direct my questions to are absent, but perhaps I could proceed and see how well the system of acting ministers works. I had intended to ask the minister of urban affairs or the Prime Minister if either of those gentlemen would tell the House whether, while the current ministers of justice, defence and the treasury board were ministers responsible for the National Capital Commission, it was the practice to clear politically major contracts awarded by that agency in Quebec with the Quebec campaign chairman of the Liberal party, who at that time was Senator Marchand and whose post is now held, I believe, by the minister for federal-provincial relations.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am going to take note of this question. In all matters pertaining to government administration, the ministers are advised of projects the moment such projects are submitted to the cabinet, but I do not quite see to what the hon. member is referring. When an hon. member is appointed minister, he or she is advised of what is going on inside the government.

[*English*]

Mr. MacKay: My supplementary to the Minister of Finance is this: Could he indicate as Acting Prime Minister, whether it is still the practice of the government to require political clearance for major contracts of the NCC as it was in September of 1975 when, in minutes of a meeting between the then minister of urban affairs, the now Minister of National Defence, and the then chairman of the NCC, Mr. Edgar Gallant, when matters were being discussed such as the Rideau Centre, the International Women's Year workshop and the Right Hon. Louis St. Laurent statue, the following appeared on page 2 of the minutes under paragraph 9:

> The minister wants to make sure that the firms chosen for major contracts of this sort are cleared politically with the Ministers responsible, through his office.

These minutes were taken by Helen Tomlinson who, according to the government directory, is now special assistant to the Minister of Supply and Services.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I do not see anything wrong with that statement. Whenever projects are considered for this or that part of the country, we must make sure that everybody has been consulted. It is quite normal for inter-regional consultations to be held in a cabinet such as we have in Canada.

[*English*]

Mr. MacKay: Mr. Speaker, consultation is one thing and political clearance is another. I wanted to ask the Minister of National Defence a question but I will ask the acting minister, now that the minister is in his new portfolio as opposed to the one he occupied when these minutes were taken, has he issued a directive in his new portfolio that all major contracts are to be cleared politically through his office with the ministers responsible? I am thinking of some very major defence contracts.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I shall take note of the hon. member's question. As I said, it is certainly important that, under any circumstances, each and every minister be aware of what the government is doing.

* * *

[*English*]

HOUSING

MORTGAGE DEFAULTS UNDER AHOP

Mr. Dean Whiteway (Selkirk): Mr. Speaker, in the absence of the Prime Minister I will address my question to the Acting Prime Minister. It has to do with the CMHC, AHOP default in mortgages' statistics for the last several years. A few weeks ago I contacted CMHC for these figures and they informed me they had to be cleared by the Minister of State for Urban Affairs. The Minister of State for Urban Affairs has yet to authorize release of these figures from CMHC. Would the Acting Prime Minister tell the House whether or not it is cabinet policy to withhold this kind of information?

• (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think it is absolutely normal that an agency of the Crown consult the minister responsible on things that happen in different organizations. I see absolutely nothing wrong in the question of the hon. member: I think when a minister wants to be responsible in his department, he should be lauded for it.

Oral Questions

MORTGAGE DEFAULTS UNDER AHOP—STUDY COMMISSIONED BY TREASURY BOARD

Mr. Dean Whiteway (Selkirk): Mr. Speaker, a supplementary question for the President of the Treasury Board concerning a study of which he is, of course, aware as it was commissioned by Treasury Board and relates to AHOP defaults. The study was done on the urging of several major lending institutions in the country.

Could the minister tell the House why this study on AHOP defaults, commissioned by Treasury Board, is classified as a national security document and therefore cannot be released to the Canadian public?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will inquire as to the accuracy of the hon. member's description of the document and report back.

POSSIBLE RENT INCREASE OF 50 PER CENT FOR ELDERLY AND LOW INCOME PERSONS IN TORONTO

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the absence of the Minister of State for Urban Affairs, I shall put my question to the Minister of Finance; possibly it is more appropriate for it to be put to him in any case.

In view of reports to the effect that if a certain agreement is reached in Toronto today among provincial and federal ministers of housing, the result will be that 150,000 elderly persons and low income families will face rent increases of up to 50 per cent, which for such persons is a very serious situation, will the Minister of Finance interest himself in this matter and see if he cannot make some proposal to his colleague, the Minister of State for Urban Affairs, to avoid putting this kind of burden on these people?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will look into the question. I am not aware of this problem.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, a supplementary question. In view of the fact that the minister's colleague, the Minister of National Health and Welfare, is having a good deal to say these days about the need for the Minister of Finance to concern himself with the incomes of older people, tax credits, housing, and so on, will the minister look into this matter, not just by way of consulting the Minister of State for Urban Affairs but from his own responsibility as Minister of Finance to make sure that this suffering is not imposed?

[*Translation*]

Mr. Chrétien: Mr. Speaker, concerning the payments we are making to the needy in Canada, I suggest that the official documents are self-explanatory. Spending in social areas has increased to such an extent in Canada over the past five years that the question, generally speaking, is not whether we should give more. The opinion is that we are giving too much already. I shall therefore find out if there is a special problem in this case, but I want to indicate to the hon. member that all our social programs in Canada are indexed, and that we should not be ashamed of our social policies.

[Mr. Chrétien.]

* * *

[*English*]

FISHERIES

POSSIBILITY OF U.S. IMPOSING COUNTERVAILING DUTIES ON IMPORTED FISH PRODUCTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question was for the Minister of Industry, Trade and Commerce, or it could be for the Minister of Fisheries, but they are not here. It could be for the Deputy Prime Minister, but he is not here. The Prime Minister could have answered, but he is not here either. The Secretary of State for External Affairs is relevant, but he is not here. So I should like to ask my question of the Minister of Finance.

As the minister should be aware, the export of Canadian fishery products is heavily dependent on the United States market. There is now the possibility of countervailing duty being imposed there, and there is already duty on semi-processed fish products from Canada of 2½ cents per pound.

In view of these facts, can the minister tell the House whether the government is making any special effort—-and, if so, what—to negotiate the lowering of the 15 per cent tariff of the European Common Market on the export of Canadian fish products? Is there a special effort under way to achieve this, in view of the fact that we are dependent on one market primarily and that market may be in danger?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is exactly what the Canadian government is doing at the GATT negotiations in Geneva at this time. We are trying to get better access for Canadian products all over the world, including the European market.

Mr. Crosbie: Mr. Speaker, I thought that might be the minister's reply. He is not blustering like his colleague, the Secretary of State for External Affairs, with his crocodile tears. If that is the case, could the minister tell the House why the minister has to wait for the GATT negotiations? Why were Norway and Iceland both successful in negotiating the tariff down to 3 per cent for Icelandic and Norwegian fishery products into the EEC, when Canada apparently can get nowhere and has to wait for GATT? We have been hearing about GATT, GATT, GATT all year. Why is it that Norway and Iceland did not have to wait for GATT? Will the minister take some action to follow this up as an emergency?

● (1427)

Mr. Chrétien: Mr. Speaker, if the hon. member was aware of the situation, he would know that the GATT negotiations are proceeding very well. We hope they will be completed this year. So I think the hon. member should make an effort to know the facts before asking that kind of a question.

Mr. Crosbie: Mr. Speaker, would the minister undertake to the House to investigate how Norway and Iceland—apart from GATT altogether; forget GATT; forget Geneva; forget the excuses—were successful in negotiating lower tariffs on fish products; and when the minister can, would he find out how they did it? I know they have better governments, but would he find out whether there are any other reasons?

Some hon. Members: Hear, hear!

CONTINGENCY PLANS IN EVENT U.S. IMPOSE COUNTERVAILING DUTIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I would like to direct my question to the Minister of Finance in the absence of the Minister of Fisheries and the Minister of External Affairs. In view of the importance of the fishing industry to Atlantic Canada, is the minister aware of any discussions that may have been held by the government with the premiers of Atlantic Canada concerning the government's contingency plans in the event the Americans proceed with countervailing duties on exports of Canadian groundfish products to the United States? If so, what steps will be taken so that Canadian fish products can remain competitive in the United States or sold to other markets? Is the minister aware of any response to this matter by the premiers of Atlantic Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I know that the Minister of Fisheries and the Environment had several conversations with the premiers of the Atlantic provinces who are interested in fisheries matters. I do not know whether they had particular disussions at this time. Of course, in spite of some threats which were allegedly made yesterday, namely by certain American people, on the situation of fisheries in Canada, I think that commercial relations between Canada and the United States are very good, and I do not think that the problem of fisheries interferes with the problem of trade negotiations between Canada and the United States.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

LEGISLATION DEALING WITH YOUNG OFFENDERS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Solicitor General. It relates to the long-awaited legislation dealing with young offenders, an issue which has been kicking around here a good number of years in the Solicitor General's department, either aging like old wine or having long since turned to vinegar; we do not know because we have not heard anything. Have consultations with the provinces been completed? Has consensus been reached with each province in terms of this legislation and, if not, is there any target date by which the Solicitor General expects such consensus?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I fully agree with the hon. gentleman that this legislation has been in the mill for more than ten years and, indeed, it has come forward in one form or another several times. Hopefully, it will reach fruition within a short period of time.

An hon. Member: Another ten years.

Mr. Blais: The reason for the delay is exactly that which the hon. gentleman has identified, namely, that we have not yet completed our consultations with the provinces. Consultations with my counterparts, namely, those individuals in the provincial areas who are involved with justice, with corrections or young offenders, have taken place and their concurrence has generally been obtained. However, there is another area of interest; that is the area of provincial social services. Consultations in that area are not complete. I hope to receive the response of all ministers by June 30.

Mr. Jarvis: Mr. Speaker, in connection with the final outcome of the consultative process, is it the Solicitor General's intention to proceed by way of legislation, or by way of a discussion paper, such as occurred seven or eight years ago, acknowledging that there are a number of individuals and groups within society other than governmental groups which have a direct interest and concern in this legislation?

Mr. Blais: Mr. Speaker, I will be addressing a meeting of judges who are involved with juvenile justice, I believe on July 18, in Montreal. At that time I will be making a policy declaration of some interest to the hon. gentleman. If he has not been invited, I will make sure that an invitation is sent to him.

* * *

● (1432)

EXTERNAL AFFAIRS

REPRESENTATIONS RESPECTING KIDNAPPING OF DALILA MASCHINO

Mr. Ian Watson (Laprairie): Mr. Speaker, my question is for the Parliamentary Secretary to Secretary of State for External Affairs. It relates to the alleged kidnapping of Dalila Maschino. Has the department made representations? If it has, does it intend to continue making representations to the government of Algeria, expressing Canadian concern, as well as requesting a meeting of the parties on some neutral, third ground?

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the Montreal police has apparently completed its investigation on the matter. It is now up to the justice department of the province of Quebec to start the proceedings concerning this case. On the other hand, I would like to add that the civil servants of the department and of the Canadian embassy in Algiers put

themselves at the disposal of the police to complete the investigation on this case.

* * *

[*English*]

TRANSPORT

APPLICATION OF CROW RATES TO OTHER GRAINS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, in the serried ranks of Tuscany—

Some hon. Members: Hear, hear!

Mr. Diefenbaker: —with only 11 per cent out of 32 of 34 cabinet ministers—something I have never seen before in my years in the House—I will have to direct my question to the Acting Prime Minister. It has to do with the general question respecting the Crowsnest pass rates. Is any consideration being given by the government to applying these rates to other grains, so that farmers in general will be able to secure a fair and reasonable price, which is being denied them today?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have, as hon. members know, extended special benefits to the movers of rapeseed oil and meal in assuring that those processed products are not at an increasing disadvantage. I have recently had representations from the producers of alfalfa pellets along similar lines. Of course, we have to take that into very serious consideration along with the major recommendations of the Hall commission report and our over-all policy position with regard to the Crow rate.

Mr. Diefenbaker: Mr. Speaker, the over-all regard for the Hall report is simply nil. I ask the minister this question: Is it a fact that consideration is being given—that was my question—to applying the Crownest pass rates to other grains, so that farmers producing other grains may have a reasonable opportunity of making a fair return? That was the question I asked; it was not the one answered.

Mr. Lang: Mr. Speaker, I did indicate in my answer two additional grains, or grain products, which are not covered and which, therefore, raise special concern. I am not sure which additional grains the right hon. gentleman may have in mind. The over-all question for the government, to which we will be giving consideration, is the timing of the implementation of the full recommendation of the Hall commission report, that the whole difference between the Crow rate and the cost of carrying grain to the railways be paid to the railways. In conjunction with any such consideration, we will be giving thought to the whole issue of rationalization of freight rates in relation to other grains and, even more important, to those products resulting from grain.

Mr. Diefenbaker: I ask the minister whether the law officers of the Crown have been asked for their opinion as to whether the government could apply the Crowsnest pass rates by order in council. Has that opinion been asked for, and is consideration being given today to doing so by order in council?

Mr. Lang: Mr. Speaker, I have not sought that specific opinion although my understanding, as a result of opinions I have received touching on that matter, and because of the way in which previous governments have acted in passing legislation where additions to the Crow rate structure were to be made, is that legislation would be required. However, I am also fairly confident that that legislation would not take very long in this House.

ENFORCEMENT OF AUTOMOBILE SAFETY STANDARDS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have two questions for the Minister of Transport on another matter. In view of the recent decision of Ford Motor Company to issue a safety-related recall of 1.6 million automobiles in the United States and Canada under the threat of a possible U.S. transportation department order, can the minister advise why the safety of Canadian motorists is left to the enforcement of United States laws or the head offices of U.S. auto manufacturers, while the minister is merely advised of their decisions and the Canadian government is relatively immobile?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member has it quite wrong. We were in full consultation with the company prior to the recall. We had discussions about it and the enforcement of Canadian law. Therefore, we were not simply advised about it but were, rather, very active participants in the decision that the recall take place.

Mr. Benjamin: Mr. Speaker, in the minister's own press release he says he has "been advised" by the Ford Motor Company. In view of the fact that safety-related automobile recalls increased by 537 per cent in the 12 months ending March 31 compared to the previous year, which is about one in every six vehicles travelling Canada's highways, when will the minister and the government set up an effective Canadian monitoring, testing and enforcement capability on safety standards for automobiles sold in Canada, instead of leaving it to the laws of another country?

Mr. Lang: Mr. Speaker, we certainly do not leave it to the laws of another country. We have an inspection and safety team. We are developing our testing facilities day by day to a higher standard. Indeed, the very fact that there is such a large number of recalls is evidence of a system that is working.

* * *

LABOUR RELATIONS

EXEMPTION OF COUNTRY ELEVATOR AGENTS FROM HOURS OF WORK REGULATIONS

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is to the Minister of Labour. After almost a year of negotiation between the grain handlers' union and the Manitoba and

Saskatchewan wheat pools, with a government conciliator, without any settlement with regard to the country elevator agents, and as wages are not at issue, will the minister move to declare the country elevator agents permanently exempt from the hours of work regulations?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I do not think there is any assurance that that will restore harmony to this particular situation, in view of the fact that negotiations are going on, however unsuccessfully at the moment, with a view to resolving this particular dispute.

Mr. Ritchie: As the long dispute is seriously impairing the efficiency of the wheat pools and putting in doubt their competitive position, does the minister intend to impose a settlement on these companies? If so, how does he propose to deal with the rest of the grain handling companies which have no union for their country elevator agents?

Mr. Munro (Hamilton East): Mr. Speaker, without agreeing with the preface to the hon. member's remarks, no, I am not thinking of imposing a settlement in this particular dispute at this time. Therefore, any answer to the second part of the hon. member's question is unnecessary.

* * *

TRADE

GATT NEGOTIATIONS ON TEXTILES

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, unfortunately, the ministers responsible and secondarily responsible are not in the House today, as we see only 11 out of 33 here. Perhaps I could direct my question to the Minister of Finance as Acting Prime Minister and as one who may have some knowledge about textiles and GATT negotiations.

Two weeks ago the Deputy Prime Minister said there would be no change in the tariff barriers on textiles this summer. I understand from other sources that there is an indication Canada has negotiated and that our textile tariffs will be cut this fall. Is that the understanding of the Acting Prime Minister, the Minister of Finance, or is he prepared to say there will be no change in our textile tariffs until at least into the new year?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as we have already stated, it is not likely there will be a final agreement on those items before the end of the year. Of course, there could be a general agreement on the tariffs at the negotiations in July, but there will be no specific cuts before the end of the year. Moreover, any agreement at Geneva will be implemented over an eight-year period, so when the hon. member says there will be cuts effective in the next few months, I do not think his information is correct.

• (1442)

UNEMPLOYMENT INSURANCE

REPORTED FRAUD IN FRASER VALLEY, B.C.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Employment and Immigration. I want to ask him about the unemployment insurance fraud featured recently in a story which appeared in the Vancouver *Sun* and, in particular, about an investigation started there which has revealed at least one prosecution and a loss of up to $5 million. Can the minister tell us the status of the investigation and whether rulings on disentitlement which have been made in the Fraser Valley have been overruled by officials in Ottawa?

Hon. Bud Cullen (Minister of Employment and Immigration): I asked for a full report following the appearance of that story. I should like to be in possession of the background in order to be in a position to give a more comprehensive response to the hon. member.

Mr. Clarke: Will the hon. gentleman's reply include information as to the number of charges laid and the losses which have been incurred by taxpayers as a result of this scheme?

Mr. Cullen: Until we have all the information, I think the hon. member is jumping the gun.

* * *

LOTO CANADA

POSSIBILITY OF EXTENSION BEYOND EXPIRY DATE

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have a question for the Minister of State for Fitness and Amateur Sport. In view of reports that Loto Canada is to be extended to include a new, computerized $1 betting program to supplement the present operation, and since, based on legislation passed by this House, the Loto corporation is due to terminate by the end of 1979 unless parliament approves an extension, can it be assumed that plans are under way not only to extend Loto but to extend it beyond 1979 despite the opposition of nine provinces?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): I can confirm that we shall be initiating a new game. I believe the hon. member was a member of the miscellaneous estimates committee which studied this matter back in 1976. It was never spelled out that the corporation would necessarily end, though it was contemplated that the present sharing agreement would terminate.

Mr. Jelinek: In 1976, the Prime Minister made a firm commitment to this House and to the country that Loto Canada would terminate at the end of 1979 unless all the provinces and the House of Commons approved an extension under a new formula. I take it that it was to this new formula, the cost-sharing formula, that the hon. lady referred. Is the

minister now prepared to stand behind that undertaking given by the Prime Minister in 1976 and phase out Loto Canada unless the provinces and this House, which is now being bypassed, approve an extension?

Mrs. Campagnolo: We have some 18 months to go before termination of this sharing agreement. I would refer the hon. member to a motion put by the hon. member for Vegreville in the miscellaneous estimates committee which clearly outlined the understanding held by the Conservative opposition of the deadline as being one which simply terminated the sharing agreement. As I said to the hon. member for Prince George-Peace River a few days ago, I will indeed bring this matter before the committee or before the House in line with the undertaking of the Prime Minister.

PROVINCES OPPOSED TO EXTENSION OF PROGRAM

Mr. Joe Clark (Leader of the Opposition): On this day, when we are discussing federal-provincial co-operation in the absence of the Prime Minister and most of his cabinet, might I ask the minister whether on Thursday last, when she met with her counterparts from the provinces, she received a request by nine of the ten provinces represented there that the federal government get out of Loto Canada by the end of 1979? Did she reply by saying that, regardless of the wishes of the provinces in this field of provincial jurisdiction, the Government of Canada was determined to go ahead on its own? Would she confirm those two facts?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): I can definitely confirm that nine of the provinces did, indeed, present an ultimatum to me at a federal-provincial conference which was called as an occasion for co-operation between the federal government and the provinces concerned. I fail to see what is co-operative about a unilateral declaration requesting the federal government to leave a field with respect to which it was understood that any future plans would be referred to the House of Commons in line with undertakings given both by the Prime Minister and by the minister formerly responsible for this area.

I find it strange that the Leader of the Opposition should have a set of standards different from those of a member of his party who stated clearly in committee that what we were talking about, in his view, was the termination of the present sharing agreement as of December 31, 1979.

Mr. Clark: What the Prime Minister and the then minister were talking about was a process of consultation. What we saw last week was an ultimatum given by the government to provinces which have traditionally drawn on this source of revenue, in breach of a commitment given to this House by the Prime Minister.

May I ask whoever in this remnant of a cabinet is Acting Prime Minister, whether the Prime Minister has yet replied to the telex he received on Thursday expressing the strong opposition of the provinces to this breaking of an understanding in relation to the lottery?

[Mr. Jelinek.]

Mrs. Campagnolo: There is no breaking of any understanding. I find it surprising that on this day when the constitution is in the minds of many, we should be talking as if there are ten separate and sovereign states in this country.

Some hon. Members: Oh, oh!

Mrs. Campagnolo: Canada is not a Ruritania in which the provinces find it necessary to act as though any funds going to the federal government will not end up in their own treasuries, as does every penny at the present time. Where else would they go? There is nothing but Canada.

Mr. Gillies: Preposterous!

Mr. Clark: This, indeed, is not Ruritania, but it is a federal system and one which will only survive if there is mutual respect among the federal government and the provinces who make up that system.

Some hon. Members: Hear, hear!

Mr. Clark: What we saw the other day was one more breach by the federal government of that atmosphere of co-operation. My question to the Acting Prime Minister, whoever that being may be, is this: Has the Prime Minister replied to the telex sent by nine of the ten provinces protesting this breach of an agreement on the part of the federal government and, if so, what has been the nature of the reply?

Hon. Jean Chrétien (Acting Prime Minister): I will take note of that question, Mr. Speaker. I do not know whether a telegram was, in fact, sent to the Prime Minister. What the Prime Minister said—and I was the minister at the time—was that we would come back to the House by the fall of 1979 to determine what kind of mandate Loto Canada would receive. However, it is misleading to create an impression that this is a field which belongs to the provinces. I would point out that we had to pass a law amending the Criminal Code in order to allow the provinces into that field. It is this parliament which gave them permission to enter it. The Leader of the Opposition does not know much about the Canadian constitution.

Some hon. Members: Hear, hear!

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REGIONAL ECONOMIC EXPANSION

DREE FUNDING OF HIGHWAY PROJECTS—REFERRALS FOR EMPLOYMENT THEREON

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is addressed to the Minister of Regional Economic Expansion. The minister recently held discussions with the Premier of New Brunswick concerning the general development agreement with that province under which falls the subsidiary agreement concerning highways. Will he tell us whether or not he impressed upon the premier that all referrals for employment on highway projects funded by DREE are

made through the Department of Manpower and not by Tory party bagmen as has been the usual practice?

● (1452)

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Yes, indeed, Mr. Speaker. I met recently with the Premier of New Brunswick and on that occasion we reviewed our programming throughout the province. This is one matter which I brought to his attention, because I think it is very important that hiring practices be kept in line with the agreement we have signed.

* * *

AIRPORTS

FIREFIGHTING EQUIPMENT AT CASTLEGAR, B.C.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Minister of Transport. When the minister was in Vancouver recently, he spoke to the Board of Trade there and expressed concern about the firefighting equipment at Castlegar. He said he considered it to be a distinct risk. May I ask the minister what he has done in order to alleviate the situation at Castlegar, where they have one Jeep, two fire extinguishers, three pairs of rubber boots, and an axe?

Hon. Otto E. Lang (Minister of Transport): First of all, I think the hon. member is not referring accurately to what I said about Castlegar when I was in Vancouver. I asked for a complete report on all our airports and their firefighting capability and also the standards which are ordinarily expected to be complied with. I will be looking at what further action must be taken. We are constantly acquiring new equipment and attempting to ensure that airports have the appropriate equipment for the number of flights which will arrive.

In the past year we experienced some delivery delays with regard to certain firefighting equipment, which postponed our ability to move the equipment into place and to move other equipment from major airports to smaller ones as we ordinarily do as we proceed to re-equip.

Mr. Brisco: Mr. Speaker, the comments I made are not my own but are, rather, Canadian Press comments taken from the Trail *Times* of June 1, so I hope the minister will not consider my comments to have been out of order.

In light of the fact that his department has decided to provide a foam truck for Castlegar, and in light of the fact that the temperatures there during the winter months frequently drop to below zero and there is no provision for winter storage of that vehicle, is the department prepared to cancel the order for the foam truck, or provide winter storage for it?

Mr. Lang: In the same way as provision of equipment is important in our over-all planning, so is the provision of adequate facilities for housing the equipment. There are times when before we are able to build the housing facilities we have to find temporary locations for the equipment, and that is what we would ordinarily do.

* * *

GRAIN

SHORTAGE OF BOXCARS AT CHURCHILL, MAN.

Mr. Cecil Smith (Churchill): Mr. Speaker, my question is to the minister responsible for the Wheat Board. It is my understanding that the Canadian Wheat Board has committed some 30 million bushels to the port of Churchill. The shortage of boxcars could have a serious effect on the movement of grain to the port. Due to the short shipping season of less than 100 days, what assurance can the minister give the House that boxcars will be available to fulfil the Canadian Wheat Board commitment?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have no reason to believe that there will be any problem with boxcars for this movement. I am glad the hon. member has at least recognized that we are likely, indeed, to set another record at Churchill.

Mr. Smith (Churchill): I appreciate the fact that the record is going to be set, but it was at my insistence that this was brought to the attention of the minister.

Some hon. Members: Hear, hear!

Mr. Smith (Churchill): I should like to ask the minister if any commitment of CIDA grain has been made through the port of Churchill, and if the cars that will be used in Churchill will have to be taken off the Thunder Bay and Vancouver routes.

Mr. Lang: I do not have the details of the Wheat Board's shipping program here, but I have known for many months that they have succeeded in allocating grain to set the record. I kept telling the hon. member that, but he seemed either unwilling to believe it or preferred to continue expressing his negative thoughts. Every year when boxcars are required for the movement to Churchill, obviously those boxcars cannot be used the same day for Thunder Bay and Vancouver. When they are no longer needed for Churchill, they are used for Vancouver and Thunder Bay. In that sense, those that go to Churchill will not go the same day to Thunder Bay.

INCREASE IN PRICE OF DOMESTIC WHEAT SUGGESTED BY ALBERTA

Mr. Peter Elzinga (Pembina): Mr. Speaker, my question is to the minister responsible for the Canadian Wheat Board. In view of the fact that Canadian producers are producing wheat for domestic consumption at well below the cost of production, has the minister given any consideration to the proposal put forward by the minister of agriculture from Alberta that the price for domestic wheat be raised to $6 per bushel?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the two-price wheat arrangement which was entered into in 1973 does have another two years to run until 1980. It provided for a range of returns to the producer from a floor of $3.25 to $5. In fact, that floor was raised by government action only six months ago.

I should say to the hon. member, in addition, that the $3.25 which the miller pays for wheat is not all that the Wheat Board receives for domestic consumption, because the treasury pays to the Wheat Board the difference between that level and whatever the world price may be at any given time. Right now, those prices have been in the area of $4.15 to $4.25.

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NATIONAL SECURITY

ALEXANDER PETER TREU CASE—REQUEST FOR STAY OF PROCEEDINGS PENDING HOUSE INVESTIGATION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I welcome the late Prime Minister. I hope that this time next year I will be welcoming him as the former prime minister.

I should like to ask this question of the right hon. gentleman. In view of what appears to be a thoroughly researched article into the facts, appearing in the news item written by George Bain in the Saturday *Sun* of June 11, in connection with Dr. Alexander Peter Treu, taking into account the facts set out in the judgment at the time of sentencing by the trial judge in that case—I am sure the Prime Minister read them with great anxiety over the weekend; they are appended to Friday's *Hansard*—and because this is the only chance we have had to look closely at this particular trial, all of which raises a strong circumstantial case of presumption that Dr. Treu might have been charged and sent to jail to prevent the probable disclosure of bungling, ineptness and stupidity on the part of the government and government officials, will the Prime Minister not overrule his Minister of Justice and stay further proceedings until there has been a thorough investigation by the House, as the ultimate court of this land?

Right Hon. P. E. Trudeau (Prime Minister): I do not know if I can add much to what was said in the debate on Friday. However, let me remind the hon. member, who does not seem to have noticed it, that the trial was a secret one, indeed, but it was so at the demand of both parties.

Some hon. Members: No.

Mr. Trudeau: I think it is established that both parties agreed to have a secret trial.

Some hon. Members: Oh, oh!

Mr. Trudeau: The second point is that the case is under appeal, and it is not customary for parliament to intervene in a case which is under appeal and I do not propose to do so.

Mr. Baldwin: I do not know what is customary for this government, but this is not a customary case and I hope the Prime Minister realizes that. Here is the Prime Minister telling the House that he is quite prepared to stay silent and let this injustice continue.

Mr. Dick: This is the first time there has been a secret trial in Canada.

NATURE OF SECURITY RISK POSED BY MR. TREU

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is on the same subject matter. Could the Prime Minister explain to the House how Mr. Treu, while facing charges under Canada's Official Secrets Act for allegedly mishandling NATO technical documents, could continue to be the recipient of confidential material from NATO during the precise period of this secret trial? Does this fact not mean that NATO, at least, did not regard him as some kind of security risk?

Right Hon. P. E. Trudeau (Prime Minister): It may be that NATO wants to give him the benefit of the doubt. Since he has the right to appeal, and this appeal has not been exhausted, I am sure that members on both sides of the House will consider him innocent until proven guilty.

Mr. Speaker: Tabling of documents.

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POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—ABSENCE OF MINISTERS DURING QUESTION PERIOD

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. We have been treated today to what was a charade of the question period by the Prime Minister (Mr. Trudeau) and members of the government. There are in excess of 30 members of the government today, and until the Prime Minister came to the House at about six minutes to three o'clock there were only 11 government ministers in the House of Commons.

Mr. Andras: Fourteen.

Mr. Baker (Grenville-Carleton): The President of the Treasury Board (Mr. Andras) says there were 14. That may be so, but whether there are 11 or 14, I say that this parliament cannot act properly unless ministers of the Crown are here to answer questions. That is what they are here for.

● (1502)

In order for Your Honour to understand the significance of it, there were questions for the Prime Minister (Mr. Trudeau) at the outset today. He came in just at the last minute. I was one of the members who was recognized by Your Honour, but the passage of time made it impossible for me to be recognized later. There were questions for the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), the Minister of State for Urban Affairs (Mr. Ouellet), the Minister of Public

Works (Mr. Buchanan), the Minister of Industry, Trade and Commerce (Mr. Horner), the Minister of Justice (Mr. Basford), the Minister of National Health and Welfare (Miss Bégin), and the Minister of Agriculture (Mr. Whelan). These are the ones which I know about. The only minister of the ones I have listed who indicated that he would not be here, because he would be away on legitimate government business, was the Minister of Justice. On Friday I was advised that he would be away, and again today I was advised of his absence.

Ministers of the Crown do not have to answer questions, but surely there is more to question period than the Minister of Finance (Mr. Chrétien), who is misinformed as to detail in respect of other portfolios, standing in for a Prime Minister who continually refers questions to other ministers, and ministers not being present in the House in order to answer questions.

The right hon. member for Prince Albert (Mr. Diefenbaker) indicated that in his over 30 years in parliament he had never seen an occasion such as this, when there were so few ministers of the Crown present.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): It is time for Canadians to understand how directionless and rudderless the government is.

Some hon. Members: Order, order!

Mr. Baker (Grenville-Carleton): Their absence today indicates that.

Some hon. Members: Hear, hear!

Mr. Speaker: The right hon. Prime Minister (Mr. Trudeau) on the point of order.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the point of order, if indeed there is one, I should like to make two brief comments. The first is that several ministers are absent because they are in the process of informing the premiers of what is going to be tabled today. We thought it proper that there should be some measure of consultation, since I was to table this document.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Miss MacDonald: Today!

Mr. Gillies: There are only ten provinces.

Mr. Trudeau: The second is: we have indicated before, and we indicate again, that we would be happy to sit down with the opposition to work out some system whereby the time of ministers could be allocated in such a way that they could be here to answer all relevant questions of the opposition. Your Honour will recall that we looked into this matter a few years ago. It is apparent from actual count that something like six to ten ministers, on an average, receive questions every day. It seems somewhat pointless to have every one of the 33 ministers present every day of the week in order to assist at questions which are never asked of them.

If the opposition were prepared to sit down and discuss this matter reasonably with us, as is done in other parliamentary systems, gladly we would work out with them a way in which they could be assured that on given days given ministers are here. One must realize that we cannot always foresee with certainty when a given question will arise. That is why we have first acting ministers, second acting ministers, and parliamentary secretaries. In this way the government does its best to attempt to answer the questions which come up every day in the House of Commons, while at the same time maintaining a federal presence and the existence of the federal government not only in every part of this country but sometimes in other parts of the world where ministers have to be present.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The hon. member for Grenville-Carleton (Mr. Baker), as House leader for the official opposition, has raised this matter, which is a matter of criticism. As I am sure he is aware, it does not constitute a point of order in the circumstances. It has been replied to at equal length and, in fairness, I think the matter ought to stop there.

Tabling of documents. The right hon. Prime Minister (Mr. Trudeau).

Some hon. Members: Hear, hear!

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

TABLING OF SIXTH REPORT OF ADVISORY COMMITTEE ON EXECUTIVE COMPENSATION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under the provisions of Standing Order 41(2) I should like to table a copy, in both official languages, of the sixth report of the Advisory Group on Executive Compensation in the public service.

[*Translation*]

THE CANADIAN CONSTITUTION

TABLING OF DOCUMENT "A TIME FOR ACTION" ON RENEWAL OF CANADIAN FEDERATION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under the provisions of Standing Order 41(2), I should like to table a copy, in both official languages, of a document which proposes the principles for the renewal of the Canadian federation.

[*English*]

STATEMENT BY PRIME MINISTER

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the document I have just tabled before the House of Commons constitutes the first segment of the formal proposals the government wishes to present to parliament and the Canadian people with a view of beginning the renewal of the federation.

The last few months have been a time of deep thought for all Canadians. Within political parties, interest groups, and professional associations, before the Pepin-Robarts Task Force, and in the press, we have attempted to take a new look at our country and its institutions. We have rediscovered its past, sought to understand its present, and tried to envisage its future. We have not yet reached agreement on what Canada should be, but at least we have all agreed that a significant renewal is necessary and that we must sit down to business.

[*Translation*]

The federalism instituted in 1867 and modified to meet our needs over the years has served our country very well. It has involved a largely successful attempt to set up a balanced system based on reason and flexibility and thereby join our communities and regions together in a country blessed with both variety and vigour. Between two orders of loyalty and two levels of government it has established a dynamic equilibrium in which each Canadian could and still can belong in a real and profound way to both his province and his country. It has given Canada the spiritual and physcial strength needed to carve out a place in the world and in history of which we may all feel justly proud.

But Canadian society is still developing. Fortified by the contributions of people from all over the world, it has lost none of its instinctive desire for the new, for the unexplored and for a better life. As a result it now feels cramped within a legal framework devised over one hundred years ago and in an administrative system built piecemeal over the years, and this in turn has given rise to the desire for renewal that is being felt in the country.

[*English*]

The time has come to respond to this desire for renewal among the Canadian people, and it is up to parliament, the federal government, the provincial governments, and all those who hold authority in our society, to ensure that this renewal is carried out promptly, explicitly, and with the greatest respect for our democratic tradition. Our present uncertainty is not helping the country; it is drawing strength required elsewhere, jeopardizing our economic progress, and eating away at the world community's much-needed confidence in Canada. The federal government therefore urges all Canadians to join it in settling this question without further delay by renewing our federal pact and our sense of belonging to this country. Through this renewal will come the other changes—economic, social, and cultural—to which we are entitled. It is time for action.

The objective of the document I have just tabled is, precisely, to start this process. It sets out the principles of this renewal and their application to the workings of our federal system and the institutions provided for in the constitution. It is no coincidence that it is entitled "A time for Action". It is our firm intention to take concrete measures according to a very specific timetable.

The renewal of the Canadian federation is not the issue of any one political party. It is an issue for all parties to address and to resolve, and the government intends to deal with it in a non-partisan, open-minded manner. We know, Mr. Speaker, that the other parties represented in this House have already done a great deal of work on this issue. Their conclusions regarding the terms and conditions of this renewal may sometimes differ from ours, but their ultimate objectives are probably much the same as ours. We hope, therefore, that we can count on their co-operation in speeding up the process. Let us agree upon the objectives, then we can deal with the terms and conditions, instruments and texts.

● (1512)

We have set ourselves a tight schedule. We therefore urge this parliament, the provincial legislatures and governments, and all Canadians, to begin working with us as soon as possible.

[*Translation*]

We are placing only two conditions on our proposals for renewal. The first is that Canada continue to be a real federation—that is, a country in which the federal Parliament possesses real powers and the provincial legislative assemblies have powers that are just as real. The second condition is that basic human rights and freedoms be entrenched in the constitution and thus be protected against interference from either order of government. Apart from these prerequisites, we wish to be guided by the will of the citizens who elected us. Our proposals are there to be examined, debated and refined. We are counting on a national consensus to launch the renewal, and we hope that a national consensus will emerge on the nature of this renewal.

"A Time for Action" was not written as an attack on anyone. It was written in support of a cause—that of a renewed Canada geared to our needs. It invites all Canadians from the Atlantic to the Pacific to define the terms of the Canadian identity, bring our federal system up to date and reshape our constitution in the image of Canada today. As for

those who do not share our profound belief that so fundamental a renewal of the Canadian federation is possible, I ask simply that they open their eyes and hearts in all honesty to the desire for change which the great majority of Canadians feel and which "A Time for Action" endeavours to express as faithfully as possible.

[*English*]

Today we are embarking on an important stage in our development, one that will perhaps determine the course of Canada's history. I invite all Canadians to summon their most positive qualities and enter this new stage with enthusiasm, drawing confidence from the very sources of our history. We cannot allow ourselves to miss this unique opportunity to make a collective decision on our future as a country.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I want at the outset to express my appreciation to the Prime Minister (Mr. Trudeau) for making a copy of both his statement today and the document he has tabled available to me earlier in the day. I must at the same time express a very real concern in that it was only today he sent ministers of his government to communicate the contents of this document directly to the premiers of the provinces, who are the other partners in this confederation. I think that kind of last minute notification of a document of very real importance to the premiers is an indication of the kind of thing that has gone wrong during the last ten years when the federal government, instead of treating the provinces as partners, has treated them as people to be communicated with on matters of real concern to them, only at the last minute.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Clark: Mr. Speaker, some of the proposals contained in this document look strangely familiar. Upon reflection, the Prime Minister will certainly recognize that he is exaggerating when he insists today that we are entering a new era in our development. We believe that that era has started some while ago, and it is high time for the government to catch up. The leader of the government urges all Canadians to think and act. But judging by his proposals, he seems quite content with the appearance of action. We are not much ahead on his true intentions regarding, for instance, certain basic problems such as the distribution of power between the two levels of government.

[*English*]

As I was saying, sir, the Prime Minister calls his document "A Time for Action". I think it would be far more appropriate, judging by its contents, if he called it "A Time for the Appearance of Action". Some of the proposals, I must say, are as interesting now as they were when we first made them.

Some hon. Members: Hear, hear!

Mr. Clark: But, sir, the significance of this document is not the presence or the absence of imaginative proposals. What is significant here is the tone. This document anticipates unilateral changes in a partnership. It distinguishes between two categories of constitutional change: those characterized as phase I, where there is "full capacity for parliament to act alone", and those characterized as phase II, which "the federal government and the provinces must discuss together". That might be the way to treat an ordinary law, but it is no way at all to approach a constitution. The intention here is quite clear. Where the federal government is obliged to get agreement from the provinces, it will aceept that obligation. Where it has a narrow legal competence to act alone, then it will act alone.

Of course, it pledges consultation in this document in one sentence, but in the next sentence it pledges a deadline thirteen months from now.

[*Translation*]

The Prime Minister is prompt to praise the virtues of federalism, but he is behaving like the leader of a single type of government. In a federation where the central power and the provinces are to be true partners, the leader of the government has no qualms whatsoever about saying that he intends to proceed unilaterally with some constitutional amendments which are of vital concern to the provinces.

[*English*]

The reason that is particularly alarming is that it has been this very tone, this refusal to regard confederation as a partnership where partners co-operate even when they are not required to, that has done so much damage to our country in this last ten years, on questions ranging last week alone from sales tax to the lottery. That, sir, of course, is a source of partisan disagreement in this House. I do not raise it in a partisan way. There are other times and other topics for partisan division.

I agree with the Prime Minister that this fundamental question is more important than parties, but the fact is that this document fails to reflect, as perhaps sadly its authors failed to recognize, that the paternalistic tone of this proposal is itself a major modern cause for distrust and disunity in Canada. This process, sir, will come to nothing unless that is recognized. Indeed, it may come to worse than nothing because it may deepen the divisions that exist among Canadians. That is particularly true since the reaction of the separatist government of one province is already predictable. That makes it all the more essential that every step is taken to secure a consensus among the other provinces, and that, sir, will happen only if they are treated as full partners in this process and are not faced with deadlines or with declarations that may turn out to impede agreement.

These last two years have shown us all that there is a great deal of agreement in this country about the necessity for constitutional and administrative reform. There is also, as we found as a nation in earlier times of challenge and of crisis, a great deal of good will in Canada that will result in concrete agreement. I found this in Kingston last September when I met with four premiers from one party from very different provinces and secured agreements on important constitutional,

administrative, and economic changes. I make the point in passing, sir, that it would be tragic for the unity of this country if we were to deflect attention from the fundamental requirement of this parliament to address ourselves to economic growth over the next six to eight months. I found that kind of agreement also when I discussed those changes arrived at in Kingston with other party leaders in the other provinces in subsequent discussions.

● (1522)

We came to Kingston as partners and we found agreement because there was a basis of mutual respect. The Fathers of Confederation came together as partners, and they found agreement. We can do that again today providing we recognize that confederation is a partnership and not a system where one government can adopt a paternalistic and domineering attitude toward all the others.

There is one other matter of procedure that concerns me in relation to the document that has been tabled here today and the proposal that I understand the Prime Minister is making as to how we proceed with it. That is the role of this parliament. We have demonstrated before in this House of Commons a capacity to secure progress and to secure a consensus on constitutional questions when parliament is given the chance to address those questions. I would hope, sir, that there will be the widest possible role for parliament, not just the government, in considering constitutional and administrative reforms that we must contemplate as a country.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, as the Prime Minister (Mr. Trudeau) suggested in his statement today, in recent years Canadians have, indeed, been giving more thought than usual to the problems and prospects of our country. At every level there has been concern that the traditional Canadian dream for a united Canada, committed to a just and exciting society based on liberty and equality for all our people—French-speaking, English-speaking, other ethnic groups, the Inuit, and the Indian—was falling short of realization.

[*Translation*]

It is ironic and historically sad that this anxiety regarding the future of the country should appear when the Canadians of my generation, whether they are French or English-speaking, have succeeded in gaining unprecedented recognition in the cultural field, and this at the national and international levels.

[*English*]

Beyond this level of creative excitement, Mr. Speaker, as we all know, there have been disturbing and unsettling signs of discontent. It is important that we understand the origins of this discontent. They are to be found in the inequality as it exists between and within our regions. They are to be found in the absence of strong federal leadership which ought to have been positively identifying itself with the cultural excitement of French and English-speaking Canada in recent decades. They are to be found in the absence of federal leadership which recognizes that the independence of the Canadian economy and all that depends on it are threatened at least as much today by our vigorous neighbours to the south as they were more than 100 years ago, and finally they are to be found in the lack of a specific Canadian constitution which contains in one document guarantees for individual and cultural rights of Canadians as well as a division of responsibilities between federal and provincial authorities.

[*Translation*]

We must get involved in the political life of our country, show leadership in each of the fields that have a bearing on the country's future, like regional disparities, recognition of fundamental rights or political determination to achieve Canada's economic independence. It is in that perspective that I want to answer today to the Prime Minister's statement.

[*English*]

The highest priority we must set for ourselves is to establish at this time in the hearts and minds of Canadians that we are now embarking upon the development of a future that is both just and exciting, and that deals with all of these questions. Our priority must be to pledge ourselves, not simply to constitutional reform, but, more basically, to the removal of inequalities and the establishment of a viable, healthy, industrial country in this part of North America.

In the broad sense of what our country is about, the document which the Prime Minister has tabled, I regret to say, fails. It is totally devoid of a broad scale of imagination. Regrettably, it deals only with the most general proposals on the constitution and the establishment of linguistic and other rights. As important as these are, they are not new. We all assumed that proposals would be made concerning these areas at some point during this year, and in this sense we accept and support them.

It is worse than regrettable that a document entitled "A Time for Action" is exclusively legalistic in its proposals for the future of our country and of our people. Economic inequalities within our country and the deeply serious matter of the economic viability of our future on the North American continent are virtually ignored. A statement of purpose so narrow in its focus and so devoid of concern for matters beyond a legal framework for our nationhood is totally inadequate to meet our needs as a people at this time.

It is, indeed, time for action. A central concern in the confederation debates more than 100 years ago was the state of the economy of the various provinces. Where is that concern in the document that has been tabled today? The economic position of Atlantic Canada compared to Ontario has worsened since confederation, not improved. We still have millions of people at the poverty level, while the rich still get richer in our country. We have a manufacturing sector which is weaker today than it was a decade ago, and we have more than one million people unemployed. And, as Sir John A. Macdonald would well understand, we cannot stand idly by while our vigorous neighbours to the south daily make inroads on our economic independence as a people. Canadians want action.

They want imagination and leadership which will reverse our inequalities and reshape our economy for the requirements of the twentieth century. Legal pedantry of the kind we have today is no substitute for leadership.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I am grateful to the right hon. Prime Minister (Mr. Trudeau) for having provided us with a copy of his statement a few minutes before the opening of this sitting. As usual, we were able to read the statements of principles in the newspapers, but we could not be sure if this was improvisation on the part of the reporters or a leak that the government obviously wanted.

The title "A Time for Action" is well chosen because it shows at least that the right hon. Prime Minister has backed down in finally deciding to make an appeal for a real constitution. It should be noted, Mr. Speaker, that I did not say a renewed constitution, as the right hon. Prime Minister calls it, because I have always thought that the British North America Act is simply a royal order of the British Crown for its Canadian colony that we have used up to this day. Since it was written in England by the parliament in London, it could not reflect the aspirations of the Fathers of Confederation who had certainly spent many months preparing a thick memorandum for the British government, and this memorandum, which favoured a confederation in which the provinces would have priority, was probably put aside to be replaced by this little private bill which was entitled the British North America Act and which has been the basis for our constitution since 1867.

This is why I agree with the right hon. Prime Minister when he lists certain defects of the present constitution, including the following, and I quote:

It is based largely on acts of the British parliament and has not yet been properly rooted in Canada.

Its provisions are scattered through a large number of statutes, many of which are unknown to the general public.

It has not preamble or statement of principles; its language is obscure, its style plodding and uninspiring.

It has little educative value and Canadians find in it little which inspires patriotism.

It makes no mention of basic rights or freedoms, and it is inadequate to protect language rights.

Its division of legislative powers between the federal and provincial governments is neither as precise nor as functional as might be wished.

And he goes on to enumerate the shortcomings that he finds in the British North America Act. For example, Mr. Speaker, I have always thought that its greatest shortcoming was to have made the federal government the architect with a certain measure of supremacy over the provinces. We reason that very often that is why the federal government instructs the provinces instead of consulting them. Of course, compared to previous agreements the 1867 confederation represented one more step toward Canadian unity, but for many years all the provinces and all Canadians have been hoping for new agreements and their greatest desire would be to see the provinces initiate consultations within their borders so as to come up with strictly interprovincial conferences, through which they could tell the central government what they expect from it.

We are still convinced that only a confederation including all provinces will bring back harmony in Canada. As long as the federal government interferes in interprovincial conferences to rouse their suspicion and pit them against each other we shall witness the same confusion that has prevailed in the last 110 years in federal-provincial conferences. We should recognize once for all that the provinces will have the final veto.

So, if the federal government really wants to do something useful for Canada it should encourage the provinces to get together and agree on a constitution. Shall we have a true confederation under our new constitution? This is the first question. Or will it be a federation as the present government sees it, that is to say a profitable federalism with a strong central government and in which the provinces will be nothing more than administrative districts.

I think the Minister of Industry, Trade and Commerce (Mr. Horner) best expressed the thoughts of the government when he declared in the House recently that the ideal solution for Canada would be a single government! With such statements, Mr. Speaker, this is something we will have to consider because if we are to judge someone through his actions, the ten years of administration of the present government are not very favourable to provincial autonomy. The many intrusions into provincial jurisdictions and the Quebec jurisdiction particularly make Quebeckers wonder about their future.

This is why I ask the government to avoid any confrontation at least with Quebec, end personal conflicts and try negotiation. We must absolutely avoid the unfortunate mistake of 1867. We must absolutely avoid it and judging from the orientation of this issue, I think that we are going towards even more centralization in which the federal government will have almost all powers and will leave only secondary powers to the provinces. I sound a warning note to the right hon. Prime Minister and all government members and I hope we will change our orientation so as to favour the provinces.

● (1532)

[*English*]

Mr. Stanfield: Mr. Speaker, I rise on a point of order. I have been trying to obtain a copy of this document. It has gone to my office. This has not been very helpful to me in posing any questions I might have to the Prime Minister (Mr. Trudeau)—

An hon. Member: We are all in the same boat.

Mr. Stanfield: I do not know why my friend over there is so sensitive. I understand what the Prime Minister said in his comments. This document is of some importance, and I understand he will accept questions in relation to it. It is perhaps a good time to get enlightenment—

An hon. Member: There it is!

Mr. Stanfield: Thank you very much.

Miss MacDonald: Mr. Speaker, I should like to direct several questions to the Prime Minister (Mr. Trudeau) with regard to this document which is long on generalizations and pretty short on specifics.

I should like to ask the Prime Minister, for example, some specific questions with regard to certain proposals which are included. He said in his statement and in the document that he would like to invite all Canadians to participate in the discussion on constitutional change—constitutional renewal. I am interested in the forum that would be provided for this. The Prime Minister will remember that last year about this time we on this side of the House proposed that a joint parliamentary committee be set up to provide that forum wherein all Canadians could participate and make their views known with regard to constitutional review. That suggestion was not accepted at that time; it was bypassed by the Pepin-Robarts commission. I know that later this year with the constitutional conference, by necessity parliament will again be bypassed.

I make a special plea to the Prime Minister this afternoon to consider referring this document immediately—and he might inform us on this point—and I would ask him how detailed proposals will be presented. Will they be presented to parliament by way of legislation? If so, will he refer this document with any legislation forthcoming before the end of this session to a special joint parliamentary committee which would sit throughout the summer months to study these proposals and allow Canadians to appear before it to make their views known, so that parliament indeed can have a role in the renewal of our constitution?

Mr. Trudeau: Mr. Speaker, it would be our intention to propose the setting up of such a joint parliamentary committee. Before the end of the month we would like to find a day, or perhaps two, on which to have a debate on the government proposals, with a view to setting up such a committee at the end of the debate. I am sure that all parties in the House will be discussing an appropriate committee and appropriate timing for such a debate.

Miss MacDonald: I take it by that that the Prime Minister will also consider the suggestion that a special parliamentary committee be appointed at least before the end of the month to sit through the summer and have input into these proposals later in the year.

● (1542)

I would like to ask the Prime Minister to tell us as well the status of the Pepin-Robarts commission in relation to the proposals being put forward. Would the Prime Minister say whether these proposals are coming forward by way of legislation before the end of the month, and would he also indicate the particular status of the Pepin-Robarts commission at this point, a commission which was appointed on July 5 last year with a mandate initially for one year, which was to provide a source of advice to the government on unity issues? That commission has not yet issued a report and it is not anticipated that its report will be forthcoming for some months. What is going to happen to that report? Will it be superseded by proposals that the government puts forward, and where does it stand in relation to the government's proposals?

Mr. Trudeau: Mr. Speaker, when the Pepin-Robarts commission was set up, as the hon. lady reminds us correctly, it was intended to report within a year. Then when it was apparent the number of presentations on the task of the commission was such that it would not be able to report finally before the end of the year, it was expected that perhaps there might be an interim report which the government could have consulted before bringing down this particular white paper. We understand that that has not been possible. Therefore, we had to proceed with this white paper without the benefit of the Pepin-Robarts commission report.

I would point out that the proposals of the government at this stage, though they are a white paper and do represent government policy, are in front of parliament and the country for the purposes of discussion. As it is stated in this particular paper, Mr. Speaker, we do expect a federal-provincial conference on the constitution early in the fall. We hope that there too there will be a possibility of input from the provinces. So we would have many sources of input, the standing committee, which the hon. lady mentioned, the Pepin-Robarts committee, reactions from the country of course, and finally the federal-provincial conference of first ministers. As a result of all that, after having heard from everyone, the provincial governments, the House of Commons, and the people of Canada, we would then propose to proceed in the House of Commons in the next session with a bill for adoption, as it is said in the white paper, before July 1, 1979.

Miss MacDonald: Mr. Speaker, I am not sure from what the Prime Minister has said and what this document states that they are one and the same thing, for example, "the government will soon be informing parliament and all Canadians of its details." I still do not know whether or not the Prime Minister intends to introduce those details by way of legislation or by way of a further white paper, because there is very little in the way of detail here as to the specifics of any of the proposals. Surely we would need more to go on than this? The government goes on to say, "There is no expectation that these proposals will be passed by parliament without change." So, unless we know something of the detail of the proposals, it is very difficult to formulate any views on them or to suggest changes. These are very broad measures indeed. I would like to know whether it is the government's intention to introduce those details before the end of the month.

Mr. Trudeau: Mr. Speaker, the government intends to proceed in two stages on the white paper tabled today, and which is the object of today's discussion. It intends to put forward the general principles on Canadian identity, and the principles for renewal, the way in which we want to renew the practice of federalism. We did hope that this would cause some reflection

in parliament, and outside, on the principles which inspire government's actions. This will be followed before the end of the month by a bill which will be given first reading in this House. It is on that bill that we intend to have the House leaders look for the possibility of debate for the setting up of a standing committee, a special committee of the House of Commons and of the Senate, or two special committees, if this is what is preferred by members of parliament of both Houses, so that they will be able to take cognizance of the bill, not after second reading; the bill itself, or the subject matter will be referred to the committees, Mr. Speaker.

I must say the first reading of that bill does give me some concern now. Having heard from the Leader of the Opposition (Mr. Clark) that we must first consult with the provinces before doing anything here, I am wonderig if we should show the bill to the premiers before showing it to the House of Commons. This would cause me some concern, but if that is the view of the Leader of the Opposition, of course we would be prepared to do that.

Mr. Hnatyshyn: Shallow and wrong again.

Mr. Broadbent: Mr. Speaker, I have a question for the Prime Minister concerning some detail. I have read in the white paper, and I have heard the Prime Minister say, that we will get some details later on. One particular matter of interest to me and on which perhaps he could shed some light concerns the Senate, to be renamed the House of Federation. Could the Prime Minister tell us now what the government has in mind in terms of appointment by the provinces? Just what kind of detail has the government already worked out on that subject matter?

Mr. Trudeau: Mr. Speaker, this would be spelled out in very considerable detail in the bill which will be given first reading in the House. In this white paper, I repeat, we have intended to state the principles, the general lines of action, but the details will be contained in the bill.

Mr. Broadbent: Mr. Speaker, just on the question of principle which is outlined in the white paper, the stated intention of the government is by means of reforming the Senate to give the provinces a greater and more effective say in Ottawa. I would like to ask the Prime Minister, considering there is no talk about changing the power of the Senate—thank God—will this whole operation not be a bit hollow because what is being proposed is to give the provinces authority in a body that quite appropriately has no power in Ottawa?

Mr. Trudeau: Mr. Speaker, we hope that is the very subject which will be discussed by the country and by the joint committee of the House of Commons and of the Senate. The hon. member, without benefit of seeing the proposals, suggested that it might be quite hollow. I hope that we will benefit from his intellectual resources when we come to discuss this proposition. He realizes, of course, that in a parliamentary system there is a choice to be made by those who are writing the constitution between having a second chmber which is truly representative of the people of the regions or provinces,—which presumably would be elected with all the attendent problems of cabinet and responsible government,—or having some other form of representation. We come down on one side of the choice, but I am sure we will benefit from the insight of the hon. member into this problem.

Mr. Broadbent: Mr. Speaker, would the Prime Minister confirm for us that when the bill is brought forward, pertaining to the Senate particularly, the government will not be imposing an increase in the powers of the Senate?

Mr. Trudeau: Mr. Speaker, I think in order to avoid answering in detail any of these questions, I must ask the hon. member to be patient and to wait until the bill comes forward. He will see what powers we propose for the Senate.

Mr. Clark: Mr. Speaker, on page 11 of the document there is a phrase which reads as follows:

> The courts . . . .conferred on the federal authority most of the powers necessary for the government of the federation as a whole.

That referred to a process. I am wondering if it is an accurate interpretation of that particular section. It is on page 11, about two-thirds of the way down. I am sorry, I do not have the original copy. I will give the quotation again.

● (1552)

Mr. Trudeau: I have it.

Mr. Clark: Does the government intend by that to indicate its view that the federal government does not now have all of the authority that it requires, and all of the powers necessary for the government of the federation as a whole? If that is the case, can the Prime Minister indicate to us what kinds of new powers he thinks are necessary to be added to the central authority?

Mr. Trudeau: Mr. Speaker, this paragraph in reality refers to the historical evolution. I think it is generally recognized that the Canadian federation today is less centralized in practice than it was 110 years ago, although there has been that great redistribution of powers. That is all this particular paragraph intends.

In so far as the distribution of powers in a new federation is concerned, which seems to be of interest to the Leader of the Opposition, we do intend and do say that this is open for discussion. We are ready for a re-examination of the functions of both levels of government and a redistribution of powers in whatever way is of greatest utility to the citizen. However, no suggestion is made that it should result in a greater decentralization or, indeed, in a greater centralization. We think there should be some shifts of power in both directions.

I would certainly incur the wrath of the Leader of the Opposition if I were to indicate now without the benefit of consultation, what we would like to see become federal jurisdiction which is now provincial jurisdiction.

Some hon. Members: Oh, oh!

Mr. Trudeau: I am quite sincere. The Leader of the Opposition does present me with a dilemma. I repeat it to him. Would he like us to show the premiers the bill before we show it to the House of Commons? I am in his hands and will do whatever he suggests is best.

Mr. Clark: Mr. Speaker, I rather think the Prime Minister is anticipating himself by four or five months by putting questions to me, but I will be delighted to answer them. I think it would be very profitable for the system if the Prime Minister were to get together with his counterparts in the provinces and have some kind of discussion now which might serve as the basis for proposals that might come from the federal government or from the provinces. This business of people issuing manifestos from behind their jurisdictional barricades will not take us very far. I hope the Prime Minister might follow the example that I set for him, since he has raised this question, when I met with the premiers at Kingston. I wonder if I might now ask the Prime Minister this, just for the purpose of clarification. On page 23 the document states that the government will therefore be putting forward proposals regarding constitutional provisions for certain institutions of the executive of the central government. Can the Prime Minister tell me in a general way what that phrase means?

Mr. Trudeau: Mr. Speaker, in his comments on consultation the Leader of the Opposition makes bold that he met four premiers. I must remind him that throughout the months of November and December I met every one of the premiers and we had lengthy discussions on the constitution and economic matters. In those discussions I spoke at great length about the subject matter of this white paper. I indicated to them that we were proceeding with phase I and phase II, and asked what they thought about it. I indicated in phase I what it was our intention to discuss.

I not only had these discussions with the premiers, but the hon. member will know that there were many speeches and comments made by the premiers either resulting from or following upon those discussions, and we do have the benefit of the views of many, if not all, of those premiers on the constitution.

I will be tabling later this week, when my letters have been received by the premiers, a lengthy letter which is in their hands at this moment on the white paper, and commenting on some of the proposals which they have made on constitutional change in the past months.

We must consider that for something like 52 years this subject of constitutional renewal has been debated in parliament after parliament. It was debated during several provincial conferences between 1968 and 1971, and was the subject of consultation time and time again since then at meetings of the premiers and with myself on the constitution.

I think the House will recognize that at some point it is not only natural but desirable for the government to give leadership and to say that, after all these consultations, this is what we think. However, we are of course anxious to know what the opposition thinks and what the premiers think. That is why this very day and in the following days of this week there will be meetings with the premiers on the basis of this paper and on the basis of the general content of the bill.

When we do table the bill in this House, before the end of the month, I hope we will not hear from the Leader of the Opposition that it is full of platitudes and, to use his expression, déjà vu, a lot of things that have just been rehashed and, on the other hand, objecting that it has not been shown to the provinces in advance. This is just a general comment which I mean to be helpful to the hon. Leader of the Opposition.

Mr. Clark: Mr. Speaker, I think the Prime Minister was so overcome by the privilege of putting a question that he forgot to answer the one I put. I am sure he would like to redirect his attention to the meaning of the proposal for certain institutions. To save the time of the House, will he also indicate just how firm is the timetable of July 1, 1979?

Mr. Trudeau: Mr. Speaker, the reason why I made a lengthy answer is because the Leader of the Opposition always brings in preambles when he makes suggestions. I think it is normal that I make some comment on them.

In terms of his particular question on the executive, Mr. Speaker, the Leader of the Opposition probably knows that in the present BNA Act the function of the executive and its composition are not spelled out in any detail. It would be our intention in the bill presented to the House of Commons to spell them out in quite a bit of detail.

On the second question, Mr. Speaker, that of the dealine, we think that within the next 12 months and 19 days it is reasonable for the country and parliament to be able to make up their mind on what the federal government, acting alone under the constitution, can do.

I repeat what I said in my statement some minutes ago. We hope this will be approached in a non-partisan spirit. Many of the proposals we have made and will make find their echo in proposls made on the other side of the House in their policy paper on the constitution. Indeed, many of the provincial premiers have been saying things which will find an echo in our bill.

In having the benefit of the bill very soon, and having it before them until the federal-provincial conference in the fall, we hope the premiers will be able to express some concrete response to this in so far as we are anxious to have their opinions, even in areas where the federal government and parliament can act alone. We hope this will be true of the Leader of the Opposition, and his party as well, and that between now and the next four months he will be able to arrive at some view on what the federal institutions and federal parliament are, and how the federal institutions and parliament should be composed in order to respond more accurately to the aspirations of the Canadian people and the principles set out in this white paper, assuming that these principles of renewal are some with which the opposition can agree. If they are not, we are once again prepared to discuss these principles and modify them for the better.

Mr. Speaker: Order, please. There are some ten or more members standing to put questions at this time. The Chair is expected to exercise a discretion about the duration of this kind of question period. It is certainly far too soon now to consider stopping it. I do not mean that. Neither do I think it is intended that these question periods after a statement afford the opportunity for an exhaustive discussion on any subject on any particular day. Perhaps I could recognize a few more hon. members, but I shall have to ask that the questions be kept brief.

● (1602)

Mr. McGrath: I know Your Honour will not lose sight of the fact that we are dealing with an important document in the history of our country and one which conceivably has implications for the future. The background to my question is a study taking place in Toronto today at which provincial ministers of urban affairs and housing are meeting with the federal minister to discuss his clumsy intrusion into provincial affairs. The Prime Minister (Mr. Trudeau) has already dissociated himself from the remarks made by the Minister of State for Urban Affairs (Mr. Ouellett) who stated at the conference of the Canadian Federation of Mayors in Edmonton last week that the role of the municipalities must be fully enshrined in the constitution as an additional level of government on its own. As I say, the Prime Minister has dissociated himself from that statement, but perhaps he will explain what the intentions of the government are in this area. The right hon. gentleman talks about the trend to urbanization and growth of our cities; he suggests the population of some of them might be greater than that of certain provinces, and talks about Canadian cities as being a new problem which will require attention. When considering such cities, is he thinking about bringing in mayors and municipalities within a constitutional context?

Mr. Trudeau: Mr. Speaker, I suggest the hon. gentleman is confusing two areas of discussion. To the extent that the quotation he gave refers to something said in this debate, what we are saying is that when Canada was founded 110 years ago the Fathers of Confederation were dealing with a largely rural society, whereas today the majority of Canadians live in cities. This has created not only a new power relationship but a great many new problems, and it is necessary to deal with them. As to the principles which the government has in mind, I would refer to chapter IV on renewing the practice of federalism, and particularly to page 17 where a certain number of proposals for action are set out.

We have made two proposals in particular—I shall not take up the time of the House reading them but they are there on page 17 and their intention is, to eliminate wasteful duplication where it exists by attempting, along with the provinces, to define more accurately the areas where the provinces and the federal government should be acting each in its own sphere. We will be making special proposals to the provinces for action in this area. When problems, by their very nature, come under shared or joint jurisdictin we will also make proposals to ensure that this joint jurisdiction is exercised jointly and in consultation. I commend page 17 to the attention of the hon. member.

Mr. McGrath: I refer again to the statement made by the Minister of State for Urban Affairs at the meeting of the Canadian Association of Mayors in Edmonton when according to newspaper reports:

> ... Mr. Ouellet assured the delegates their municipalities would be full and equal partners with the other levels of government in current discussions on constitutional reforms.

Given the constitutional fact of life that the cities are creatures of the provinces, an aspect of jurisdiction which the provinces jealously guard, would the Prime Minister tell the House how the government intends to go about bringing the municipalities in on this so-called constitutional reform? Does he envisage, for example, a constitutional conference which would include the provinces and the municiaplities?

Mr. Trudeau: We think, Mr. Speaker, that the municipalities do have a role in being a voice of the people at the administrative level where they exist and we hope that many of them will be heard not only by the government but by the joint parliamentary committee which we propose to set up. Indeed, I believe the Pepin-Robarts committee has heard from many representatives of municipalities who have their views on the constitution. We would not propose by any narrow legalism—to borrow a phrase from the Leader of the New Democratic Party (Mr. Broadbent)—to silence them and say they should not express views on a new constitution.

Mr. McGrath: Will they be at the constitutional conference or not? That is the question. The Minister of State for Urban Affairs has indicated clearly that they would be consulted.

Mr. Trudeau: Well, Mr. Speaker, I repeat: they will be consulted.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, it is apparent that the government intends to move in two stages. I would like to ask a short question about each stage. I understand that in the first stage legislation will be brought down shortly to deal with those matters which come solely under the jurisdiction of the federal parliament. I want to ask the Prime Minister (Mr. Trudeau) if that includes the basic human rights to which he referred in his statement a short time ago or, in view of the fact that provincial governments have some voice in certain matters pertaining to human rights, whether this will be left until the second stage? Can we expect, in the legislation which is to be introduced later this month, clarification of the government's position with respect to basic human rights?

Mr. Trudeau: Yes, I think the question is very important and I shall attempt to answer it, first in general and then in particular. In general, Mr. Speaker, we all know there are some areas under the BNA Act—the Constitution of Canada—in which the federal government can act alone. There are other areas where the provinces can act alone. Then there are areas where the two levels must act together and, again, there

are areas where they can act together but each in their own sphere. The bill of rights is in this fourth category. We intend bringing in a bill of rights indicating that parliament would be bound by it as a constitutional document. We realize that certain applications of a bill of rights cannot be binding on the provinces in the sense that they raise the matter of provincial jurisdiction. In these particular areas we hope that the provinces would want to be bound by the bill of rights. In other words, there would be a provision for opting in by the provinces, by concurrent legislation, by joint resolution or whatever the formula might be, into a bill of rights which we hope would eventually bind all Canadians.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I thank the Prime Minister for that answer. The second question I want to ask is with respect to phase II, which involves discussions between the federal and provincial governments. Having regard to the division of powers, particularly with respect to Sections 91 and 92 of the British North America Act and the amending formula, which is probably the most difficult part of all, and was certainly the rock upon which the Victoria charter foundered, I ask the Prime Minister this: what is to be the *modus operandi* which the government has in mind? Is a white paper to be prepared which will be submitted to the provinces, following which meetings will be held? Or will meetings be held first? Is the government intending to have some discussion in parliament or by a committee of parliament with regard to what the government has in mind, always recognizing that there might be changes as a result of negotiations with the provinces? Just what are the procedures which the government has in mind?

Mr. Trudeau: Mr. Speaker, with respect, might I slightly correct the preamble to the hon. member's question? It was not on the amending formula that the Victoria conference foundered, to use his expression. It was on something else. I believe there was general agreement at the Victoria conference, including the province of Quebec, on the amending formula. As I said in my letters to the premiers over the past years, we would hope that this formula would still serve us as a basis for patriating the constitution. What we intend to do in the course of the summer is to publish a document which would bring this subject to the attention of Canadians at large, as this white paper has done, and which would go into the various possibilities of amending formulas which historically have made some progress in Canada, and give rise to discussion among Canadians, in this House, in the legislatures and elsewhere, on this subject.

At the federal-provincial conference in the fall we would like to deal with the matter of patriation and amendment but we do realize that, strictly speaking, this could be considered outside the area of what we call phase I, since it does call for provincial consent. We do hope, however, that enough progress will be made on this matter so that we would be able to proceed by July 1 of next year not only with matters of federal jurisdiction but perhaps in a certain number of areas such as the bill of rights and the amending formula on which progress could also be made. But we realize that on this we cannot act unilaterally and we hope there will be co-operation from provincial governments, which we think will be forthcoming if the opposition parties share our views on some of these matters, and that is why we intend to present it to parliament in as non-partisan a fashion as possible.

● (1612)

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, following up on the questions put by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), the paper tabled today by the right hon. Prime Minister (Mr. Trudeau) announces, for the implementation of the proposals contemplated in phase two of the constitutional reform, the promulgation of a new constitution for July 1, 1981. However, the paper does not seem to provide for any specific mechanism for federal-provincial negotiations such as that, for example, which was established to pave the way for the Victoria conference. It does not provide either for any process of popular identification with that effort to Canadianize our institutions. Nor does it specify whether a popular sanction is being contemplated by way of a referendum on that new constitution. Has the Prime Minister made provisions for a way of breaking the vicious circle of distrust and disillusionment that has set in the minds of Canadians since the failure of the Victoria conference with respect to the federal or provincial governments claiming the monopoly on good intentions in the area of constitutional proposals and what does he intend to do to associate as many Canadians as possible to that long awaited reform so it will best reflect the Canadian reality and that consensus the Prime Minister was referring to in his remarks will not be an illusory one and will not feed the frustration felt by many Canadians?

Mr. Speaker: Order.

Mr. Trudeau: Mr. Speaker, the hon. member is perfectly right. That mechanism is not provided for in the white paper that we just tabled before the House but we intend to take precisely that problem before the House of Commons, before that joint committee of the House and the Senate and also at the premiers' meeting in the fall. There are certainly several sections under which the government could approach that problem, and the hon. member referred to some of those means. Before setting the final form we prefer to take the matter before the House and before the premiers.

[*English*]

Mr. MacDonald (Egmont): Mr. Speaker, with respect to the statement in the document that the draft bill, which I assume will be introduced later this month, will obviously not be an item which will be passed directly without change, and the subsequent consultation that will take place this fall with the provinces, I wonder if the Prime Minister (Mr. Trudeau) can indicate if there is to be some sort of deadline to be applied to

the provinces with respect to the consultation that will take place on phase I. In what way will the recommendations which come forward from some kind of meeting between the Prime Minister and his provincial counterparts come before this special joint committee so that they can be fully considered before a final bill is presented to parliament, particularly given the deadline that the Prime Minister has enunciated?

Mr. Trudeau: What we will table before the House of Commons is a bill for first reading. This is frequently done, as the House knows, so that there can be discussion on the basis of that bill. I have indicated that, following the committee report and following the federal-provincial conference, the government will be prepared in the next session of parliament to introduce a bill for first reading and adoption by the House. It is precisely because we want to make sure that we will meet the deadline of July 1 next year that we will attempt in the bill before the House to meet, as much as possible, the concerns expressed by the provinces, by the many parties in the House, and by the Canadian people, as regards the precise reforms that we are putting before the House. It is possible that on some of the proposals we are making we will find a better formula, and although the bill represents government policy to which we are all bound, we make it quite clear in the white paper that changes can be made to the bill between the form in which it is first presented and its form in the next session.

Mr. MacDonald (Egmont): It is difficult to talk about a bill which is not before us, but I wonder to what degree the provinces will be able to make suggestions, perhaps fundamental suggestions, about the nature of the specifics that are in this draft bill, because I think that to some degree it circumscribes the fundamental consultation which takes place with the provinces. I suppose that the subsequent question then is: when those recommendations come to the committee and the committee makes its own recommendations, will there be any further consultations with the provinces before the government brings forward, as the Prime Minister said, its final bill for first reading in the next parliament?

Mr. Trudeau: The hon. member asks to what degree there will be consultation with the provinces.

Mr. MacDonald (Egmont): No, the extent of change.

Mr. Trudeau: They will be given the bill and they will be present at the first ministers' conference in the autumn. We are anxious to improve the bill in any way that can be suggested by the provinces or by the parliamentary committee. I would just remind the hon. member that the very nature of this bill—subject of course to the provisions which I pointed out to the Leader of the Opposition (Mr. Clark), some of which will call for provincial consent if they are going to be bound by it—will be to act in areas under federal jurisdiction.

We believe that after weeks and months of consultation parliament must make up its mind at some point. I am not saying that should be in November, December, January or March; I am just saying that at some point we hope that the bill, presented in the next session of parliament, will reflect the collective wisdom of the government, of the opposition parties, and of the premiers of every province. But we are all realistic enough to know that it is unlikely that we will get every province to agree with the proposals for change that we are making. We already know from a press conference on Friday that at least one province, without having even seen the white paper, has decided that it is no good. So I cannot say that we will only proceed with the bill when everybody is agreed. I do hope that we will have established a large measure of consensus across the country, and particularly on all sides of the House.

Mr. Grafftey: Mr. Speaker, the right hon. Prime Minister (Mr. Trudeau) has already alluded to the fact that a constitutional document is a political document in the best sense of the word and will require all parliamentary co-operation between the parties. I realize that there are two sides to every coin, but considering the fact that most of the members from the province of Quebec are sitting on the government side and, as everybody knows, most members from the west are on this side of the House, would it not have been wiser to constitute an all-party committee of the House before a bill of any kind was presented? I put that forward as a proposition. For example, I feel I might go to a committee where a bill has been presented and, although the government says it has read our party's proposals, where I will not feel there has been individual input. Would it not be wiser, I ask the Prime Minister, in view of what I said, to constitute an all-party parliamentary committee before we are faced with bills of any kind, even though we are only dealing with exclusively federal jurisdiction?

Mr. Trudeau: I must point out to the hon. member that this debate has been going on for quite a number of years, and I think that by now most of us have made up our minds generally on the way in which we think a new constitution should be oriented. The opposition party has published a policy paper indicating how they think the constitution should be reformed. As I said earlier, the government has benefited from this policy paper, much as we have benefited from the policy paper put out by the government of Ontario, from the western policy conference, and from statements made by various premiers across the land. I would remind the hon. member that there was such a committee which sat and which reported in 1972. The conclusions of that committee inspired us in drafting this document and in drafting the bill which will be put before the House.

● (1622)

At some point the hon. member must realize that it is up to someone to make up his mind and say, "This is what we think corresponds to the best interests of the country at this time and for a long period to come". This is what the bill will be. I know the hon. member for Brome-Missisquoi (Mr. Grafftey) well enough to know that he will not be inhibited merely because a bill is there for first reading only. I am sure he will continue to ensure that the government benefits from his wise thoughts in constitutional matters.

The Constitution

Mr. Hnatyshyn: Mr. Speaker, I should like to refer the Prime Minister (Mr. Trudeau) to the statement of principle entitled: "Pre-eminence of citizens and of their freedoms". In part the principle reads:

> The renewal of the federation must confirm the pre-eminence of citizens over institutions, guarantee their rights and freedoms, and ensure that these rights and freedoms are inalienable.

On a number of occasions this afternoon the Prime Minister spoke about leadership on the part of the federal government which he now leads. Is it his intention, in a non-partisan way, to bring forward amendments in respect of more odious provisions of such legislation, bills, and acts, as the Official Secrets Act and the War Measures Act? Some time ago the Prime Minister promised drastic changes in this regard. I wonder if he can give the leadership which he talks about in the area over which he and his government have exclusive jurisdiction, and indicate that immediate and dramatic steps will be taken to show where the government stands on this very important principle.

Mr. Trudeau: Mr. Speaker. I think the answer is contained in the knowledge we all have now of the present Canadian Bill of Rights. As we know, it is an act of federal parliament which is variously interpreted by the courts. I remind the hon. member that the Bill of Rights, brought in by the former leader of the Conservative party, makes an exception for the War Measures Act, and has provisions for the War Measures Act overriding normal acts of parliament. In the bill we bring forward, it is our intention to make sure that the Bill of Rights, as stated in the constitution, will have precedence over every and all bills of the House of Commons. That can apply to any bill to which the hon. member wants to refer.

Mr. Hnatyshyn: Mr. Speaker, I accept the answer of the Prime Minister as far as it goes, but he has avoided and or neglected answering my specific question concerning his intentions in respect of the Official Secrets Act and the War Measures Act. Will he in fact demonstrate the good faith and the position the government takes in that connection?

The final part of my supplementary question is in respect of the entire question of freedom of information which is receiving some consideration now. In that regard, according to the Secretary of State (Mr. Roberts) and the government, the question which is causing concern within cabinet is whether the government will accept the proposition, as far as freedom of information is concerned, that the arbitration of the rights of Canadians will be one which is binding upon the government, notwithstanding the fact that the argument often used is that our parliamentary system is based on British tradition. Will he give us the assurance he is committed to the idea that whoever is to be the final arbiter, judicial or otherwise, the final arbiter will have the power to bind the institution of government and the cabinet in particular?

Mr. Trudeau: Mr. Speaker, with respect, I think we are beginning to deviate from the subject matter of this white paper. I want to assure the hon. member that legislation will be before his eyes very soon, before the end of the month. He can read the sections on the Bill of Rights and fundamental guarantees. If he wants to propose some amendment, assuming the thought is not already there, to make the constitution supreme over the War Measures Act, or over the practices of cabinet secrecy and other such practices, I hope he feels free to move such an amendment.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I should like to ask the right hon. Prime Minister whether according to the white paper, it is considered that the guarantee of linguistic equality suffices to establish the equality of the two founding nations. For instance, if we want to go further in that field, will the reform of the Supreme Court allow for the addition of a court, which might be called constitutional, where the Anglophones and Francophones of Canada would be represented equally? Finally, Mr. Speaker, still with a view to Canadianizing our institutions, is the government at this point willing to call in question again, or at the very least to reassess, our ties with the British Crown?

Mr. Trudeau: Mr. Speaker, in reply to the first question I must, regretfully, give the hon. member the same type of answer that I gave hon. members on all sides of the House, namely that at this stage I do not want to give the details of the specific provisions dealing with the supreme court in the bill we shall soon introduce in the House. As for the second question, Mr. Speaker, I can say to the hon. member that we intend to reaffirm the fact that the Canadian Constitution is a constitution that sets up a constitutional monarchy.

[*English*]

Mr. Speaker: Order, please. I note there are other hon. members who wish to ask questions. Certainly I think time ought to be taken for them. In light of the time already spent, I think questions should be confined to those members who have been present throughout the discussion and have sought the floor to ask questions. As I have noted, those members are: the hon. member for Halifax (Mr. Stanfield), the hon. member for Esquimalt-Saanich (Mr. Munro), the hon. member for Yorkton-Melville (Mr. Nystrom), the hon. member for Joliette (Mr. La Salle), and the hon. member for Lapointe (Mr. Marceau).

Mr. Stanfield: Mr. Speaker, perhaps my question will appear to be somewhat naive, but perhaps the Prime Minister (Mr. Trudeau) can indicate his views on this. Is it his intention to have this parliament deal with the first phase of this program?

Mr. Trudeau: Yes, Mr. Speaker.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my question is closely related to the one just asked. On page 25 of the white paper I notice the government pledges itself to seek passage of such constitutional legislation before July 1, 1979. Specifically I notice the following words: "pledges itself to seek passage".

Given the life of this parliament which, according to my understanding, will end on July 8 or 9, 1979, this particular legislation will have had to pass this House by May 8 or 9, 1979. In other words, some 11 months hence. Is that the understanding of the Prime Minister (Mr. Trudeau)?

Mr. Trudeau: Mr. Speaker, certainly the hon. member is mistaken when he talks about a date in May. Hopefully the date in July will permit us to proceed before the House of Commons well into the spring. I am sure there are other constitutional experts, but I hope we will not have to do this on the eve of July 1. I hope that well before winter is out parties will have made up their minds on what is best in terms of constitutional reform, and that they would be prepared to vote on it.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I think the Prime Minister deliberately misunderstood my question.

My other derives from comments which appear on page 24 of the white paper. I am referring to the amending procedure and the patriation. Recognizing as the white paper does that many of the propositions will have to be passed by the House of Commons in London, I come down to the form. The Prime Minister has talked about a bill. In effect, is he talking about bills or resolutions which will be forwarded to London for passage, including such things as the amending process and certain other features? Even the division of powers under our existing constitution, prior to the constitution being patriated, might well have to be approved, at least in substance, in London. How does the Prime Minister plan to proceed in this particular matter? Will it be by bill which would be something we would enact in this House? Will it be by resolution which would be forwarded to Westminster for sanction?

● (1632)

Mr. Trudeau: In the case of the measure that will be presented to the House before the end of the month, it is quite clearly a bill in the normal and regular form. Other steps such as patriation can and might be taken by way of joint resolution of both Houses, but that is not for debate at this particular phase now. We are talking of a bill which will be tabled before this House before the end of the month.

Mr. Nystrom: Mr. Speaker, I have a brief question which I think is of importance to the Prime Minister (Mr. Trudeau). Recently I had the opportunity of meeting with the National Indian Brotherhood and with the Indian chiefs of Saskatchewan. They were concerned that the treaty rights of the Indian people be enshrined in any new constitution. I am wondering whether the Prime Minister is contemplating enshrining the treaty rights of the Indians in the constitution, as well as the rights of the Inuit people of Canada?

Mr. Trudeau: Mr. Speaker, we will make quite sure in the bill we want to present, and in any further action, that any rights enjoyed by the Indian and native people, the Inuit, will not be taken from them but, on the contrary, will be protected.

Mr. Nystrom: Mr. Speaker, I assume it can also be taken that the Indian people will be consulted before the bill is finally passed?

Mr. Trudeau: Yes, Mr. Speaker, and I would hope that the parliamentary committee would see its way clear, particularly in that area, to consult these groups.

[*Translation*]

Mr. Gilles Marceau (Lapointe): During the weekend, it has been said that, according to the white paper which has been tabled, the federal government was not thinking of dropping any of its powers. Would the Prime Minister specify that this allegation is false and that the federal government intends to consider the abandonment of some of its powers, and perhaps to reshuffle the federal powers in a way which would be favourable to the federal government? Also, in this redistribution of powers, is the Prime Minister considering only a transfer of powers from the federal government to the provincial governments or vice versa or does he intend to give some importance to regional governments?

Mr. Trudeau: Mr. Speaker, the government's proposal to that effect is clear. On the basis of the two basic principles, which consist in the preservation of a true federation and in the protection of individual rights, we say that everything can be a matter of negotiation. So it is clear that in the area of the sharing of powers, we are prepared to discuss the transfer of powers in one way or the other so that the result would be more appropriate, functionally speaking, to the necessity of a better government.

In answer to the second question, Mr. Speaker, I would say that at the present stage of our proposals, we have not yet entered the area of the detailed distribution of powers and consequently, we cannot answer the hon. member's question immediately, but we wish to have in-depth discussions with the provinces in order to have their points of view on that issue.

Mr. Roch La Salle (Joliette): Mr. Speaker, I noted some remarks made by the right hon. Prime Minister a moment ago, and what worries me a little is the importance that was given to the Pepin-Robarts commission. Last year, the Prime Minister had announced with much emphasis the creation of that commission and I think that all Canadians expected a lot from that group of experts. We realize that the commission may not have been able to make its report within the prescribed delay, but how can the right hon. gentleman explain to the Canadian people that, given those delays, he has decided himself to write this document which in fact repeats many comments he has already made to us, with the only difference that he put them on paper? I think that the Canadian people expected very much from that report and we had reason to believe that it would help parliament make the new legislation that the Prime Minister intends to submit. Does the Prime Minister really

intend to present his draft legislation before the report of the commission?

Mr. Trudeau: Mr. Speaker, as many other hon. members, the hon. member pestered me with questions to know when we were going to table our constitutional proposals. We have just tabled them. I indicated earlier, in answer to his leader, that of course we would have liked to have the views of the Pepin-Robarts commission before tabling this first project, but I explained that it was not possible. The Pepin-Robarts commission had too much work, many more consultations than expected at first; this session will close at the end of the month and we think that the country and the opposition in particular would have a right to complain if we had not tabled our proposals before the Pepin-Robarts commission tabled their own, either in late fall or in midwinter. So we decided to go ahead on our own but, as I explained earlier, during the next session of parliament we will introduce a new bill which will take into consideration not only the views of all hon. members, but also resolutions from the Pepin-Robarts commission.

Mr. La Salle: Mr. Speaker, does the right hon. Prime Minister understand my question? He must recognize that his statement is extremely serious as concerns the cost of this commission for Canadians. I think that, like all members of the House, he recognizes the great value of the members of the commission and the importance that it has had. Now, the right hon. Prime Minister finds it very easy to say: Well, they did not have time to submit their report so I have decided to write a book which should be entitled "The Future Canadian Constitution".

I am sorry, Mr. Speaker, that my colleagues have comments to make on this issue, but Canadians have given great importance to this report, Mr. Robarts and Mr. Pepin have stated how important it is to submit their report, we await with great anticipation the report of this commission, and I do not think that the right hon. Prime Minister can ignore this report to introduce constitutional reforms. I would be very insulted if I were a member of this commission. I therefore ask the right hon. Prime Minister to at least attempt to obtain the report of the commission so that the House of Commons can discuss this issue on the basis of the very valuable information that the commission should normally be able to provide us with after the hearings that it held throughout the country.

Mr. Trudeau: Mr. Speaker, the hon. member has enough experience in this House to know that the government does not control royal inquiry commissions and does not decide when they should submit their reports. We were placed before the fact that the session was coming to an end before we had received the report from the royal inquiry commission. What I am trying to explain to the hon. member is that the government is meeting its responsibilities by expressing its point of view while being careful to say that this is the policy of the government and that we are prepared to consider the opinions

of the opposition parties. The hon. member says that the country will pay for the commission. The country also pays him to sit in the House, but as we know the hon. member would have been the first to complain if the government had waited until November or December to bring in constitutional proposals. I seem to recall that the hon. member has been among those who have asked me most often to take a position in this regard and to submit proposals. Now that we have done so, of course, he is blaming us for having done precisely what he asked us to do.

* * *

BUSINESS OF THE HOUSE

MOTION TO LIMIT COMMITTEE STAGE DEBATE ON BILL C-56

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I wish to inform the House that it has not been possible for the party representatives to reach an agreement pursuant to Standing Order 75A or 75B with regard to the allocation of time for study in committee of the whole of Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions.

[*Translation*]

For this reason, pursuant to Stading Order 75C, I give notice that at the next sitting I will be proposing that two additional days be allocated to the study of the bill in committee of the whole.

* * *

● (1642)

[*English*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 1,172, 1,511 and 1,554 to 1,585 inclusive.

[*Text*]

METROPOLITAN AREA GROWTH INVESTMENTS LIMITED

Question No. 1,172—**Mr. Andre:**

1. What is the Crown's precise financial interest in Metropolitan Area Growth Investments Limited as administered by the Department of Regional Economic Expansion and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the board of directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): 1. (a) Crown's financial interest—Please refer to question No. 5356 answered June 2, 1976. (b) Date interest required—Please refer to question No. 5356 answered June 2, 1976. (c) Cost—Please refer to question No. 5356 answered June 2, 1976. (d) Reason—The company was established for the purpose of identifying industrial and commercial business opportunities in Halifax-Dartmouth area and establishing business operations to pursue these opportunities.

2. (a) Book value of Crown's equity—Please refer to question No. 5356 answered June 2, 1976. (b) Crown's latest estimated book value—As of March 31, 1977 the Crown's estimated book value was $5.8 million.

3. (a) Crown's total investment—See part 1 above. (b) Equity cost—See part 1 above. (c) Contribution to operation funds—None. (d) Debt forgiveness—None. (e) Crown's realized profit—None, corporation profits returned to earned surplus.

4. (a) Two board members. (d) None.

5. No.

CONTAINER RATES

Question No. 1,511—**Mr. Forrestall:**

Has the government conducted a study on the impact which the proposed reduction in rates on containers transitive through the Montreal/Lake Ontario section of the St. Lawrence Seaway may have on the ports of Halifax and Saint John and (a) if not, for what reason (b) if so, in the government's best estimate, will the proposed reduction help shipping lines such as Ernst Russ (Great Lakes European Line) in competing with shipping lines serving Halifax and/or Saint John, for cargo originating in or destined to Toronto?

Hon. Otto E. Lang (Minister of Transport): (a) Modifications to the structure of tolls have been based on extensive discussions both in Canada and the United States and many studies in the two countries have assessed the sensitivity of seaway traffic to tolls. (b) A net reduction of less than 20 cents per ton in the Montreal-Lake Ontario section will only affect the containers consigned to Lake Ontario ports. This amount is almost insignificant in the overall cost of bringing containers to the mid-continent and the new rates are not expected to affect one way or the other the competitive position of Great Lakes ports vis-à-vis Atlantic ports.

NON-CANADIANS IN GOVERNMENT EMPLOYMENT

Questions Nos. 1,554 to 1,585—**Mr. Jones:**

No. 1,554

1. How many persons in the office of the Prime Minister are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the office of the Prime Minister intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the office of the Prime Minister were once citizens of France?

5. How many persons in the office of the Prime Minister were once citizens of England?

No. 1,555

1. How many persons in the Department of the Secretary of State for the Environment are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed with this department?

3. Do the non-Canadians in the Department of the Secretary of State for the Environment intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of the Secretary of State for the Environment were once citizens of France?

5. How many persons in the Department of the Secretary of State for the Environment were once citizens of England?

No. 1,556

1. How many persons in the office of the Deputy Prime Minister are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the office of the Deputy Prime Minister intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the office of the Deputy Prime Minister were once citizens of France?

5. How many persons in the office of the Deputy Prime Minister were once citizens of England?

No. 1,557

1. How many persons in the Department of the Secretary of State are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed by this department?

3. Do the non-Canadians in the Department of the Secretary of State intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of the Secretary of State were once citizens of France?

5. How many persons in the Department of the Secretary of State were once citizens of England?

No. 1,558

1. How many persons in the Department of Health and Welfare are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed by this department?

3. Do the non-Canadians in the Department of Health and Welfare intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of Health and Welfare were once citizens of France?

5. How many persons in the Department of Health and Welfare were once citizens of England?

No. 1,559

1. How many persons in the Department of the Postmaster General are non-Canadians? What are their names, salaries and respective citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the Department of the Postmaster General intend on taking Canadian citizenship and if so, when? If not why?

4. How many persons in the Department of the Postmaster General were once citizens of France?

5. How many persons in the Department of the Postmaster General were once citizens of England?

Order Paper Questions

No. 1,560

1. How many persons in the Department of the Solicitor General are non-Canadians? What are their salaries, names and citizenships?

2. How long have these persons been in Canada and how long have they been employed by this department?

3. Do the non-Canadians in the Department of the Solicitor General intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of the Solicitor General were once citizens of France?

5. How many persons in the Department of the Solicitor General were once citizens of England?

No. 1,561

1. How many persons in the Department of the Secretary of State for Small Business are non-Canadians? What are their names, citizenships, and salaries?

2. How long have these persons been in Canada and how long have they been employed by this department?

3. Do the non-Canadians in the Department of the Secretary of State for Small Business intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of the Secretary of State for Small Business were once citizens of France?

5. How many persons in the Department of the Secretary of State for Small Business were once citizens of England?

No. 1,562

1. How many persons in the Department of the Secretary of State for Fitness and Amateur Sport are non-Canadians? What are their names, salaries and citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the Department of the Secretary of State for Fitness and Amateur Sport intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of the Secretary of State for Fitness and Amateur Sport were once citizens of France?

5. How many persons in the Department of the Secretary of State for Fitness and Amateur Sport were once citizens of England?

No. 1,563

1. How many persons in the Department of National Revenue are non-Canadians? What are their names, salaries and citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Canadian government?

3. Do the non-Canadians in the Department of National Revenue intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of National Revenue were once citizens of France?

5. How many persons in the Department of National Revenue were once citizens of England?

No. 1,564

1. How many persons in the Department of Industry, Trade and Commerce are non-Canadians? What are their names, salaries and citizenships?

2. How long have these persons been employed by the Government of Canada and how long have they been in Canada?

3. Do the non-Canadians in the Department of Industry, Trade and Commerce intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the Department of Industry, Trade and Commerce were once citizens of France?

5. How many persons in the Department of Industry, Trade and Commerce were once citizens of England?

[Mr. Jones.]

No. 1,565

1. How many persons in the office of the Commissioner of Official Languages are non-Canadians? What are their names, salaries, and citizenships?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the office of the Commissioner of Official Languages intend on taking Canadian citizenship and if so, when? If not, why?

4. How many persons in the office of the Commissioner of Official Languages were once citizens of France?

5. How many persons in the office of the Commissioner of Official Languages were once citizens of England?

No. 1,566

1. How many persons in the Department of Finance are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, of the Department of Finance, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Finance intend on taking citizenship in Canada and if not why?

4. How many persons in the Department of Finance were once citizens of France?

5. How many persons in the Department of Finance were once citizens of England?

No. 1,567

1. How many persons in the Department of Labour are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, of the Department of Labour, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Labour intend on taking citizenship in Canada and if not why?

4. How many persons in the Department of Labour were once citizens of France?

5. How many persons in the Department of Labour were once citizens of England?

No. 1,568

1. How many persons in the Department of Justice are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, of the Department of Justice, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Justice intend on taking citizenship in Canada and if not why?

4. How many persons in the Department of Justice were once citizens of France?

5. How many persons in the Department of Justice were once citizens of England?

No. 1,569

1. How many persons in the Department of External Affairs are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, of the Department of External Affairs, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of External Affairs intend on taking citizenship in Canada and if not why?

4. How many persons in the Department of External Affairs were once citizens of France?

5. How many persons in the Department of External Affairs were once citizens of England?

No. 1,570

1. How many persons in the office of the Treasury Board are non-Canadians? What are their names, citizenships and salaries?

2. How long have these persons been in Canada and how long have they been employed in this department?

3. Do the non-Canadians in the Treasury Board department intend on taking Canadian citizenship and if so when?

4. How many persons in the office of the Treasury Board were once citizens of France?

5. How many persons in the office of the Treasury Board were once citizens of England?

No. 1,571

1. How many persons in the Department of Transport are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, of the Department of Transport, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Transport intend on taking citizenship in Canada and if not, why?

4. How many persons in the Department of Transport were once citizens of France?

5. How many persons in the Department of Transport were once citizens of England?

No. 1,572

1. How many persons in the Department of Supply and Services are non-Canadians? What are their respective citizenships? Give names.

2. What are the salaries of the non-Canadians, if any, of the Department of Supply and Services, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Supply and Services intend on taking citizenship in Canada and if not, why?

4. How many persons in the Department of Supply and Services were once citizens of France?

5. How many persons in the Department of Supply and Services were once citizens of England?

No. 1,573

1. How many persons in the Department of Energy, Mines and Resources are non-Canadians? What are their respective names, citizenships and salaries?

2. How long have these persons been in Canada and how long have they been employed by the Government of Canada?

3. Do the non-Canadians in the Department of Energy, Mines and Resources intend on taking citizenship in Canada and if not, why?

4. How many persons in the Department of Energy, Mines and Resources were once citizens of France?

5. How many persons in the Department of Energy, Mines and Resources were once citizens of England?

No. 1,574

1. How many persons in the Department of Agriculture are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, in the Department of Agriculture, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Agriculture intend on taking citizenship and if not, why?

4. How many persons in the Department of Agriculture were once citizens of France?

5. How many persons in the Department of Agriculture were once citizens of England?

No. 1,575

1. How many persons in the Department of Consumer and Corporate Affairs are non-Canadians? What are their respective citizenships? Give names.

2. What are the salaries of the non-Canadians, if any, in the Department of Consumer and Corporate Affairs, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Consumer and Corporate Affairs intend on taking Canadian citizenship and if not, why?

4. How many persons in the Department of Consumer and Corporate Affairs were once citizens of France?

5. How many persons in the Department of Consumer and Corporate Affairs were once citizens of England?

No. 1,576

1. How many persons in the Department of Indian Affairs and Northern Development are non-Canadians? What are their respective citizenships? Give names.

2. What are the salaries of the non-Canadians, if any, in the Department of Indian Affairs and Northern Development, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Indian Affairs and Northern Development intend on taking citizenship and if not, why?

4. How many persons in the Department of Indian Affairs and Northern Development were once citizens of France?

5. How many persons in the Department of Indian Affairs and Northern Development were once citizens of England?

No. 1,577

1. How many persons in the Department of Urban Affairs are non-Canadians? What are their respective citizenships? Give names.

2. What are the salaries of the non-Canadians, if any, in the Department of Urban Affairs, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Urban Affairs intend on taking citizenship in Canada and if not, why?

4. How many persons in the Department of Urban Affairs were once citizens of France?

5. How many persons in the Department of Urban Affairs were once citizens of England?

No. 1,578

1. How many persons in the Department of Veterans Affairs are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, in the Department of Veterans Affairs, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Veterans Affairs intend on taking citizenship in Canada and if not, why?

4. How many persons in the Department of Veterans Affairs were once citizens of France?

5. How many persons in the Department of Veterans Affairs were once citizens of England?

No. 1,579

1. How many persons in the Department of Federal-Provincial Relations are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, in the Department of Federal-Provincial Relations, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Federal-Provincial Relations intend on taking citizenship and if not, why?

4. How many persons in the Department of Federal-Provincial Relations were once citizens of France?

5. How many persons in the Department of Federal-Provincial Relations were once citizens of England?

No. 1,580

1. How many persons in the Department of Communications are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, in the Department of Communications, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Communications intend on taking citizenship and if not, why?

4. How many persons in the Department of Communications were once citizens of France?

5. How many persons in the Department of Communications were once citizens of England?

No. 1,581

1. How many persons in the Department of National Defence are non-Canadians? What are their respective citizenships? What are their names?

2. What are the salaries of the non-Canadians, if any, in the Department of National Defence, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of National Defence intend on taking citizenship and if not, why?

4. How many persons in the Department of National Defence were once citizens of France?

5. How many persons in the Department of National Defence were once citizens of England?

No. 1,582

1. How many persons in the Department of Public Works and Science and Technology are non-Canadians? What are their respective citizenships?

2. What are the salaries of the non-Canadians, if any, in the Department of Public Works and Science and Technology, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Public Works and Science and Technology intend on taking citizenship and if not, why?

4. How many persons in the Department of Public Works and Science and Technology were once citizens of France?

5. How many persons in the Department of Public Works and Science and Technology were once citizens of England?

No. 1,583

1. How many persons in the Department of Fisheries and the Environment are non-Canadians? What are their respective citizenships?

2. What are the salaries of the non-Canadians, if any, in the Department of Fisheries and the Environment, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Fisheries and the Environment intend on taking citizenship and if not, why?

4. How many persons in the Department of Fisheries and the Environment were once citizens of France?

5. How many persons in the Department of Fisheries and the Environment were once citizens of England?

No. 1,584

1. How many persons in the Department of Regional Economic Expansion are non-Canadians? What are their respective citizenships?

2. What are the salaries of the non-Canadians, if any, in the Department of Regional Economic Expansion, and how long have they been employed in this department?

3. Do the non-Canadians in the Department of Regional Economic Expansion intend on taking citizenship and if not, why?

4. How many persons in the Department of Regional Economic Expansion were once citizens of France?

5. How many persons in the Department of Regional Economic Expansion were once citizens of England?

No. 1,585

1. How many persons in the Department of Employment and Immigration are non-Canadians? What are their names, citizenships, and salaries?

2. How long have these persons been in Canada and how long have they been employed by this department?

3. Do the non-Canadians in the Department of Employment and Immigration intend on taking Canadian citizenship and if not, why?

[Mr. Jones.]

4. How many persons in the Department of Employment and Immigration were once citizens of France?

5. How many persons in the Department of Employment and Immigration were once citizens of England?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: records are not kept in such a way as to enable the Public Service Commission to answer parts 3, 4 and 5 of these questions. In addition, the necessary data to endeavour to answer parts 1 and 2 would be incomplete, unreliable and prohibitively costly to provide.

[*English*]

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

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

WAYS AND MEANS

INCOME TAX

The House proceeded to the consideration of a ways and means motion to amend the Income Tax Act.

Hon. Jean Chrétien (Minister of Finance) moved:

That a ways and means motion to amend the Income Tax Act laid upon the table on Thursday, June 8, 1978, be concurred in.

Motion agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Victoria (Mr. McKinnon)—Transport—Coast guard building in Victoria Harbour, B.C.; the hon. member for Selkirk (Mr. Whiteway)—Urban Affairs—Possible conflict of interest respecting deputy minister of urban affairs; the hon. member for Kootenay West (Mr. Brisco)—Airports—Safety facilities at Cranbrook, B.C.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Thursday, June 8, consideration in committee of the whole of Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Turner in the chair.

On clause 1.

Mr. Hnatyshyn: Mr. Chairman, we have just now heard the motion put forward by the Minister of Finance in respect to another closure. If there is any sense of outrage on the part of those people who are watching this proceeding, this must certainly fuel that sense. The fact of the matter is that we have now had one day in committee of the whole to consider this bill clause by clause. Within one hour's time of starting this consideration, the people on the other side supporting the government were yelling and screaming, "filibuster" and "time for closure." They did not even give us a chance to get our preliminary remarks out in connection with this bill and the Minister of Finance is now standing up at this point in time informing us of closure.

I know how much he hates committee of the whole and hates to answer questions. If members will recall, the last time we considered this piece of legislation the minister actually refused to answer questions. He sat in his place, he walked out of the chamber, and he refused to answer any questions. There were legitimate questions put to him in accordance with the ruling of the Chairman by people on this side of the House. He either did not know or was afraid to give the answers. It is no wonder—

Mr. Chrétien: Mr. Chairman, a question of privilege—

The Assistant Deputy Chairman: The Minister of Finance on a question of privilege.

Mr. Chrétien: Mr. Chairman, the hon. member has stated something that is not true. I would like to answer the questions, but according to the ruling of the Chairman on clause 1 there is no obligation on me to reply to any of the questions. I would like to state very categorically that we have had a full day on clause 1 already, and not one single question has been asked of me. If the hon. member wishes to proceed clause by clause, I am waiting and eager. I have not imposed closure, but have given time allocation which means that there are three days available to discuss this bill.

After 19 days, Mr. Chairman, we have not finished clause 1 as yet, and any observer would realize what is going on. The opposition merely wishes to score some political points which they are losing because they are in bed with the PQ and they do not feel comfortable with it.

Mr. Hnatyshyn: Mr. Chairman, the fact is that this is the kind of pathetic rhetoric the minister raises, ostensibly on a point of privilege, when he knows full well that he has absolutely nothing upon which to base his point. I take particular umbrage at the Minister of Finance questioning your ruling, because it was clear last week that clause 1 was an opportunity to discuss this particular legislation in a general way and an opportunity to obtain information fundamental to the bill. However, when we put the question to the minister dealing with his intentions with respect to the particular provisions of this bill, he refused to answer and left the chamber. We know how uncomfortable he is because he has no answers, and for him to come forward with the very boring response that we are somehow in bed with one person or another is an insult, not only to his leader in Quebec, but to every western provincial premier, most political observers, and the people in his own party. I would hope that he would at least desist from insulting his own colleagues in his own party if he insists on insulting the opposition.

At the close of proceedings last day, Mr. Chairman, I put a question to the minister's parliamentary secretary, as he was not there, in the hope that he would break new ground and perhaps answer a question. If the minister refuses to answer or is afraid to answer, then that is fine, but I pointed out that I thought it was a legitimate and fundamental question. The minister has brought in the ways and means motion, and he has tabled it at the last moment. They way in which he has handled this whole bill has been with a sense of incompetence, and one wonders how long he is going to be in this portfolio let alone an election, and whether or not the Prime Minister can tolerate having him refusing to answer questions on a very important bill.

There is provision in the amendments put forward under clause 13(b) of the ways and means motion which states:

—no interest be payable on the portion of any refund arising by virtue of such reduction.

Would the minister tell the House, in view of the contents of the bill, what the purpose is of having that particular provision in the ways and means motion?

Mr. Chrétien: Mr. Chairman, it was by way of reply to a ruling of the Chair that we amended the ways and means motion to have a similarity between it and clauses 30(a) and 30(b). It was done to ensure that the ways and means motion was in parity, if I may use that term, with the bill.

Mr. Hnatyshyn: If my recollection is correct, Mr. Chairman, that particular aspect of it is not contained in the bill with respect to the interest division. I would ask him again if he can now tell us why that particular phrase was used in terms of the ways and means motion, as to why reference is made that "no interest be payable on the portion of any refund arising by virtue of such a reduction."

Mr. Chrétien: Mr. Chairman, according to clause 30(b) the refund will be $85, payable to the taxpayers of Quebec in compensation for the $186 million that was left on the table by

the Quebec government. The refund under clause 30(b) will be made to the individual, and it will be made as soon as possible, but the government does not intend to pay any interest.

Mr. Hnatyshyn: The minister has now raised, in the course of his response, the fact that his government intends to pay back the $85 to the individual taxpayers in Quebec. I would ask him when it is the intention of his government to make that payment, having regard to the provision of the ways and means motion provision with respect to interest. Will this be an immediate payment, or is the minister intending to pay it in August so that there would be no suggestion, for example, that the minister would be so crass as to pay it out before an election campaign? Will the minister commit himself now as to when that money is going to be paid? It is a fundamental question, and I know that the minister would not want to be accused of playing petty, crass politics, but on the other hand perhaps he could give us an apolitical answer right now.

● (1652)

Mr. Chrétien: Mr. Chairman, I explained what it was about clause 30(b). I hope members of the committee will pass clauses 1 to 29 and then we will be in a very good position to discuss clauses 30 and 30(b).

Mr. Hnatyshyn: Mr. Chairman, I take it from that response that the minister is trying to weasel out of answering certain questions. He started off on a proper basis. We are considering a fundamental amendment by way of a ways and means motion—

An hon. Member: Get to clause 30.

Mr. Hnatyshyn: The parliamentary secretary may think we should accommodate the government. Maybe he has a concept of the way the government should work and the way members of the opposition should ask their questions. I do not believe any thinking person subscribes to that point of view.

The minister brought in an amendment to the ways and means motion because of his own ineptitude. Before we progress with clause by clause consideration of the bill I want to find out how this will affect the operation of the bill as a whole. A substantial amount is going to be paid out of the consolidation fund, and before we carry on I think we are entitled to find out from the minister when he is going to pay $85 having regard to the interest provision he has included in the ways and means motion.

[*Translation*]

Mr. Chrétien: I will answer with great pleasure when we discuss clause 30(a) or 30(b). At this point, according to the rules, I am not compelled to answer these questions. Following the ruling given by the Chair the other day, government members can make some observations if they want to, but I am not obliged to answer questions, except if I am dealing with a precise clause, and now this precise clause is clause 1. I must draw the Chair's attention to the fact that we have been discussing this matter for 19 or 20 days now; moreover, I think that today is the twelfth or thirteenth day of debate on the bill and, believe it or not, Mr. Chairman, we have not dealt with one single question relating to clause 1. Hence, if the hon. member wishes to ask me questions on clause 1, it will be my pleasure to answer them and, in accordance with the desire of the committee, we shall listen to the comments of hon. members but I will answer precise questions only when I get to precise clauses.

[*English*]

Mr. Hnatyshyn: Mr. Chairman, the minister is completely wrong in two respects. First of all he is wrong about your ruling. We all understand that. Of course, the minister is not obliged to answer any questions and there is no way that you, as Chairman, can compel him to—not by bringing in the Sergeant at Arms or by using the mace—over his head, probably—to force him to answer questions. He refuses to answer any questions, so I can only draw the conclusion that he does not know anything. He does not understand the bill and he does not understand the motion so he brings in closure—he may call it time allocation—because he is quite uncomfortable here. He squirms in his seat and says we should wait until we get to clause 30 and then he will answer.

We are quite within our rights to ask questions. If the minister persists in not answering he will have to live with the reputation of being incompetent and unable to deal with them. The second point on which he has misled the House—probably unwittingly due to his lack of knowledge—is that he implies the world will stop if we do not pass this bill tomorrow or the day after. Anyone with an interest in budgetary matters recognizes this as a misstatement of fact. The budget tax cut and each and every piece of legislation set out in the terms of the budget can come into effect whether we pass them now, after another session of parliament, or even after an election. What we are trying to do in committee of the whole is to assist the minister so that he will not make any serious blunders. He cannot understand that.

We are trying to ask questions to bring out precisely what he intends to do so that he will not end up with egg on his face. If he is trying to suggest that these items have to be passed by tomorrow, he should remember that this government has developed the unfortunate practice of bringing down legislation arising out of a budget sometimes almost a year after the budget. We have just finished discussing a bill relating to the budget brought down on March 31, 1977. The minister should not try to impress his own people in Shawinigan with how knowledgeable he is.

I deal with one simple, fundamental proposition, and the Chairman has ruled that we can ask questions. He has implied by the fact that we can ask those questions that the minister, if he knew what he was about, should answer them. That is the interpretation we put on this ruling—not that he is not obliged to answer until we reach clause 30.

Will the minister tell the House when he intends to pay the $85 to the taxpayers in the province of Quebec? That is fundamental to this whole issue.

Mr. Railton: Clause 30.

Mr. Hnatyshyn: The hon. member for Welland understands this. He is an expert in financial matters and understands that the ways and means motion was changed by the minister at the last minute to cover up his ineptitude. I want to find out when the payment will be made out of the federal fund.

Mr. Chrétien: Mr. Chairman, I have amended the ways and means motion but that has not affected the bill at all. The bill is the same and it has been in front of the House for more than a month. I have not put forward any amendment on clauses 30 and 30(*b*). If the hon. member reads the bill he will see that the payment will be made as soon as possible after the bill is passed.

Mr. Hnatyshyn: I do not know why the minister cannot give us an indication—

Mr. Chrétien: As soon as possible.

Mr. Hnatyshyn: I do not hold myself up as an expert on government financing, but even I know that the provisions of the bill go forward. The effective dates go forward. If the minister wants to demonstrate that he knows anything about his portfolio he should tell the House what the plans of his department are in regard to making that payment. If he does not know I will accept that, but let him say so now.

The Deputy Chairman: Order, please. I have to inform the hon. member that his time has expired, but I will allow the minister to answer the question.

Mr. Chrétien: Mr. Chairman, I should like to quote to the hon. member the decision of the Chairman on June 8 as reported at page 6193 of *Hansard*:

> —when considering clause 1 of the bill in committee of the whole, to allow members to express opinions or ask questions of a general nature.

I think the questions of the hon. member are of a very precise nature. I say if the bill is passed the government intends to proceed with the payments as soon as possible. We have to do the processing, and it is up to the Minister of National Revenue to make the final decision. "As soon as possible" is as soon as possible.

Mr. Smith (Churchill): Dealing with clause 1, Mr. Chairman, I have a few questions. I should like a definition of "remote location" referred to in clause 1.

Mr. Chrétien: Mr. Chairman, it is the same as the decision we gave when we had the bill as the income tax bill, Bill C-11, which we debated last fall. Incidentally, I should like to congratulate the hon. member for Churchill because, after 19 days, at last we have a precise question on one clause, according to the rules.

The definition of remote location is as follows:

> (ii) a location at which, by virtue of its remoteness from any established community, the taxpayer could not reasonably be expected to establish and maintain a self-contained domestic establishment,

• (1702)

Mr. Smith (Churchill): Mr. Chairman, maybe I asked the first question, but I did not get the first answer I can tell you.

Some hon. Members: Oh, oh!

Mr. Smith (Churchill): That is not a definition of a remote location. Is it north of the 52nd parallel or north of the 53rd parallel, or where is the remote location? I would like a definition of just where that applies.

An hon. Member: West of Ottawa.

Mr. Smith (Churchill): Does it apply to Churchill, or does it apply to some place in Newfoundland? Does it apply to somewhere in Ontario? I think we should have something definite, whether it is north of the 52nd parallel, the 53rd or the 60th, or wherever it is.

Mr. Chrétien: Mr. Chairman, it is not related to a zone in Canada, it is related to a locality. For example, there are some people who work quite south in the forests, I am thinking of my own area of Montmorency or north of Joliette, where they are staying in camps away from their houses. Also, there are those who work on ships. These people could be south of the Churchill area. If a person is in a ship travelling under the Canadian flag and covered by federal income taxes, and he is in the middle of an ocean, he cannot have a house. So the expenses paid for that person on board a ship qualify under this provision of the act. It is not in relation to any place in Canada, it is in relation to a location where a person cannot have a residence.

Mr. Smith (Churchill): Mr. Chairman, that is still not too clear to me. If, for example, someone lived here in Ottawa and maintained a home and that person went to work at a site 60 miles out of Ottawa where he paid his own room and board, then he would qualify for a deduction on his income tax for, and it says here "not in excess of a reasonable amount". Does that mean that that person would qualify?

Mr. Chrétien: Mr. Chairman, if he is required to be away from his home to work for a certain period of time and he cannot expect to be moving back home and say his company is paying his room and board—for example if a person lives in Ottawa and goes to work for a construction company in Churchill, Manitoba, it will be quite remote. If the company pays room and board for that person, and he cannot be expected to establish his residence there, that person would qualify under the provision, as I understand it.

Mr. Smith (Churchill): Mr. Chairman, it would pertain to anyone in Canada no matter where they are, as long as they are away from their main residence where they maintain a family? Whether that person is ten miles or five miles away from their main residence, they will qualify for this exemption and can claim his room and board. The confusion arose over the words "remote location". As stipulated by the federal government, remote location is a location where people would

receive isolation pay because they live in a remote location of Canada. I find that is confusing. Then this pertains to anyone who is not residing in his own home where his job takes him away. For example, if he lives in Ottawa and is working ten miles away or whatever the government may decide?

Mr. Chrétien: Mr. Chairman, perhaps my description was a bit confusing. It is any area where there is no established community. It could be in the south or it could be in the north. As I was explaining earlier, it could be in some parts of Ontario where there is no established community. When I used the example of Churchill I was confused because Churchill is an established community. But if a person lives in Ottawa and goes to the bush to work in a camp at a site 60 or 80 miles from Ottawa, in the Gatineau for instance where there is no established community, that person will qualify.

If a person is working in an established community and away from home, that person will not qualify. By that I mean if a person goes from Ottawa to Montreal, or perhaps to North Bay, he will not qualify under the provision because Montreal and North Bay are established communities.

Mr. Smith (Churchill): Mr. Chairman, what about a fairly large diamond drilling camp which may be located in the bush, does it qualify as an established community even though it could have been in that location for ten or 15 years? What would the definition be in that case?

Mr. Chrétien: Mr. Chairman, we passed a law. The interpretation is given by the Department of National Revenue. They look at the circumstances. If there is a site which has been at a location for a long time and the department comes to the conclusion it is no longer a remote area in that traditional sense, it could decide to disqualify those people who work there. I cannot be expected to forecast all the interpretations which the Minister of National Revenue will draw from the present act. What we mean by that is a location remote from an established community. If these camps are at remote sites and have been established ten or 15 years at the same place, one day the department will consider them in a sense as established communities.

Mr. Smith (Churchill): Mr. Chairman, this particular section, a remote location, would apply to a diamond driller who might be working out in a remote area. It would probably apply to a prospector who is also away from his main residence. But how does it affect a trapper? I see in here where a person is away from home on a sort of temporary basis, and whereas trapping is not a full-time job, it is a seasonal job, then that trapper should be able to claim for board and room on his income tax when he is on his trap line away from his main residence. Is this correct?

Mr. Chrétien: Mr. Chairman, the deduction we are talking about in this bill at the moment—there are other deductions—is for an employee, and I do not know of any trapper who works for an employer. Usually a trapper is on his own and his expenses are deductible from his income.

[Mr. Smith (Churchill).]

Mr. Smith (Churchill): Mr. Chairman, no, there are trappers who do hire helpers to go out with them. So these people, under this section, should qualify for a deduction if they are helpers. This would also apply to commercial fishermen who are fishing away from their own home. In many areas there is one licence issued and a fisherman could have five, six, or ten hired men. Those people will qualify for this board and room deduction, or are they able to claim it on their income tax?

Mr. Chrétien: Mr. Chairman, of course if they are employees and are working for an employer and the employer gives these people those benefits, I think those benefits could be exempt, if there is a relationship between the employer and employees—say between an owner of a ship and his employees, etc. In my judgment that would qualify. However, it is not the minister of finance who passes those judgments. It is up to the ministry of national revenue to make the final resolution if there is any problem.

Mr. Smith (Churchill): Mr. Chairman, this is the problem we have. It is fine to sit here and say, yes, but somebody will give a different interpretation on this, or will give the final interpretation. However, for someone who is living in a remote part of the country and who possibly does not have the sophisticated media that we do here and who wants a clear definition of exactly where he stands, it is confusing. It says here:

> a special work site at which the duty performed by him were of a temporary nature—

The temporary nature can mean that a trapper or a commercial fisherman can qualify because he is only there on a temporary basis to take the limit off of a particular lake and he is away from his residence. I take it that if he is a hired man, working as a commercial fisherman, then he could qualify because he pays room and board to the fellow who holds the licence. He would then qualify for the income tax reduction for room and board.

● (1712)

Mr. Chrétien: I do not think I have to add to what I have said. I think the hon. member can come to a conclusion. If there is a relation between employer and employees and they were working in remote sites, they would qualify.

Mr. Smith (Churchill): This would also pertain to catswings, to freighthaulers who haul freight into remote areas of the north and are away from their residences for considerable periods of time in various parts of the country. These people are hired by the day or by the month as freight haulers. Would this also apply to trcuk haulers who haul freight over winter ice-roads into remote parts of Canada? I refer to the Northwest Territories, northern Manitoba, and so on.

Mr. Chrétien: If they receive free board and allowances for that, as far as the allowance is concerned, there is a relation between employer and employees. If they have to be located in remote sites, they would qualify according to the law.

Mr. Smith (Churchill): This would also apply to railway workers. I would like it clarified whether it would apply to railway workers, Mr. Chairman. During the grain shipping season to Churchill, additional trains are put on. The workers are moved to remote locations along that 500 miles of rail. They may only be temporary employees of CN. Would they qualify for this?

Mr. Chrétien: If they have an allowance. If they are in a remote location and if there is a relation between employer and employees, they would qualify.

Mr. Smith (Churchill): Seeing that we are discussing sales tax or a tax bill, not too long ago under the provisions of Standing Order 43 I recommended that the federal sales tax be taken off smoke detectors. We now see that smoke detectors will be required in all new dwellings under soon to be published revisions to the National Building Code. H. Brian Dickens, a National Research Council official, said so on Wednesday. Dickens, head of the Research Council's codes and standards group, building research division of the NRC, was speaking to about 150 delegates at the annual Canadian Building Officials Association convention in Winnipeg's Holiday Inn. Now that it will be compulsory under the National Building Code, is any consideration being given to removing the federal sales tax from smoke detection equipment?

Mr. Chrétien: Mr. Chairman, that is not related to the bill before the committee, but I can answer. There are all sorts of compulsory products in Canada on which there is some tax. I do not know whether a special case should be made in the case of safety by the use of smoke detectors.

In the construction of houses, and indeed in the construction of automobiles, there are many items which are compulsory and on which there is some sales tax. I find the principle unacceptable that everything which is compulsory by regulation should have the sales tax removed. That would be a bad principle to adopt. Even if one could make a special case because this is related to safety, there are all sorts of other instruments used for safety purposes on which there is a tax. If you exempt one, you would be bound to exempt the others. It is always difficult to pass judgment.

Mr. Smith (Churchill): Mr. Chairman, the reason I raised this is because we were talking of remote locating. I am sure the minister will appreciate that the remote locations to which I am referring are in northern Canada, northern Manitoba in particular. There is no fire protection equipment on the Indian reserves and in the small communities. As this will be compulsory under the National Housing Code, and as these remote locations do not have any fire fighting protection whatsoever, I would appreciate if the minister would take this into consideration.

Mr. Chrétien: I will take notice of the hon. member's representation, Mr. Chairman.

Mr. Reid: Mr. Chairman, I have a question on the same point of the tax concession for people working in remote areas. I understand clearly from the remarks made by the hon. member for Churchill, and also the minister's remarks, that it would apply to lumber workers working in the bush away from their homes, and construction workers working away from their homes. What about the employees of tourist camps who work in fly-in camps, and room and board is provided by the employer in the normal way? Would they also qualify for this?

Mr. Chrétien: Yes, Mr. Chairman. If they receive allowances when they are in a remote location and there is a relation between employer and employees, they would qualify.

Mr. Grafftey: Mr. Chairman, I understand that vis-à-vis the sales tax issue the minister wants to answer questions very generally. I propose to ask him very general questions. Considering that the sales tax is within the provincial jurisdiction—

Mr. Lumley: Which is not true.

Mr. Grafftey: The parliamentary secretary says "which is not true". The provinces would be very interested to know that a member of the federal government—

Mr. Chrétien: The Constitution. It is not a question of feeling.

Mr. Grafftey: I am talking about direct tax. I think the minister knows that. We have gone through a period of time which the minister says is a waste of time of parliament. It has also hurt national unity and wasted the time of the country.

Considering what I have alreay said, in preparing his budget why did the Minister of Finance not say to himself that he has a certain amount of money to distribute from coast to coast and, in relation to the population of each province, have a certain amount of money to cut sales tax according to their priorities? Once the minister started negotiating, before he presented the budget, it was obvious that he had to be flexible with British Columbia, Saskatchewan, the Atlantic provinces, and the others. Why did he enter into this area with such detailed proposals when, in the view of those on this side, he could have obtained the same result by saying we have a global amount of money, a certain amount to each province, within the general—

[*Translation*]

—as we say in French, by implementing the main features of our policy any province could choose to cut its sales tax according to its own priorities. Why not?

Mr. Chrétien: Mr. Chairman, I would like to answer that question, because I want to say again that during three weeks I had consultations with all finance ministers. We talked about that in October, that is a sales tax cut being, in the circumstances, the best incentive to stimulate our economy. We had talked about it in October, we had talked about it in January, and when time came for me to prepare a new budget, I did not want to do it without consulting all ministers of finance on that matter.

Mr. Grafftey: Not all of them.

Mr. Chrétien: Not all? Yes, all! If the hon. member is suggesting that I did not consult Mr. Parizeau, I should like him to know that I consulted Mr. Parizeau and Mr. McKeough, from Ontario, more than anybody else. And during the three weeks the discussions lasted, everybody came up with suggestions and we made the necessary changes. I had an understanding with the other ministers of finance to the effect that on the day of the introduction of the budget, because I would be stuck with the traditional secret concerning the preparation of the budget, they were going to tell me either "yes" or "no". We considered then a possible sales tax cut. A number of them asked for flexibility and we made the necessary changes.

It had been agreed, however, because this consultation process was entirely new, that people would assume their responsibilities on the day of the introduction of the budget. Then, on the day I introduced the budget, following three weeks of consultations, I called everybody, having made the necessary changes to meet their requirements, and indicated to them the changes I had made, and they agreed. Never, during those three weeks, did Mr. Parizeau refer to selective cuts. No other finance minister was or would have been interested.

[*English*]

I gave my word to all ministers of finance that I would call them the day of the budget. I did call them. Everyone accepted the responsibility, lived up to the gentlemen's agreement, said yes or no, except Mr. Parizeau who said, "I will give you an answer 48 hours later". The problem was this: it was too late, two days after the budget, to offer that deal to the others. Already British Columbia and Manitoba had put out their budgets. Otherwise, it would have been so easy.

● (1722)

What amazed me was this: at no time did the officials from Quebec make any reference to the question of the Constitution. I want to point out there is absolutely no problem involved here in terms of the Constitution. I spoke with the ministers of finance and said I wanted to help them cut provincial sales taxes and was ready to negotiate with them on the matter. They were completely free to tell me that they were not interested. But they all told me they were extremely happy that for the first time in Canadian history a federal Minister of Finance was willing to discuss his budget with them. I discussed not only the sales tax but monetary and fiscal policy. I tried to include them in the process. As I say, everyone left with the understanding we had to come to a solution the day of the budget. Mr. Parizeau did not.

He has done in his field what he wanted to do. I never tried to stop him. I simply said that if he did not comply with the national plan he would not qualify for the same total as the others.

As I say, we did not wish to penalize the people of Quebec because no agreement had been reached between the federal government and that province. If Mr. Parizeau or any other of the ministers had said to me before the budget that they would not go along with my proposal, this issue would never have arisen. But I felt I had enough of a national program, and my plan was to offer to residents the possibility of an income tax deduction as I am proposing under 30(b). Nevertheless, that was not my favourite route. I would have preferred an agreement on sales tax.

I have done nothing to prevent any province from refusing the proposition. They were all completely free. Mr. Parizeau decided to cut his own tax the way he wanted to do so, just as two years ago Mr. McKeough decided to cut his own sales tax on automobiles for six months. But he paid for it from his own revenue sources. He did not come to me for money to pay for it. Mr. Parizeau has done it, but as there was no possibility of reaching agreement he qualified for only $40 million, leaving $180 million on the table inside the national plan. We have decided to compensate taxpayers in Quebec to the extent of $85 per taxpayer, and that is what we are doing in this bill.

What I would emphasize is this: never during the three weeks of negotiations did the Quebec minister of finance attempt to have his idea discussed with me or with the other ministers. It was only after we had closed the deal with everyone else, only after I had given my word to the other ministers, that he put me in an impossible situation after the fact. But even then I tried. I called three of the other ministers to learn if there was a possibility of agreement.

Mr. Grafftey: Too late!

Mr. Chrétien: Of course it was too late, because Mr. Parizeau had said no only after the agreement was in effect. Mr. Chairman, if I had made a special agreement with Quebec, after the others had signed, the hon. member for Brome-Missisquoi would have been the first to give me hell for pulling the wool over the eyes of the other ministers of finance. I acted in good faith, and they all acted in good faith with me. I cannot say that, unfortunately, about the Quebec minister of finance who did not say yes or no until the day of the budget. If he had said no earlier I would have announced I was compensating the people of that province through tax provisions.

Mr. Grafftey: It is all very well for the Minister of Finance to say it was too late. It was too late because the fat was already in the fire. Supposing at the very beginning of the negotiations he had simply said; "Here is a certain sum of money depending on the formula used by each province to cut sales taxes according to your priorities," what would the difference have been? I am not griping about Ontario. Ontario did not object, but the proposal suited very well the needs of the automobile industry in that province. The minister had to make an adjustment for British Columbia and for Saskatchewan—

[*Translation*]

—did you argue the case before presenting the budget in the House? I can appreciate that you are Minister of Finance for all of Canada, but during your negotiations, did you really argue the case for Quebec, where secondary industry is not as

well planned as in Ontario, in textiles, furniture, footwear and clothing?

[*English*]

I ask the minister what would the difference have been in terms of general stimulation from coast to coast had the provinces been given greater freedom in this regard, had the minister said to them:

[*Translation*]

You can cut according to your own priorities, depending on what you did before. What is the difference?

[*English*]

Mr. Chrétien: Never in three weeks of negotiation did the Quebec government raise the possibility of select sales tax cuts. How could I express the desire of Quebec when Quebec itself had not chosen to express one? Selective sales tax cuts cause all kinds of difficulty. That is why it was desirable to have a national scheme. For example, what specific manufactured products would Saskatchewan turn to, to suit the best interests of their province, when they have no manufacturing industry at all? What about the position of the maritime provinces? If you follow that route, spending federal money just to favour local special interests, you run into problems. But on top of that—

[*Translation*]

This is the important point, never during the three weeks of negotiations did Quebec raise the problem of intrusion into a provincial field, never during those three weeks did Quebec mention the possibility of a selective tax cut, never did they tell me about it. Indeed, Mr. Speaker, it was only at three o'clock on Wednesday afternoon that I was told that at six o'clock the same day, that is three hours later, Quebec would cut its sales tax as it saw fit. I told him: "At you own expense, much as Ontario did two years ago". There was no consultation on his part. I tried during three weeks to get information. The hon. member does not understand what is vital in that debate—

● (1732)

[*English*]

I treated the Quebec government knowing in the back of my mind that they were trying to destroy any federal scheme. That is their main objective, but I treated them like any normal provincial government which is dedicated to the best interest of its citizens. But, of course, at no time did they raise the question of a possible selective tax cut. When I called some ministers of finance afterwards, they all said it was too late for them and they could not agree to my making a special deal for Quebec.

Mr. Grafftey: That is what you are doing now.

Mr. Chrétien: No, I am not making any deal with the Quebec government. I am reducing the income tax of the Quebec residents—there is a big difference. The Quebec government has qualified for $40 million, that is all. What I am doing within my jurisdiction with the money left over from the Quebec government is to reduce the income tax of the Quebec citizens.

Mr. Grafftey: And Quebec will collect it all back.

Mr. Chrétien: Perhaps so. I know they are in a hell of a mess financially and they will have to collect a lot of money in the next few years, no doubt, because of the way they operate things, because of the way they run the province, which is not in the best interests of the province, because of the crazy legislation they are putting forward which pushes thousands of people out of Quebec every year and which pushes investments out of Quebec, and because of the language legislation which creates a climate which will reduce the tax base of Quebeckers ever further. However, it is up to the Quebec people to decide in the next provincial election.

Quebec did not wish to participate in the national scheme but since they qualified partially under the program, I recognized that. Since the Quebec government wanted to have its own way outside of the national program and I did not wish to penalize the Quebec citizens, I have decided to give the money directly to them. Of course, Mr. Parizeau said in his letter that he will have to collect it back, and perhaps even more than that amount. I know that last year he had a deficit of $600 million, and this year he is forecasting a deficit of $1.2 billion. He has not forecast in his budget the $250 million which he will need perhaps for the nationalization of asbestos. I know he will have to raise taxes, but that is his own responsibility. The Quebec citizens will know that in the present federal budget we have put aside some money to reduce their taxes so as to stimulate the economy there. After I have sent the money to Quebeckers, if Mr. Parizeau decides to raise that amount of money or more, he is free to do so; but he will have to deal with the taxpayers in the next provincial election.

[*Translation*]

Mr. Grafftey: I would like to put a question to the Minister of Finance.

Did the minister figure out the expenses to pay out the rebate of the federal government directly to Quebec taxpayers paying federal taxes?

Mr. Chrétien: We have an organization called Revenue Canada which has thousands of employees who will have to do that work. Of course, that is going to cost money. It is difficult to measure that exactly because that will be additional work for the staff of the department. That brings me to the question that there is no tax collection agreement between the federal government and Quebec. I am very happy now that the government of Quebec should use the argument that because I am making that tax cut in Quebec they must go out and collect taxes and that is costing them about $150 million a year because they collect their personal income taxes instead of signing an agreement with the federal government which would cost them nothing. We collect income tax for Ontario, New Brunswick, Manitoba and Saskatchewan. Those provinces do not have a provincial department of revenue and we

collect their income taxes for them. It means only one form, one tax inspector for the citizen in Ontario or British Columbia but there have been two forms, two tax inspectors in Quebec since 1954 and, of course, that is costing them a lot more. That is what they called in 1954 an essential element of Quebec autonomy.

Recently, when I saw Mr. Parizeau he asked me to sign a collection agreement for him, that was really ridiculous. It was a complete denial of the policy established in Quebec by Mr. Maurice Duplessis. I am pretty sure that Maurice must have flipped over in his coffin because do not forget no other premier had dared ask such a thing of the government. But it is well known that we federalists in Quebec have been saying for a long time that it is a useless duplication of service and a pain in the backside for a large number of taxpayers to have to fill out two tax returns, to have two inspectors, to have two sets of books just because of that when it would be easier to have only one form every month for Quebec as for the other provinces. The federal government could send them the amount of money they have coming. But that is what they called in 1954 an essential element of Quebec autonomy. I do not have to make a judgment but I find that is costing them a lot for very little.

[*English*]

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, the hon. member for Red Deer has some questions to ask of the minister but he has a committee meeting to attend this evening. I am prepared to have him use my time now, and I will ask my questions later.

Mr. Towers: Mr. Chairman, I rise to seek advice on how the minister intends to handle the farm rollover situation; I believe it is under clause 14. The minister in charge of the Canadian Wheat Board suggested the other night that this would complete the required legislation so far as the family corporation rollover is concerned. I believe I am correct in saying that there is still an anomaly with regard to regulations concerning family corporations which is not covered in this piece of legislation. I would like the minister to tell the House whether he is prepared to bring in an amendment to it or whether he would expect an amendment from this side of the House.

The anomaly consists of the fact that farm property is not always included in the shares of the corporation. Sometimes the owner keeps the farm property outside the corporation and then the corporation rents the property. It is my understanding that this legislation and the legislation which was passed earlier do not provide for the rollover of the property to the next generation simply because it is not the farmer who is the operator of the property but the corporation, as soon as the corporation enters into an arrangement with the owner of the property either to lease it or rent it. There is an anomaly here which needs to be corrected, and I would like the advice of the minister on how it can be corrected if my assumption is correct.

Mr. Chrétien: The hon. member is talking about leasing land. If the owner wishes to do that, he can transfer the land to the corporation tax free before the rollover. That is the way in which the provision is understood by my officials, and there is no need for any change in the law.

Mr. Towers: I would like it firmly established so that the statement of the minister today will stand up in a court of law and will be understood by the Department of National Revenue, because at present accountants dealing with the Department of National Revenue find that this is not the case. If the statement of the minister will stand up in court and will be interpreted in this way by the Department of National Revenue, that is all I can expect, but certainly this should be a clear and established fact.

● (1742)

Mr. Chrétien: I have explained the law, Mr. Chairman. I understand what the intention is, but I cannot guarantee what a court will rule. We have a system for passing laws here. The text is there, and from what I can understand, it is somewhat irrelevant to the judge. He can read the text and conclude one way or another. I cannot guarantee what the courts will decide on any piece of legislation. A separation exists between the legislature and the judiciary in Canada. We read the laws as they are passed.

According to my understanding of the legislation, a person can transfer anything he has to his corporation, and from there on there is a rollover. He has to transfer it from his private ownership to his corporation ownership, and after that there is a rollover. There is no rollover if it is not transferred within the corporation.

Mr. Towers: Mr. Chairman, I should like to make this matter clear. Can a farmer who owns land that is being leased to a corporation which is the operator transfer that land without being subject to capital gains tax? Can it be sold or transferred to the corporation?

Mr. Chrétien: The questions asked by the hon. member are covered by the rollover provisions in the act. I feel I have been quite fair to the hon. member, but he is dealing with clause 14. It is difficult for my officials and I to follow the debate, if we are moving from one clause to the other. We are still on clause 1 and questions are of a general nature. I do not know when questions will be of a specific nature.

Mr. Towers: I thought I clarified my reason for adopting this approach earlier. If there is an anomaly, we are prepared to bring in an amendment. We would like to have our amendment ready by the time we reach consideration of that clause. If the minister will have his legal advisers look at that aspect before we reach consideration of that clause, fine and dandy. We cannot afford to allow this legislation to pass and leave any anomaly in existence. I raise this issue in order to expedite the matter and have it clarified. I hope the minister will have his legal advisers take a look at it to ensure that we are on

sound ground. Perhaps the hon. member for Moose Jaw will add to that, Mr. Chairman.

Mr. Neil: Mr. Chairman, I am very interested in this particular clause. I realize it is clause 14, but before we reach that clause, I wonder if the officials of the minister's department could have a look at this aspect. At this point in time, if a farmer, who owns land and leases it to a corporation, transfers or sells that land to a corporation, that sale would be subject to capital gains tax because it is not being transferred to a son or daughter and he is not transferring shares. What the minister has said is not correct. I think his officials should look into this aspect so that when we arrive at clause 14 we can have a full discussion.

Mr. Chrétien: If a farmer is making a transfer to another entity, a third person, and not a corporation which he owns, he is required to pay capital gains. I was speaking about the transfer of lands to his own corporation. The transfer of farm lands has not been exempted completely from any capital gain. That is not what is meant. My officials are making notes of the hon. member's comments. They will read *Hansard* tomorrow and attempt to arrive at some clarification, if need be. As we have taken 19 days to reach clause 1, I do not know when we will reach clause 14.

Mr. Neil: There are a number of members on this side who are interested in this particular clause. I am referring to people who are involved in either the practice of law or have constituents who are farmers. The minister can expect a fairly lengthy discussion and a lot of questions on clause 14. If the minister will examine the record, he will find that government members have taken up almost as much time as opposition members.

Mr. Chrétien: A lot of government members are complaining because they have not had a chance to ask questions on clause 14. It is not only on the other side of the House that there is interest in that regard. The hon. member for Assiniboia constantly raised in caucus the problem of the transfer of family farms. A great deal of interest has been expressed both on this side as well as the other side of the House. As we do not have much time for clause by clause discussion, I know a lot of hon. members are very frustrated that we have not reached clause 14 or other clauses of real interest because of the filibuster by members of the Conservative party.

Mr. Neil: Perhaps the hon. member for Assiniboia has pressed this matter in caucus. If the hon. minister will examine the record from 1972 to the present time, he will find that members on this side have pressed for changes repeatedly, and that the changes which have taken place up to this time are a result of that pressure.

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, I think the minister should stop referring to the 19 days. Perhaps he should have a look at the number of hours his party has participated in the debate, as compared to hon. members on this side of the House.

Dealing with clause 1, particularly as it affects fishermen and employees of the coast guard who may be on assignment of sea duty, there are two particular aspects I wish to have clarified for the record. I agree with the minister when he says that it is not up to him to decide here and now how the law is going to be interpreted by the Minister of National Revenue. The officials of the Department of National Revenue have their own ways of interpreting, and I hope there are appeal procedures.

In the circumstances envisaged in clause 1, let us say a fisherman, a member of the coast guard service, or a public servant is at sea in Canada and receives an allowance for his food and lodging, and then is charged for that food and lodging. Would those be self-cancelling? Are they declarable as income, revenue or expenses? How are these envisaged under the provisions of that particular section?

Mr. Chrétien: If he receives an allowance for room and board on ship, according to the interpretation of the law and the changes provided, it will not be taxable income.

Mr. Munro (Esquimalt-Saanich): Mr. Chairman, that is in reply to the first part of my question. If his salary is adjusted and he is required to pay for his food while at sea working, for example, in a commercial fishing operation, may he deduct that as a legitimate expense on his income tax form?

Mr. Chrétien: Mr. Chairman, there is no special provision. If the owner of the ship charges him a certain amount of money for food and lodging while at sea, this is not a legitimate expense to be deducted from his income, aside from the $250 provided for in the act.

● (1752)

Mr. Munro (Esquimalt-Saanich): There is a $250 limit. Of course, this is an amendment simply and does not cover the $250?

Mr. Chrétien: It is a general provision that applies to everyone who is an employee, and it covers 3 per cent or up to $250.

Mr. Munro (Esquimalt-Saanich): It is basically an amendment under clause 1 and provides for the non-declarability of an allowance, the non-requirement of declaration of an allowance in respect of food and board only, and does not provide for an ability to deduct as a legitimate expense charges incurred for food and board?

Mr. Chrétien: I understand the interpretation of the hon. member is correct.

Mr. Munro (Esquimalt-Saanich): I want to get into a somewhat related matter. I understand that one is permitted under clause 1 to discuss general matters in the income tax field. This is very closely related to paragraph (1) and that part of the clause which appears at page 2 in relation to transportation charges. As I understand the reference to transportation charges here, a taxpayer would be allowed to deduct

reasonable costs of transportation to and from work. Perhaps I should establish that before I go on with my further inquiry.

Mr. Chrétien: Transportation in this area is similar to the allowance for room and board. It applies only if the transportation is provided to the taxpayer, or he receives an allowance for transportation. In that event the allowance is not taxable. We do not permit the taxpayer employee to deduct the cost of transportation incurred by himself. We simply do not tax an allowance, but we do not permit a deduction from income.

Mr. Munro (Esquimalt-Saanich): Perhaps it is not as closely related as I had thought to the matter I had in mind. In an earlier income tax provision there was an allowance made for a deduction by disabled people, or there was a refund when a person incurred expenses in the operation of their own vehicles. There was a provision through which such disabled persons could obtain a refund from tax to the extent of the cost of the gasoline.

I am wondering whether the minister would during these discussions entertain an amendment I would be prepared to draft in order to obtain a deduction or an allowance for persons who had to transport handicapped people. I have in mind those who transport these handicapped people for some distance, and under circumstances where the handicapped individual may be required to stay away from home for some period of time. I have a particular case in mind which I brought to the attention of the Minister of National Revenue. It involves a child who unfortunately cannot obtain the necessary training in Victoria and has to travel to Vancouver on Monday morning and return on Friday night. This involves a cost to the family of that child of something in the order of $2,000 a year, in addition to the fee for the education of that handicapped individual.

Would the minister entertain an amendment during the discussion of this particular bill to cover a case of that sort? I could generalize in respect of the amendment, but it would cover handicapped people who may not be able to get the education they require within the general area of their domicile or residence. Would this be a legitimate deduction from income tax for those parents?

Mr. Chrétien: This is not related at all to employment at a special work site. The case the hon. member is referring to at the moment involves a problem. One has a lot of sympathy for the parents, but it is impossible under the Income Tax Act to cover all possible circumstances of this nature. I do not see how we could amend the Act to cover every such case. I am sure there are some circumstances that would not be covered where an individual might incur that type of expense in relation to a child. We have to think in terms of the general application of the law; we cannot provide in the act for specific circumstances.

With regard to the specific case referred to by the hon. member involving a disabled child who has to travel from Victoria to Vancouver for special training, my advisers tell me there is no possible way of drawing up an amendment that would not lead to an absolutely uncontrollable situation. We cannot under the Income Tax Act look after all the individual circumstances, as painful or as difficult as those in the case mentioned by the hon. member may be.

Mr. Munro (Esquimalt-Saanich): I was using this provision for transportation as a vehicle for posing the question whether the minister would accept such an amendment. He has not actually said he would not, but rather that his officials would have difficulty in drawing one up. Would the minister entertain an amendment that I might draw and present in the course of this debate?

Mr. Chrétien: Mr. Chairman, this involves more than just difficulty on the part of my officials. I cannot under the present clause entertain an amendment which is completely unrelated to the act as it now stands. This situation is not provided for in the act and there is no room for an amendment under clause I to achieve the purposes of the hon. member.

Mr. Munro (Esquimalt-Saanich): The minister is aware of the difficulties of a private member in bringing forth an amemdment of this sort. Private members' bills really do not satisfy the need, and I felt this bill was a vehicle, being an amendment to the Income Tax Act, through which we could make such a change. This seemed to provide an ideal opportunity, particularly tailored to the bringing forth of such an amendment. Is the minister saying he would not entertain such an amendment if I were to bring it forward?

Mr. Chrétien: Under the rules of the House I could not entertain such an amendment during consideration of the present bill.

The Assistant Deputy Chairman: Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the committee took recess.

AFTER RECESS

● (2000)

The committee resumed at 8 p.m.

Mr. Clarke: I have a question or two, Mr. Chairman, for the minister on clause 1, he will be happy to know. I do not recall anything in the budget speech specifically dealing with these work sites, but I have read very carefully the supplementary information, specifically page 55 where it talks about employees at remote work sites and outlines the matter the way it is now in the act. That sentence reads, "that it is now proposed to apply the exemptions to workers at remote sites". It would seem to require a fairly simple amendment to the Income Tax Act. Looking at the notice of ways and means motion on remote work sites, clause 1 reads in a straightforward manner. Paragraph (ii) refers to a site—

—at which . . . the taxpayer could not reasonably be expected to maintain a self-contained domestic establishment.

When we come to clause 1 in the bill before us, paragraph (a) makes reference to temporary duties. My first question to the minister would be: Why is it necessary apparently to introduce the temporary nature of the duties when dealing with this feature?

Mr. Chrétien: It is necessary because it is the existing law.

Mr. Clarke: Mr. Chairman, I cannot dispute that, but I would like to ask why it is that those words are underlined as new words are when we are presented with amendments to a new bill.

Mr. Chrétien: They are under subsection (7) of section 6 and they are underlined because they have been moved to subsection (6) of section 6.

Mr. Clarke: I thank the minister for that explanation, Mr. Chairman. I would then like to ask if he could in any way define the word "remote" or "remoteness" as envisaged by the law.

Mr. Chrétien: I gave the definition earlier this afternoon, Mr. Chairman, but I can repeat it as it is in Bill C-56:

(ii) a location at which, by virtue of its remoteness from any established community, the taxpayer could not reasonably be expected to establish and maintain a self-contained domestic establishment,—

Mr. Clarke: I heard the minister trying to explain that to the hon. member for Churchill this afternoon. I was wondering if he could be more specific. I mean, "by virtue of its remoteness from any established community" could apply to many cases and in lots of cases be envisaged where remoteness might be the reason for a person establishing a self-contained domestic establishment.

Mr. Chrétien: It applies where he or she cannot establish a self-contained domestic establishment. If he or she can, of course, the individual will not be granted an exemption. It applies when the individual has no self-contained domestic establishment in an area that is remote from a normal community that qualifies.

Mr. Ritchie: Mr. Chairman, I have one or two questions for the minister. One question arose out of a conversation with a constituent who felt that he had been unfairly treated by the Department of National Revenue. He had been a tradesman but in the town in which he lived there were no jobs for him at the wage he could command, so he went to a community 150 miles away where he made much more. However, he felt that he had more expenses, both commuting back and forth to visit his family and also in his maintenance which he had to provide himself. I presume that this type of change in the legislation would not benefit this person in any way. Am I correct?

Mr. Chrétien: According to the act, if the individual has to pay from his own pocket, those extra expenses are not deductible from his income. If on the other hand those extra expenditures are paid to him by his employer and if the occupation is of a temporary nature, he can qualify under the old act.

Mr. Ritchie: Would I be correct in presuming, then, that if he was paid previous to this allowances for this temporary work, then it became income, but under the change it does not become income?

Mr. Chrétien: As I understand it, there is no change in that respect.

The Deputy Chairman: Shall clause 1 carry?

Mr. Stevens: On division.

Clause agreed to, on division.

On clause 2—

Mr. Stevens: I wonder if the minister could give a brief explanation of what he is trying to accomplish in clause 2, Mr. Chairman, in addition to the headnote?

Mr. Chrétien: Mr. Chairman, this is a relieving technical amendment to the provisions of the act which deals with recapture on the disposal of depreciable business property such as buildings or machinery. When the proceeds on the sale of the property exceed its written down value for tax purposes on depreciated capital costs, the excess may give rise to a recovery of the depreciation claimed in previous years. This recovery or recapture is ordinarily required to be included in income.

• (2012)

Subsection 13, paragraph 4 of the act provides a roll-over. That is, the recapture is not taxable and the income is deferred to the extent that the proceeds on the sale of property are reinvested in a replacement property. At present the property qualifies as replacement property only if it acquired for the same use and for the same business as the former property.

This amendment broadens the test by qualifying a property acquired for a similar use in a similar business. As an example, the change will make it clear that the roll-over would apply where a cattle farmer sells his farm and moves to another location at which he intends to grow wheat and engage in other types of farming.

We have to provide this clarification because in the interpretation of the act by the Department of National Revenue they had a more restrictive interpretation of what we meant when we introduced the roll-over provision in the act last December.

Clause agreed to.

On clause 3—

Mr. Stevens: Mr. Chairman, I wonder if the minister could give us a brief explanation of clause 3.

Mr. Chrétien: Mr. Chairman, this is a relieving technical amendment dealing with eligible capital property—that is, goodwill or agricultural quotas. The amendment is similar to that described in clause 2 dealing with the roll-over for depreciable property. When goodwill or other eligible capital properties are disposed of, part of the proceeds may be required to be included in income.

Subsection 14, subparagraph 6 of the act permits a taxpayer to defer or roll-over this amount to the extent that the proceeds are used to acquire similar replacement property. At present, a property qualifies as a replacement property only if it is acquired for the same use and is to be used in the same business as the former property.

This change broadens the test by qualifying a property that is acquired for similar use in a similar business.

Clause agreed to.

On clause 4—

Mr. Stevens: Again, Mr. Chairman, I wonder if the minister could give us an explanation of clause 4.

Mr. Chrétien: Mr. Chairman, this is a relieving amendment. Subsection 15, subparagraph (2) of the act is an anti-avoidance provision. It seeks to prevent funds of a corporation being extracted, tax-free, by shareholders in the guise of loans rather than dividends. This is accomplished by including the amount of such loan in the shareholders' income.

There are certain exceptions. For example, a share purchase loan—that is, a loan by a corporation to an employee to enable him to buy shares of the corporation—is not taxable. However, if the loan is made by one company to enable its employees to buy shares of a related company, technically the loan will not qualify for this exclusion. This is inappropriate. The amendment exempts the loans made to employees of one company in a corporate group to enable them to acquire shares of another company in the group. And, for example, an employee loan made by a subsidiary will be exempt if it is used to acquire shares of the parent company.

Mr. Stevens: Mr. Speaker, I wonder if the minister could indicate how many corporations he anticipates will be caught with this new approach? When they bring in the affiliated company concept, how many have they anticipated they will catch?

[*Translation*]

Mr. Chrétien: Mr. Chairman, under this provision, companies are indeed freer to operate and can make a loan to employees who wish to buy stock in a corporation related to the parent corporation. Under the circumstances, I think this will facilitate the operations of companies making loans to their employees and will allow employees to buy stock in companies directly related to the corporation they work for. What is the exact figure? We do not know. This will merely simplify corporate operations, that is operations to allow employees to invest or take part in the operations of subsidiaries of the corporation which employs them.

[*English*]

Mr. Stevens: Perhaps I could put my question another way, Mr. Chairman. When I ask how many are going to be caught, I am trying to solicit an answer to how many are being caught in a harmful way at the present time. We are familiar with the provision which allows a corporation to lend funds to an employee to buy stock in the company itself, but how many are now being frustrated simply because this affiliate definition is not the law?

Mr. Chrétien: Mr. Chairman, I do not think I am in a position to give a precise answer. We have received representations to this effect and that is why we made the provision. As the provision did not exist before, it is impossible for us to know how many would benefit from it. We have received many representations on this, however, and we felt it was the right thing to do in order to make it easier for employees not only in a corporation itself but in its subsidiaries or related companies. It is impossible to tell how many people would have benefitted if the provision had been there before.

Mr. Stevens: I wonder if the minister could indicate the significance of the date, March 31, 1977? Why is this only applicable after that date?

[*Translation*]

Mr. Chrétien: That is because amendments in the act last year made it possible to specify this date. Moreover, this provision also existed in the Macdonald budget, and the date set in the legislation passed last fall was precisely March 31, 1977.

[*English*]

Mr. Stevens: I wonder if the minister would agree that what he is doing, in effect, is correcting a mistake made in the Macdonald federal budget of March 31, 1977?

Mr. Chrétien: Mr. Chairman, I do not think it is a mistake; I think it is a relieving measure. We introduced a good measure but we thought it could be a little bit better. We think we are quite good but we can always improve.

Clause agreed to.

● (2022)

On clause 5—

Mr. Stevens: Mr. Chairman, this is a rather important clause. Perhaps the minister would be good enough to give us a fairly full explanation as to why the government feels this provision is desirable.

Mr. Chrétien: Mr. Chairman, yes, it is important and so I would like to read the explanation. Section 20 is one of the general sections of the act. It lists the various deductions which are allowed in the calculation of income from a business or from property. There are three changes to this section dealing with the new research allowance, interest on insurance policy loans and foreign taxes.

Paragraph 20(1)(t) is strictly consequential. It has a reference to the new section 37.1 which is a special allowance for additional scientific research expenditures.

Subsection 20(2.1) deals with the interest paid on life insurance policy loans. This change does not alter the principle that such interest is either deductible by the policyholder or is

added to the cost of his policy. The change is essentially administrative. It simply requires the insured to verify, for those policyholders who want to claim the interest as a current deduction, that the interest has not been added to the adjusted cost base of the policy.

Subsection 20(12) provides relief for certain foreign income taxes. Under the existing act, the income taxes paid to a foreign government on business profits qualify for relief only if the income on which they are imposed has a foreign source. The existing relief takes the form of a foreign tax credit—that is, a deduction from the Canadian tax. The amendment permits a deduction in calculating income for any foreign income tax imposed on income that does not have a foreign source. Thus, for example, the portion of the foreign tax imposed on a consulting contract for a foreign customer only qualifies for relief now to the extent that the services are rendered outside Canada. The amendment will allow the portion of the foreign tax that relates to services performed in Canada to be deductible as an expense.

Clause agreed to.

On clause 6—

Miss Campbell: Mr. Chairman, I have some concerns as to how this clause relates to the Atlantic provinces, particularly in distribution of research and development across Canada and the interpretation of processes. We all know that companies are presently able to deduct all their current operating expenditures—that is, supplies, labour and their capital expenditures as well as new facilities, equipment and expenditures—from their income before calculation of taxes. This clause proposes that a company would also be allowed to deduct an additional 50 per cent of an increase in expenditure in research and development in the taxation year above the average for the three preceding years. This research is in addition to the eligibility of research and development expenditures for the investment tax credit which at present in the Atlantic provinces is 10 per cent.

I am told that total research and development expenditures in the Atlantic provinces in 1975 was $5.4 million. I am also told that no separate figures for the fishing and forestry industries are available, but the activities of these industries are such to involve little or no research and development. However, the government spends large amounts in these areas for research. For example, the fisheries and marine service of the Department of Fisheries and the Environment will spend an estimated $37.3 million in the fiscal year 1978-79.

I wonder if this is so and why we are not encouraging the people in the Atlantic provinces to take on the benefits of this new research and development incentive in clause 6. Before going on, perhaps the minister or his officials would be good enough to advise what the total research and development in Canada was in 1975 and compare it to the $5.4 million. If they are not prepared to give me the answer at this time, I would like to have it later.

I would also like to see how this clause will work. For example, if a firm spent nothing on research and development during the last three years and in the first year of the budget decided to put $5,000 into research, it would, applying the 100 per cent straight write-off allowed at present, and now this 50 per cent proposed research and development write-off under this clause, total $7,500, being $5,000 plus half of the increase, $2,500. On the other hand, if a firm that spent an average of $4,000 during the past three years increases its research and development spending in the first year of the budget, it will get a total deduction of $5,500; that is, the $5,000 plus half the increase, $500.

To be eligible for the above allowances, in my opinion the expenditures have to conform to the definition of scientific research given in Regulation 2900 of the Income Tax Act. Perhaps this definition is too narrow for the Atlantic provinces. For practical purposes, this regulation means the expenditures must be made either to develop new products or processes or to make improvements to existing products processes. For instance, on the east coast we are developing the 200-mile limit. If we in the Atlantic provinces are not taking advantage of this write-off, perhaps the minister could explain why industry is not taking advantage of the write-off. Is it because the definition of "processes" is not clear, that it relates only to manufacturing in the true sense in other parts of Canada? Or if a corporate fisherman owns a fishing boat with an estimated value on the books of $250,000 and he purchases new gear, would this qualify as a process?

I would like to leave that question with the minister and see if he could give an answer. There must be a reason why only $5.4 million was spent on Rand D in 1975 in comparison to the total, which I do not have at present. If the definition is too narrow for the Atlantic provinces to come under that clause, I feel there should perhaps be a widening of Regulation 2900 of the Income Tax Act.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I would like to answer the hon. member who is concerned about the level of research in the maritimes, as she indicated, of $5.4 million, that it is precisely the reason why, in the last two budgets, we decided to set up new mechanisms to encourage manufacturers and their operators to do more research and development.

[*English*]

It is because of the particular situation in the maritime provinces that we put the investment tax credit in Bill C-11 which I put forward in this House in December. We provided for the maritimes a tax credit double the national level, from 5 to 10 per cent, so that there is an investment tax credit for research and development much more favourable in the maritimes than in central Canada.

The hon. member asks why the definition of research and development does not seem to fit into the operation in the maritimes. I really do not know why. The research and development definition applies across the land. It is exactly the same definition whether it is British Columbia, Ontario, or Nova Scotia, an area for which the hon. member has particular concern.

Miss Campbell: Mr. Chairman, it is my understanding that $5.4 million is approximately one-twelfth of the total industrial research and development across the country. In other words, if 10 per cent of the population is living in the Atlantic provinces in Canada and you have $5.4 million of R and D expenditure, I would like to know the total amount spent on research and development for the year 1975.

● (2032)

Mr. Chrétien: Mr. Chairman, I share the preoccupation of the hon. member. I am very pleased she has raised this question and shown her interest in the maritimes which only has one twelfth of the research and development in this country. If she has an interest in research and development, she will make speeches encouraging people in the Atlantic provinces to take advantage of the investment tax credit announced last year as well as what we are pushing for today.

Mr. Ellis: Mr. Chairman, I have two brief questions on this clause. Some individuals are being left out rather brutally, as this provides for a corporation only. Much of the research and development, the finer inventions if you will, has been by individuals who are not part of a corporation. Is there anything to say that individuals should not receive the same benefits as this legislation portends?

Mr. Chrétien: Mr. Chairman, I understand there could be some individuals who do research and development on an individual basis. However, the legislation refers to research done by corporations.

Mr. Ellis: I appreciate that is what the legislation says. I know of a certain individual who has begun a year's sabbatical from his employment to begin a new project. This is on his own initiative. He does not receive any assistance in what might be a very major development.

Mr. Chrétien: Mr. Chairman, I will take note of the hon. member's representation. I cannot add to the explanation I gave earlier.

Mr. Ellis: The minister has admitted he cannot help individuals. I suppose if this individual were to incorporate, which would cost him $400 or $500, he could then take advantage of the research development assistance. However, this states he must have had a base for the past three years. This individual is starting out entirely on his own this year. What do we use as the base from which to project the assistance when he does not have three years' experience?

Mr. Chrétien: If it is a new corporation, all the expenditures that occur as research and development from thereon will qualify with the new rules for new corporations. If he were to become incorporated at this time, the corporation could apply for the 150 per cent write-off provision in this bill.

Because we wanted to help the incremental—research and development, we had to put in that provision. There is some research and development going on under the old regime. We want to stimulate that. We do not see why we should give the same pattern to those who could operate under the old system in past years.

Mr. Ellis: I have a final question for the minister, if I may. About five years ago the Economic Council of Canada recommended that the IRDIA graphs of Industry, Trade and Commerce be done away with. About one and a half or two years ago IRDIA was dissolved. Does the minister feel this measure he is now introducing fulfils the second half of the paragraph of the Economic Council of Canada wherein it said that IRDIA should be dissolved, but that there should be a compensating tax incentive to industry? Does the minister feel that this really meets that recommendation?

Mr. Chrétien: Yes, Mr. Chairman. We think that will fill the need according to the recommendation of the Economic Council.

Mr. Huntington: Mr. Chairman, on Thursday evening last I had the opportunity of putting some concerns on the record relating to clause 6 of this bill. Can the minister give me some kind of explanation why he rejected the submissions of the Canadian Manufacturers' Association and others from the business community and rejected the tax credit principle? I believe the Canadian Manufacturers' Association asked for 25 per cent rather than the additional 50 per cent allowance which was put in this clause.

Mr. Chrétien: Mr. Chairman, the main reason is that at the first ministers' meeting in Ottawa in February, it was agreed that there should be a joint effort of the provincial and federal levels. This is a system which involves both the federal and provincial treasuries. That is why we have chosen it, rather than an investment tax credit which would have fallen on the shoulders of the federal government only.

Mr. Huntington: I do not know if the Minister of Finance or his staff have had a chance to read the rather carefully prepared comments I put on the record the other night. Surely he must realize this 15 per cent allowance is very unfair to the small business sector which, with its closeness to entrepreneurial ability, can lift itself into new categories of opportunities. Why was a more thorough examination of the small business interests not applied to the drafting of this clause of the bill?

Mr. Chrétien: Mr. Chairman, we have to segregate the question of research and development and the level of tax for small business. We provided a series of incentives for small business in the last budget and with the tax proposition I made some weeks ago to help small business. We must keep in mind that the level of taxation of a small business operating in Canada is very favourable compared to anywhere else. This proposal regarding research and development is in addition to it. We wanted to put all corporations on the same basis.

Mr. Huntington: This is where I part company with the Minister of Finance. I thought I was very careful in putting on the record Thursday night how small business is discriminated against in this whole area of research and development.

Research costs small business in after tax terms much more than it costs large business working at the 42 per cent tax level. Did the remarks I placed on the record the other night fall on deaf ears? Has the Minister of State (Small Business) not discussed this lack of equity with the Minister of Finance?

Admittedly small business has a lower tax rate. Is the minister going to nullify that in the area of research and development? Small business is where the entrepreneurial talent is and where much of the opportunity comes from. Why give small business a much higher after tax cost than large business? I would like an answer to that question.

Mr. Chrétien: I cannot add to what I have said, Mr. Chairman. I appreciate that the hon. member is putting forward a good case. I explained earlier that we treat the tax system for small business more favourably than that of the big corporations. Research and development is a different problem, if I can call it that. As it is operated on the tax system, if you pay higher taxes you benefit more.

● (2042)

We have to keep in mind that small businesses are presently paying only half the rate of taxes paid by big businesses. The hon. member can make his argument but we have decided that rather than put the investment tax credit up to 25 per cent we would make this research allowance, because we wanted to make a joint effort with the provinces.

Mr. Huntington: I am surprised the minister should adopt that attitude, particularly in light of the literature which the Minister of State (Small Business) has been showering on the small business community. I would remind him again that over 60 per cent of the working population in Canada is employed in the general area of small business. Government spokesmen pat themselves on the back and, indeed, other nations pat them on the back in recognition of the tax base they have afforded small business. I agree that this lower tax base has been very favourable for the small business community here, but in after tax dollar terms the minister is leaving this community with 59.38 cents cost on the dollar compared with 35.15 cents in the case of large businesses. There is a serious lack of equity here and the minister is neutralizing the tax benefit which has been put in place for the small business community.

If my remarks do not succeed in persuading the minister to change his mind, I honestly think he is making a mistake in refusing to consider certain aspects of this clause. Why not consider granting an option to small business enabling businessmen to take an immediate cash benefit in lieu of carrying the tax credit forward into future years? I know what I am speaking of because I have come through the world of small business and have spent an awful lot of money in my lifetime on research and development. I think there is a great deal we can do in this field for Canadian entrepreneurial talent in the development of new industries and spin-offs if we pay attention to this aspect. After all, that is where the entrepreneurial talent lies. This is where the big corporations come from—the development and putting into place of these ideas.

Mr. Chrétien: I can only repeat that many incentives have been given to small business. Of course, if one segregates one aspect of taxation from others, without taking the whole picture into account, one can conclude, for example, that the cost of research and development is higher for small business than for large corporations. But if one considers all aspects of taxation as they affect large and small businesses, I think we would all agree that small business has the better deal.

I do not blame the hon. member for wanting more and I agree with him that small business is very important. That is why we have taken various steps to assist this sector of the economy. But since we cannot do everything at the same time in all directions, we have decided to proceed with research and development allowances in addition to the investment tax credit which was introduced last year up to 10 per cent, and also to introduce this 150 per cent write-off on the expenditure.

Mr. Huntington: Mr. Chairman, I suggest that the Minister of State (Small Business) has been very weak in failing to negotiate more successfully with the Minister of Finance. I believe the government will be obliged to consider this matter again and correct a serious inequity which it is leaving in place.

I should like to ask the minister whether he does not believe that the eligibility for the tax credit should perhaps be restricted to Canadian-owned firms so as to prevent a leakage which has followed the placing of handsome sums of money to Canadian subsidiaries of multinational firms. Does he not believe that some of the leakage which has happened in the past could be prevented by restricting this tax credit to wholly-owned Canadian firms?

Mr. Chrétien: I think it would be difficult to make that sort of distinction. It would create all sorts of problems if we were to discriminate between Canadian-owned and foreign-owned corporations. I would point out that some foreign concerns have done very well in this field. Of course, we always hope that the gains achieved through Canadian operations will, first and foremost, benefit operations in Canada. Moreover, there is protection available under the Patent Act, and so on; the Patent Act covers the interest of Canada in research and development carried out in this country. To discriminate against foreign corporations as suggested could create all sorts of international difficulties for us.

Mr. Huntington: So the minister is not taking any measures at all to prevent some of the leakage which has been experienced in the past when the benefit of research carried out in Canada and subsidized through tax remissions has gone to the United States or some other country. I question whether the minister should leave this type of situation wide open.

Mr. Chrétien: The hon. member is talking about leakage into the United States of information obtained from research and development in Canada. I would remind him that when the finance committee was in Washington the other day the union representatives there were complaining of the leakage of

research and development benefits into the Canadian economy, draining some jobs from the American system into Canada. So these things work both ways.

Mr. Stevens: They were not complaining very loudly.

Mr. Chrétien: Perhaps not, but I want to point out to the hon. member that this is something which works both ways.

Mr. Huntington: I am not aware of any leakage which is flowing north of the border. If the minister has any examples I would appreciate learning about them.

Could the minister explain why, in its approach to this subject, the government saw fit to kill off IRDIA which gave a better cost benefit to small business? Why take IRDIA out of the scheme when it was beginning to work so well?

Mr. Chrétien: One of the difficulties about this program was that it was too bureaucratic, in a sense. Under this arrangement, rather than make all sorts of applications and get into discussion with bureaucrats, the decisions will be made by the corporations themselves. I was President of Treasury Board when this decision was made and it was part of an effort to reduce the size of the federal administration.

Mr. Huntington: Before I ever dreamt of standing here discussing these matters with the Minister of Finance, I had occasion to come to Ottawa in connection with this program and I did find the bureaucracy pretty rough; they wanted to double my true costs in the course of giving me some assistance. The result was, I could never afford it. But if one looks down the record I would be remiss if I did not remind the minister that the small business community is paying 59.38 cents cost on the dollar compared with 35.15 for large businesses.

● (2052)

I think I would be remiss if I did not remind him that under the 50 per cent additional tax credit he is leaving an after tax cost with a large firm of 35.15 cents on the research dollar, whereas under IRDIA the cost was 33 cents. I think he is going the wrong way if he wants to put an incentive in place. Let me come back to the small firm. With the 50 per cent additional allowance, you have an after tax cost with $1 of research of 59.38 cents, whereas under IRDIA you had a cost of 50 cents.

I think the program is not well prepared and planned and has not been studied properly. I think the government are going backwards in that area. In actual fact, they have gone back to a program which was recommended by Glassco in 1962, was studied in 1964 and rejected. We are now in 1978 and we need some new incentives in place. The minister should really give some serious consideration to an amendment before the bill is passed in committee stage and perhaps fix up some of the areas where there is no equity.

I realize I might be on the edge of the subject matter, Mr. Chairman, but I notice that the Minister of State for Science and Technology has come out with a package of research aid amounting to $28 million. I realize that the Prime Minister has requested all departments to cut $500 million, and I wonder if the minister could tell us where he will find this $28 million in this soft buck shuffle.

Mr. Chrétien: Mr. Chairman, I did not catch the whole meaning of the question, but I will reply to it later.

Miss Campbell: Mr. Chairman, I would like to come back to my original point because I did not get an answer to it.

Some hon. Members: Nothing new.

Miss Campbell: Perhaps I should say that I got part of the answer. I have been told that $5.4 million was spent on research and development in 1975 in the Atlantic provinces. Considering that 10 per cent of the whole population of Canada live in the Atlantic provinces, can the minister say whether we are receiving and using this portion, and will we be able to use this portion in respect of the total research and development spent in 1975? In other words, what was the total? If we are not receiving the total, is it because Regulation 2100 of the Income Tax Act is too narrow to allow the Atlantic provinces to benefit from research and development?

Mr. Chrétien: Mr. Chairman, I think that because of the very nature of the industrial base in the maritimes we cannot expect their industry to use up their proportion, if I can use that expression, of research and development. Of course, since the base is very low in the maritimes the new system will apply to them earlier, because it will apply to many companies right away.

As I explained earlier, the investment tax credit in the maritimes is double that in Ontario, so I hope this will induce people in the maritimes to do more research and development.

If the hon. member wants my honest assessment of the situation, because of the industrial base in the maritimes I do not think that they will ever be able to use up their share of research and development. Research and development money will always be taken up in areas where industry is concentrated, and that is not the case in the maritimes.

Mr. Stevens: Mr. Chairman, we have been told that the wording in the income tax changes suggested by the minister will help once again, as the Liberal government seems to like to help, the fat cats in the country, those who are in the high corporate income tax level. In turn, the smaller businessmen, who naturally have a much lower tax level, will not benefit from the deductibility to nearly the same extent as the fat cat, big corporations. Would the minister indicate, first, if this representation is true, and second, why he has not tried to bring better equity into the proposal?

Mr. Chrétien: Mr. Chairman, I think I have replied to the same question put by the hon. member's colleague, the hon. member for Capilano extensively. We have to make a distinction between the level of taxes paid by the big and small corporations and allowances for research and development, which are of a different nature. If you segregate just that, you

can come to the same conclusion as was reached by the hon. member for Capilano. But on the other side of the question, the level of taxes of the small corporations is half that of the big corporations. Lately we have made provision to ensure that small businesses will have more room to grow, and therefore small corporations' profit now is defined as being $150,000 a year up to $750,000 in accumulated gain.

Mr. Stevens: The minister, as he is wont to do in these committee sessions, likes to avoid the issue when he does not feel it puts either the government or himself in a good light. Let me be specific. If a corporation increases its research and development by $300 in 1978 and its income tax is 48 per cent, what would be the total cost to that corporation of the $400 investment? Let us say they increased from $100 last year, which was their base year, to $400 in the current year, 1978, and their income tax is 48 per cent. What would be the net cost to that corporation of the $400 investement—the minister could throw in his tax credit too if he likes—and, second, what would be the cost to a corporation at the 20 per cent level? Could the minister give us those figures?

Mr. Chrétien: Mr. Chairman, I will have to ask my officials to figure that out and I will provide the answer later.

Mr. Stevens: Mr. Chairman, that is a very simple bit of arithmetic. Surely the officials, with their high-powered computers sitting on the table, could come up with an answer relatively quickly. I will go through it again for them. Take $100 for the base year, which was last year for each company. Let us assume that they go from the $100 level to $400 expenditure for research and development in 1978. All I want to know is what will be the net cost to the corporation which is paying a 48 per cent income tax in 1978, and the net cost to a corporation paying a 20 per cent income tax; and, if you like, throw in the investment tax credit in each case.

Mr. Chrétien: We must make a distinction between a corporation in the maritimes, one in Quebec, one in Ontario, and what kind of corporation it is. I am entitled to ask my officials to make the calculation and give a precise answer to the hon. member.

Mr. Stevens: I will make it a little easier for the minister. Let us say both corporations are in Ontario and both are in the manufacturing and processing business. If the minister needs any other help, I can even send him the answer; but first we will let him try to work it out to see what he comes up with.

Mr. Chrétien: This is an argument between myself and the hon. member. The hon. member for Capilano made the case earlier that if a larger corporation is involved in research and development, because of the 150 per cent provision and because they pay higher taxes, they will get a greater benefit. You cannot separate that from the system under which the small taxpayer pays 20 per cent income tax on his profit. We have recognized this principle when we go this route rather than by way of the investment tax credit. I considered that point with the hon. member's colleague some half hour ago.

• (2102)

Mr. Stevens: Mr. Chairman, while the officials of the minister are making that calculation, perhaps I can deal with another question on the same clause. In its comments with regard to the minister's tax measures, specifically clause 6, CCH stated that it may be predicted that one of the effects of the new rules will be to cause taxpayers to bunch their scientific research expenditures so as to maximize the deduction. Given the 1975-1977 base of $100, for example, it will clearly benefit the taxpayer to expend nothing from 1978 to 1980 and $400 in 1981, giving him a deduction of $600 in that year, rather than to expend $100 in each of those years, giving him a total deduction of $400.

What is the department's reaction to the CCH comment? Clearly it would be undesirable to have a situation where those who might be investing in scientific and research ventures find it serves their purpose to delay any investment and to have zero investment for one or two years, because if it is bunched in in a later year they will receive a higher deduction as a result of the inept wording of this section.

Mr. Chrétien: In theory, this so-called bunching can happen, but it is unlikely. Some people can stop all research and development and start three years from now in theory, but that is unlikely. I do not think corporations operate that way. That case can be made in theory.

If one wants to cover all possibilities when drafting tax laws, a lot of complexity is added to a very complex system. We realized that there was a possibility of bunching research and development, but we did not think it was advisable to draft a system which would add complexity to something which is already extremely complex.

Mr. Stevens: Having acknowledged that this loophole or weakness exists, why does the minister presume no one will take advantage of it? If we want to trigger research and development in our present economic state in the country, which does not have the real growth we want, and if this inadvertently causes any corporation to delay its research and development in anticipation of receiving a bigger tax deduction further down the road, surely that loophole is undesirable at the present time. Why does the minister feel confident that corporations will not take advantage of that bunching?

Mr. Chrétien: I do not think that will lead businessmen to close down their operations for three years and start again. They will take advantage of the new research incentives. They will not close down and fire their researchers and so on. I do not think they operate in that manner. They want to keep their personnel and keep them working. In theory it is possible, but it is not likely to happen.

Mr. Stevens: Naïvely the minister assumes that there is no multinational corporate reality in this country. Has he not thought of the situation where research and development simply would be transferred to a parent company in the United States, allowing the Canadian company to have on-the-ground

activity, but with a view to routing the activity to Canada when it is able to receive its maximum deductibility?

Mr. Chrétien: We will monitor this situation. If there are some abuses, we can always cut back. There is no great incentive for any company to do that. I am glad the CCH expert suggested that possibility. We recognized it, but we could see no reason for making the law more complex than it is just in case this theory was put into practice.

Mr. Stevens: Unfortunately, the theories of this minister have led this country into trouble. Once again through the want of a simple amendment, he will allow something to occur which perhaps will be to the disadvantage of all Canadians.

Has the government completed its arithmetic as to the relative impact of the deductibility on the basis of a 48 per cent taxpayer compared to a 20 per cent taxpayer?

Mr. Chrétien: Mr. Chairman, I do not have the answer. When I have it, I will be delighted to give it to the hon. member. There are still 43 minutes remaining.

Mr. Stevens: Can we stand clause 6 for the time being, consider clause 7 and return to clause 6?

Mr. Chrétien: I have no objection to that. We can come back to clause 6, if need be.

The Chairman: Is it agreed to stand clause 6 and proceed with clause 7 at this time?

Some hon. Members: Agreed.

Clause 6 stood.

On clause 7—

Mr. Stevens: Mr. Chairman, as this is the first clause of many which have a bearing on the registered retirement savings plan program, can the minister give us an explanation of all registered retirement savings plan provisions which are in the bill before us?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I could always try to sum things up. As you know, we are proceeding in a rather complex fashion because we always have to refer to the section of the Income Tax Act that is being amended; trying to group all amendments into one would be rather complicated because of the many technicalities of the amendments, as I mentioned when I brought down the budget. I described that new system in my statement to the House on budget night, that is April 10. In short, we are providing more flexibility for those people who have assets and who want to cash in on them over a fairly long period when they retire; I think it would be better to proceed clause by clause. I could read each one of the technical clauses and by the time we have gone through the whole bill, hon. members will have had a complete description. It is very difficult for me to deal with all technical aspects at this point.

[*English*]

Mr. Stevens: Mr. Chairman, if the minister wants to proceed in that manner, we will have to settle for that. Perhaps he could provide us with the technical explanation of clause 7, then.

Mr. Chrétien: With pleasure, Mr. Chairman. This is a technical amendment. It is consequential on the introduction of new provisions dealing with registered retirement income funds, RRIF, one of the alternatives to life annuities introduced for persons with registered retirement savings plans. Clause 40(2)(g) denies any deduction for certain capital losses. Under the existing act, no capital loss is allowed on a transfer of property by a taxpayer to a trust governed by a registered retirement savings plan, a deferred profit-sharing plan, an employee's profit-sharing plan or a registered home ownership savings plan. This amendment adds registered retirement income funds to the list of trusts for the purpose of this capital loss room. For the clarification of the committee, it is consequential to clause 35 of the bill, wherein we will deal with the substantive amendment.

Mr. Ritchie: Mr. Chairman, I received a letter from a constituent who feels the changes under this bill may not be altogether favourable. He indicated that he objected strenuously to the proposal to tax RRSP funds in a lump sum at death, or at latest a spouse's death. In part the letter reads:

> The proposed changes eliminate the flexibility in tax options now available to those who may become entitled to RSP funds after a planholder's death.

● (2112)

I refer to such options as the right to purchase an income averaging annuity and the right of the recipient to pay income tax on the amount received, which is an advantage if the recipient is in a low income tax bracket. Could the minister clarify this?

Mr. Chrétien: Mr. Chairman, we at the table have not caught the meaning of the question of the hon. member and it could be useful if he were to repeat it.

Mr. Ritchie: I understand that my constituent feels the proposal to tax RRSP funds in a lump sum at death, or at latest on the spouse's death, is a change. In other words, has there been a change from the previous legislation that would create a tax on the death of the holder, or presumably on the death of his spouse? Is this a change?

Mr. Chrétien: It is my understanding, Mr. Chairman, that as far as RRSPs are concerned there is no change at all. We are here devising a new scheme that is called RRIF. If someone keeps the RRSP fund as actually defined, the situation is the same. He will not be affected by this legislation.

Mr. Ritchie: I would assume, then, there is an option to purchase an income averaging annuity, and a right for the recipient to pay income tax on the amount received in the event that the plan holder dies. I think that is what this person is looking at, a husband having the RRSP which has a value.

That person would like to know whether an income averaging annuity can be bought with the proceeds on the death, presumably, of the spouse.

Mr. Chrétien: There is a period of time within which the person who owns the RRSP can transfer it; that is, by buying a life annuity or opting for this new RRIF system. If he has not done that before the time he dies, then it is too late, as we understand it.

Mr. Ritchie: Is this a change from what was previously in effect?

Mr. Chrétien: No, it is exactly the same situation as was in effect. What we are proposing in RRIF is a new method for a person to transfer his RRSP. Before he could only buy a life annuity; now he can take advantage of this new fund from which he can draw on a regular basis and pay the tax at the level of the year in which he draws the proceeds of the RRIF.

Mr. Ritchie: Just on a point of clarification, let us say that the holder of an RRSP dies, and the amount of what is left in the fund is $10,000. The recipient of that would have to pay income tax as though it had been earned in one year. Is there no means by which the recipient could buy an annuity to spin-out the taxes?

Mr. Chrétien: Mr. Chairman, I do not know if the hon. member is referring to the RRIF and what is left to the beneficiary at the time of the death of the holder of the RRIF, and whether it can be passed on to his wife. If it is not going to his wife it is taxed at the level of taxes in the year of his death.

Clause agreed to.

On clause 8—

Mr. Stevens: Mr. Chairman, perhaps the minister could again give us an explanation of clause 8 for the record.

Mr. Chrétien: Mr. Chairman, this is a relieving technical amendment. When a capital property is disposed of a capital gain may arise, one half of which falls to be included in income. Section 44(1) of the act permits a taxpayer to defer or rollover this amount in certain circumstances to the extent that the proceeds are reinvested in a replacement property. At present a property qualifies as a replacement if it is acquired for the same use, and, where the property was used in a business, for the same business as the former property.

This amendment broadens the test by qualifying a property acquired for a similar business. One example of the effect of the change will be to permit the roll-over where land used in one type of farming was sold and the proceeds reinvested in land to be used in a different kind of farming. This change is retroactive to cover property sold after March 31, 1977, the date when this special roll-over was introduced. I think the hon. member will understand that it is consequential to what I have described in respect of earlier clauses where we tried to broaden the interpretation of the roll-over provisions.

Mr. McIsaac: Mr. Chairman, I have a question for the minister for further clarification of clause 8. He mentioned in reply to the hon. member opposite that it relates back to clause 2, and cited the case of farm land. Does this apply only to farm land, the sale of an acreage producing grain, let us say, where the proceeds are reinvested in acreage to be used for raising cattle? Or does it also apply to the sale, let us say, of a retail business, such as a shoe store, where the proceeds of that sale are reinvested in a clothing store or novelty store?

Mr. Chrétien: Yes, it applies not only to farming but to businesses as well. If you sell your business and you reinvest the money in a similar kind of operation, that is permissible. The problem arose earlier in respect of the definition of farming operation. The definition was too narrow, and if a farmer was operating a grain business there were some rulings by the Department of National Revenue that the reinvestment had to be in grain-producing land. We broadened the definition so that if a person sells a grain-producing farm and buys a new farm to raise cattle, or some other farming operation, that is allowed, rather than the narrow interpretation by National Revenue applying.

Mr. Ritchie: I would like to ask the minister whether there is any limit to the size of the operation we are considering in respect of this roll-over, particularly regarding business. How big might the company be that might qualify?

Mr. Chrétien: In the farming area the roll-over provision does not provide for any limit.

Clause agreed to.

On clause 9—

Mr. Chrétien: I presume the opposition will want me to give the technical explanation. This is a relieving technical amendment. It applies where a partnership has received the proceeds of a life insurance policy as a result of the death of the person insured. As the act is now written, a partnership that has received a policy loan will not be able to distribute the proceeds of the life insurance policy received as a result of the death of the insured without giving rise to a tax liability for its partners. The proposed amendment will provide for more equitable treatment by permitting such proceeds to be distributed at little or no tax cost, regardless of the existence of a policy loan.

Mr. Clarke: Mr. Chairman, as this is the first of several clauses that deal with life insurance I was interested in getting that explanation from the minister. I would also like to know what it is that has changed in the definition of the adjusted cost base, and how this relates to the other provisions we are going to consider that deal with life insurance.

Mr. Chrétien: This amendment in clause 9 in respect of life insurance proceeds received by a partnership is just a clarification consequential upon Bill C-11 that was passed by the House in December. It is just a clarification to the act. There is nothing substantial in this amendment.

Clause agreed to.

● (2122)

On clause 10—

Mr. Stevens: Mr. Chairman, perhaps we could have the usual explanation on clause 10.

Mr. Chrétien: Mr. Chairman, this particular amendment—

Mr. Stevens: Mr. Chairman, a point of order. It might save time if the minister could deal with clauses 10, 11 and 12. They all refer to clause 35, and perhaps we could get them dealt with at one time.

Mr. Chrétien: On clause 10, Mr. Chairman, this is a technical amendment consequential on the introduction of the new provision relating to the registered retirement income fund, the so-called RRIF. Paragraph 54(c) defines the disposition of property for the purposes of capital gains provisions of the act. Ordinarily, a transfer of property where there is no change in its beneficial ownership is not considered to be a disposition; for example, a transfer of shares by a person to a trust under which he is the beneficiary. However, an exception to this rule is made where the trust is not taxable, as in the case of RRSPs, IPSPs, EPSPs and RHOSPs. This amendment simply adds the reference to the RRIFs.

Going to clause 11, payment from an RRIF. This is a technical amendment and is consequential on the introduction of a registered retirement income fund as an alternative to life annuities for persons with registered retirement savings plans. Section 56 of the act is a general section that requires pension benefits and similar miscellaneous receipts to be included in income for tax purposes. This amendment requires payments out of a registered retirement income fund to be included in income when received.

Section 60, clause 12, deals with payments to RRSPs and from RRIFs. Section 60 of the act permits certain miscellaneous deductions in computing income. This amendment makes two technical changes which are consequential on the introduction of the registered retirement income fund as an alternative to life annuities for persons who have a registered retirement savings plan.

Mr. Stevens: Mr. Chairman, on this general subject the minister received a letter from an executive of one of our life insurance companies and perhaps I could read into the record certain paragraphs and ask the minister to indicate what his reply was. The communication states:

> The current law provides that the annuitant under an RRSP may purchase a life annuity with guaranteed payments not exceeding 15 years. In other words, for a 71-year-old, payments are guaranteed to age 86 and for life thereafter.
>
> The budget proposals would allow two new options under which funds could be withdrawn in a systematic fashion amortized to age 90. I regret one aspect of these proposals in that they will create a new welfare class of 91-year-old survivors of exhausted RRSP funds, but that is not the main purpose of my letter.
>
> It would appear to me that in order to be consistent with the new options, the existing one should be amended, eliminating the 15 year guarantee maximum and substituting a maximum allowable guaranteed period to age 90. This change would allow a prospective annuitant to properly compare the value of a level payout to age 90 under one of the new proposals to a life annuity with payments guaranteed to age 90. As the proposals now stand, the latter option is not allowed.

Perhaps the minister could indicate the government's position on that.

Mr. Chrétien: Mr. Chairman, it has been extended in the bill, and I will give the hon. member the exact clause in a moment.

Clause agreed to.

Clauses 11 and 12 agreed to.

On clause 13—

Mr. Stevens: Perhaps we could have an explanation of this clause, Mr. Chairman.

Mr. Chrétien: Mr. Chairman, this is a technical amendment. Subsection 69(6) of the act deals with dispositions of natural resource products to the federal and provincial governments, agents thereof and Crown corporations. The taxpayer who makes any such disposition must, under the present wording, include in his income the fair market value of the products so transferred. The change to subsection 69(6) restricts its application to dispositions made by virtue of an obligation imposed by statements or a contractual obligation substituted therefor. In this manner, normal commercial transactions are not interfered with.

In addition, another technical change eliminates "industrial" from the phrase "industrial minerals" used in these subsections. Both of these changes bring these subsections into conformity with the wording in other provisions of the act, in paragraphs 12(1)(o) and 18(1)(m). The changes are applicable after April 10, 1978. This is to conform with the amendment passed in December, 1977, to make the situation consistent.

Clause agreed to.

On clause 14—

Mr. Neil: Mr. Chairman, before supper we had some discussion under clause 1 in connection with the roll-over of the family farm corporation, and in particular with the situation where a farmer did not transfer farm land to the family farm corporation. There are numerous reasons why he may not do so. For example, he may have done some estate planning and, having a large family and wishing to leave some of the land to other members who are not involved in farming, he therefore leases the land to the corporation.

The minister earlier stated that he could transfer to the corporation and then pass on the shares, but, as I say, there may be numerous reasons why he does not want to do so. The minister also suggested that if he did transfer the land to the corporation there would be no capital gains tax.

Over the supper hour I did some checking with a chartered accountant who does considerable family farm corporation work, and he advised me that there is, in fact, capital gains tax payable under certain circumstances. If the person transferring

the land is also a shareholder in the family farm corporation, there is no capital gains tax; but if there are other members of the family who are shareholders in the corporation, then there is a problem with capital gains plus other tax problems.

The matter could be solved fairly simply by bringing in an amendment which would provide a change in the regulation covering the roll-over of farm property. I am reading from the "Farmer's & Fisherman's Income Tax Guide, 1977", and the same regulations are found in the Canada Master Tax Guide:

A farmer can pass land on to his son or daughter or child, which includes grandchild, if the property was, immediately before death, used by the taxpayer, the taxpayer's spouse or any of his or her children.

● (2132)

In the past, in order to get around that provision, where the owner of the land leased it to a corporation accountants sometimes found it necessary to recommend to the farmer that he cancel the lease for a year and allow his son to operate the land or operate the land himself. He has then complied with this provision and is able to transfer the land by *intra vires* gift to a son or daughter.

I think the matter could be solved very simply by adding to that provision the following words:

—used by the taxpayer, the taxpayer's spouse or any of his or her children or by a family farm corporation, the shareholders of which one or more is a member of the particular class.

Would the minister consider bringing in such an amendment? It would solve many of the problems which exist with regard to a transfer, *intra vires*, from the parent to the children, which will now create problems with this new change regarding farm corporations.

Mr. Chrétien: Mr. Chairman, I will certainly look at the hon. member's proposition with sympathy but I think it is quite a complex problem. There could be many members in a corporation and not necessarily all the members are of the same family. I will study the proposition and report back. I am not in a position to agree to it at the moment because in all circumstances there is always a potential for abuse. Even with the best intentions we have to be careful.

Mr. Neil: Mr. Chairman, I do not think that in this particular case there is any room for abuse. I hope the minister will talk to his officials and have them consider the matter overnight or within the next day or two with a view to bringing in an amendment. I cannot see, nor could the accountants I talked to, that there would be any abuse in bringing in such an amendment. It would be of assistance to many farmers in transferring farms to sons and daughters involved in family farm corporations.

Mr. Chrétien: As I said, Mr. Chairman, we are willing to entertain the possibility of change but I do not think it would be advisable to make such a change on the spot. This debate is a good occasion to receive such problems. It will be studied by my officials and if the representations of the hon. member lead to a fair amendment, we have a budget at least once a year, sometimes twice, so it could come back later on.

Mr. Clarke: Mr. Chairman, I should like to ask the minister what caused him to eliminate from the provisions of his budget, and therefore from this clause, the type of corporation that I might find in my riding—the ordinary small business in a city riding—when something of the sort was introduced less than six weeks later by the Minister of State (Small Business). Why were ordinary businesses not considered with farm businesses in this provision?

Mr. Chrétien: At the time of the budget we considered the possibility of incorporating the whole lot but decided to have a policy for small businesses. I did not want to spread it out with part in the budget and part in the package that was to come later. We saved it for the time when we were to make representation, where we could have a broader picture of small businesses. A bill has been tabled in the House and if we can deal with this bill quickly we will get back to the bill on small businesses.

Mr. Clarke: Does the minister's answer mean that the incorporated farms being dealt with here are not considered to be small businesses?

Mr. Chrétien: Mr. Chairman, we considered farming a different type of business. The reason we make the distinction is that the farming community thinks it is completely different from the business community, in a sense, and we have received different representations. Of course, you could argue that some farmers now are really businessmen, but there is still the tradition that a farmer is a farmer and a businessman is a businessman. With the kind of money they make on some of the big farms in the west they do pretty well compared to many of us in parliament.

Mr. McIsaac: Mr. Chairman, I have a brief comment for the minister. First of all, I want to commend him for bringing in this provision in clause 14—

Mr. Stevens: Who suggested it?

Mr. McIsaac: It was suggested by the Saskatchewan Liberal Association, by the Liberal party of Canada, by a number of Liberal members of parliament and by a number of members opposite, if the hon. member wants to know. The suggestion was certainly not confined to any one source.

I want to commend the minister for this and urge him to consider the proposal put forward by my colleague, the hon. member for Moose Jaw. I think we are going quite some distance in making this amendment to include the incorporated farms in order to give relief from the capital gains tax measure. I hope the minister will look at this again overnight and see if it can be broadened.

Mr. Yewchuk: Mr. Chairman, I wanted to ask the minister about a problem which is perhaps indirectly connected to the bill. A farmer retires, sells his farm and then buys an acreage near a city which was formerly raw land, not occupied or used for farming. Then he decides he wants to pass that along to his children. In effect, it is the same as passing on the assets of the

farming operation he sold to the children, but at the moment that is impossible under the law; it has to be construed as a sale at fair market value and is taxed as such. He does not even have the right to set his own price if he wants to sell it to his children at lower than the market value. That is not acceptable to the tax department. Can the minister tell us why there is this Scrooge-like approach to the transfer of raw land, which is not necessarily farming land, within families?

Mr. Chrétien: The act provides for the transfer of a farm within a family. This is not to help people get around the tax law and make a buck out of speculation. What we want to do is preserve the family farm concept. If a farmer sells his farm and rolls the proceeds over in another farming operation, he would qualify for exemption; but if he rolls the money into a completely different business or into a piece of land that he will use eventually for speculative purposes, of course that is not a farming operation. If he rolls over his money into a farming operation, even if it is not exactly the same type—say he goes from grain to grazing cattle or pigs or whatever—as long as it is farming he will qualify for the exemption. If he rolls it over into something completely different he will not qualify.

Mr. Yewchuk: Mr. Chairman, perhaps the minister could explain the philosophy behind what he just said. Why should it be impossible for a parent to transfer property to children prior to death?

Mr. Chrétien: Mr. Chairman, we introduced the concept of capital gains in this country some years ago and eliminated the federal inheritance tax to compensate. It used to be that payments were made at the time of the transfer of money after death; now it is made at the time of the capital gain. Of course, if you have assets and transfer them to the children at death, you are not obliged to pay inheritance tax. But you do pay tax on the capital gain.

Mr. Stevens: Mr. Chairman, judging from the exchange between the minister and various members, including one of his own supporters, there seems to be a possibility that the minister might consider an amendment to clause 14 to give effect to the recommendation of the hon. member from Moose Jaw. I wonder if the clause could stand and we could go on to clause 15 in the circumstances?

Mr. Chrétien: Mr. Chairman, I did not say I was entertaining the idea of an amendment at this stage. The situation is very complex although, of course, the hon. member tells me it is quite easy. We cannot just accept an amendment to the Income Tax Act without some study. I thank the member for raising the possibility of providing me with the information, but I do not think it will be possible in a matter of hours to draft an amendment and analyse all the consequences. I do not think we can operate that way.

● (2142)

Mr. Stevens: Let it stand; we have the rest of the week.

[Mr. Yewchuk.]

Mr. Clarke: Mr. Chairman, I would like to ask the minister if the provisions of this section mean that shares in the family farm can be passed on through three generations without tax. In other words, could the tax be deferred anywhere from 60 to 100 years? Is that the effect of this provision?

Mr. Chrétien: Yes, Mr. Chairman, if the farm remains in the family. A father can transfer his farm under the roll-over provision with no capital gain to his children, who in turn can pass it to the next generation, as long as it is from father to son. It can go on for generations and the capital gain is postponed until the time when the property or farm is transferred outside of the family.

Mr. Clarke: Mr. Chairman, if the farm is to be passed on for three generations, that is from father to son to grandchild to a great grandchild, which might run 100 years, and if the purpose is to preserve the family farm, why is there a limit? I understand the desirability, but if it is good for three generations, why is it not good for ten?

Mr. Chrétien: Mr. Chairman, 20 generations or 50, there is no limit, but I guess that I will not be minister of finance when it comes time to change the act. I just said that there is no limit if it is transferred from father to son.

Clause agreed to.

On clause 15—

Miss Campbell: Mr. Chairman, first of all I would be remiss if I did not ask for an interpretation of clause 15, and at the same time congratulate the minister on his family law reform.

This clause allows the property of the marriage to be split if the provinces pass a law that allows for some type of split, and the federal government would allow this, on the capital gains end of it, to be split 50-50. In other words, it is up to the provinces if they get into this area. For instance, in Nova Scotia we have a bill before the legislature called the married persons property act which, upon marriage breakdown, would split the property 50-50. For the purposes of the Income Tax Act the spouses would then have this property split 50-50 on the capital gain. That 50-50 split would be shared between the spouses for the purposes of future income tax liability of the two parties in respect to any capital gain when the property is disposed of by the taxpayer in the course of the marriage.

I think this is great if the provinces get into this and allow for it on marriage breakdown. But it seems to me the federal government has gone one step further and has allowed income splitting, if the provinces wish to get into it. Section 73(1) (a) provides:

> For the purposes of this Part, where at any time after 1977 any particular capital property of a taxpayer has been transferred to
>
> (a) his spouse,

I go now to the interpretation section, which provides as follows:

> (1.1) For greater certainty, where, by the operation of prescribed provisions of the law of a province . . . a person referred to in subsection (1)
>
> (*a*) acquires or is deemed to have acquired—

I will not read the rest of that provision, but the property would become vested in the individual. In other words, property within the marriage can be split. It is my understanding that the province of Manitoba under former premier Schreyer passed an act which split the property of the marriage. This act was proclaimed but later revoked by Premier Lyon.

Am I right in interpreting this section as applying to capital gains within a marriage, if there was a law within a province on property? Property is under provincial jurisdiction. In other words, all the provinces should be asked, for the benefit of spouses, to pass such an act, if I interpret this correctly.

Mr. Lumley: Mr. Chairman, the hon. member's interpretation is correct. However, there is one aspect of her comments which is not totally correct. She indicates the federal government now agrees to income splitting. This is not the case. This clause basically deals with transfers during life.

It might serve hon. members well if we perhaps mention a few specific technical changes with respect to this clause. Section 73 of the act provides that the tax liability that would otherwise arise on certain *inter vivos* transfers of property is deferred until the time of disposition by the transferee. In general terms, the section currently provides for such roll-over treatment where a taxpayer transfers property to his spouse or to a spouse trust and where farm land, farm buildings or equipment are transferred to a taxpayer's child.

This clause makes the following important relieving amendments to section 73: first, a roll-over is provided for property transferred to a spouse under provincial legislation relating to marital property; second, a roll-over is provided on the transfer of agricultural quota and similar farm property to a child; and third, a new rule is added to provide a roll-over on the transfer to a child of an interest in a family farm partnership or of shares in a family farm corporation.

Miss Campbell: Mr. Chairman, I would like to get this straight. The way I read that, if a province passed an act pertaining to capital gains, or property acquired during a marriage, and they deemed it to be owned 50-50 by both spouses within the marriage, this act would apply and the gain would be split.

Mr. Lumley: Yes, Mr. Chairman.

Mr. Stevens: As this clause deals in a way with the capital gains question, could the minister indicate if the government have given any further thought with respect to capital gains in the Bryce commission context of at least indexing capital gains before they are taxed or, perhaps better still, giving up the taxation of capital gains period?

Mr. Chrétien: We have received the commission report prepared by the late Mr. Dickinson and Mr. Nadeau. We are studying that at this time. Of course, they make some specific recommendations on capital gains. We will study their recommendations but we are not planning to make a change at this time. This bill makes some changes in terms of capital gains for family farms. Of course, in another bill before the House we have made some capital gains changes for small businesses.

Mr. Stevens: Mr. Chairman, the minister has made reference to two places where they have made some concessions with regard to capital gains. Does he not feel it is a confiscation to continue the taxation of capital gains, giving no indexing effect for inflation?

• (2152)

Mr. Chrétien: The answer is no.

Clause agreed to.

The Chairman: Shall clause 16 carry?

Some hon. Members: Carried.

Mr. Stevens: Mr. Chairman, I take it the clause carries on the understanding there is no change in the effect of what is being changed here as far as the French version is concerned.

Clause agreed to.

On clause 17—

Mr. Stevens: Mr. Chairman, this is a rather significant change. Perhaps the minister can elaborate on why they are seeking this change.

Mr. Chrétien: Mr. Chairman, this relieving technical amendment concerns certain special shares of public companies that are entitled to continue to pay tax-deferred dividends after 1978. This amendment simply ensures that, provided the terms and conditions of these special shares remain unchanged, an amalgamation of the original corporation will not upset their continued entitlement to tax-deferred dividend status.

Mr. Stevens: Mr. Chairman, I wonder if the minister can indicate which of the tax motions actually cover the proposal in clause 17.

Mr. Chrétien: Mr. Chairman, perhaps we can stand clause 17 and go to clause 18 while we are trying to find out for the hon. member.

The Chairman: Is it agreed that the committee stand consideration of clause 17 and proceed to clause 18?

Some hon. Members: Agreed.

Clause stood.

On clause 18—

Mr. Stevens: Again, Mr. Chairman, I think the committee should have an explanation from the minister with regard to this change.

Mr. Chrétien: Mr. Chairman, this amendment is designed to block a technique whereby public corporations could arrange their share structures so as to pay tax-deferred cash dividends to their shareholders in the guise of reductions in capital. Any

amount paid to a shareholder of a public corporation on a reduction of its capital after April 10, 1978—the date of the budget—is deemed to be a dividend, unless the amount was paid on the redemption, acquisition or cancellation of the share, on the winding-up of the corporation or in the course of a reorganization of the capital stock of the corporation. This simply ensures that such cash payments to shareholders are taxed as dividends as and when they are received.

Mr. Stevens: Under this clause, Mr. Chairman, can the minister confirm or otherwise whether it will still be possible for such a public corporation to pay out taxes paid on distributed income as long as they do it prior to December 31? If they do pay it out, will that be a tax-free dividend as far as the shareholders of the public corporation are concerned?

Mr. Chrétien: I understand the answer is yes, Mr. Chairman.

Clause agreed to.

Mr. Chrétien: Mr. Chairman, with regard to clause 17, the hon. member for York-Simcoe asked which part of the ways and means motion related to clause 17. It is right at the beginning, that it is "expedient to amend the Income Tax Act and provide, among other things". This is one of the other things. This is only a technical change and, therefore, is not described in the ways and means motion.

Mr. Stevens: In view of that explanation, which I was a little frightened was going to be the explanation, perhaps clause 17 should continue to stand.

The Chairman: It has been stood.

Mr. Chrétien: Mr. Chairman, I do not know why we have to do that. I have given the explanation. However, if it is to accommodate the hon. member, we can do that and move on to clause 19. I hope we will not end up with too many clauses stood.

Mr. Stevens: The minister is not doing too badly so far. We have just stood two. In fairness, we should have a chance to check the legality of what the minister is doing here in view of the fact that he is trying to get this clause through under a kind of grandfather clause in the original tax motion. It would facilitate the activities of this committee if the minister could indicate if he anticipates any amendments with regard to clauses that we have yet to consider in the bill.

Mr. Chrétien: The answer is no, Mr. Chairman.

Mr. Stevens: To be specific, do I take it that clause 30 will not be amended, notwithstanding the various suggestions put to the minister in this House and from other sources?

Mr. Chrétien: I do not intend to propose any amendments, Mr. Chairman.

On clause 19—

[Mr. Chrétien.]

Mr. Stevens: Perhaps we could have an explanation of clause 19.

Mr. Chrétien: Mr. Chairman, these are important technical amendments to the anti-surplus stripping rules. The anti-surplus stripping rules are designed to ensure that taxpayers cannot artificially extract surplus on a tax-free basis.

The purpose of these amendments is to clarify the operation of these anti-avoidance rules as they apply to small groups of unrelated taxpayers who together control a corporation. The existing act is somewhat ambiguous in its application to such situations.

The new rules set out easy-to-follow tests. They basically apply to non-arm's length sales of shares by a taxpayer who is a member of a group of five or fewer unrelated persons who control the corporation, if the purchasing corporation owns more than 10 per cent of the equity shares of the corporation purchased. The general effect of this change is to restrict the rule to those situations where a surplus strip can actually take place. Since the special Part IV tax applies to intercompany dividends received where the recipient owns 10 per cent or less of the equity shares, there is no need to apply the anti-surplus stripping rule to such situations.

Clause agreed to.

The Chairman: It being ten o'clock, it is my duty to rise, report progress and request leave to consider the bill at the next sitting of the House.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

● (2202)

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

TRANSPORT—COAST GUARD BUILDING IN VICTORIA HARBOUR, B.C.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I am taking part in the adjournment debate tonight because of the unsatisfactory nature of the reply given to me on Thursday last to a question concerning the coast guard building in Victoria, B.C. The minister's replies to my questioning were to the effect that, since a building permit had been obtained from the city, he saw no reason to change his decision. He also stressed somewhat the cost of providing a warehouse for the coast guard in Victoria.

Habour development in Victoria is of considerable interest to the city. The history is not common to other jurisdictions. In Victoria there is an Advisory Planning Commission composed

largely of elected officials, councillors, school board presidents and the like who consider zoning questions and make recommendations to the city council. This system alone was found to be unsatisfactory because it took account only of zoning regulations.

As a result, an advisory design panel was put in place to pay attention to the historical interests of Victoria and maintain the beauty of the city. This panel was composed mainly of architects and engineers who meet and pass judgment on the design of buildings submitted to them and decide if they are acceptable or not. In the six years or so during which this panel has been operating it is practically unheard of for any entrepreneur or contractor, including the provincial government, to put up a building which does not meet with the approval of the design panel.

Beautification of the harbour started some ten years ago and I particularly recall in this connection the case of an entrepreneur who wished to build, I think it was, a 25-storey hotel on the harbour shore. This would have been completely out of place and after a good deal of protest by civic officials and others it was decided not to grant a building permit and not to accept the building. The inevitable lawsuit followed, but the city was successful. A similar thing happened in connection with a proposal to put up another building of an equal magnitude. It has been accepted by everyone in Victoria that this is the only way in which to control the quality of the building which goes on.

In British Columbia they have what are known as design permit controlled areas—I do not know whether other provinces have them or not. In these areas the word of the design panel is law. The beauty and harmony of the surroundings is considered more important than the feelings of the entrepreneur concerned.

What happened in the case about which I questioned the minister was this: The federal government purchased some land from the Victoria Machinery depot for between $4 and $6 million and proposed to put up a building on that site. They knocked down some old shipyard buildings which were an eyesore anyway, and cleared the site. Then they built some docks and a shed to house a helicopter—I suppose it could be called a helicopter hangar. This is a concrete construction.

● (2207)

The minister made the case the other day that they had kept within the regulations for that zone, that the building does not exceed the height or the size permitted for the zone, but he was unable to make any progress with the advisory design panel. They have suggested several things to the department, all of them found unacceptable, it appears. The department is pulling its weight and insisting on building this metallic structure.

As was said the other day, the Minister of Transport (Mr. Lang) has a personality which would incite him to pave over Peggy's Cove to take a wrinkle out of the highway. This is what he is doing in Victoria. While the land owned by the Department of Transport does not fall within the design permit control area or the inner harbour, it is right next door to it, and it is in an area which the city and the provincial government are working hard to bring up to a higher standard, which we thought the federal government was doing. When they started working on this project, the Department of Public Works was in charge of it. They retained Willis, Cunliffe, Tait and Co., an engineering consultant firm, and Peterson and Lester architects.

Then there seemed to have been a falling out between the Department of Transport and the Department of Public Works and, as it was expressed, they fired the Department of Public Works and turned over the work to their own coastguard with sole authority to proceed with the project without the architects. We now have the terrible result of a decision to put up a metallic building and to make no changes to the design so that it would blend in with the community. They have been told that a cement building would be more acceptable. In the matter of cost, the firm which sent in a tender for the concrete building quoted a price which was $17,000 lower than the tender for the other building.

I ask the minister to reconsider the decision and to see whether he could reopen the subject.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I share the hon. member's concern for preserving by all possible means the beauty of the City of Victoria, the more so because I had the pleasure of visiting there on two occasions for over two months, and it was the first Canadian city outside the village where I was born which I was visiting; I am therefore as concerned as he is in preserving the beauty of this really outstanding area of our country.

In order to respond more specifically to the hon. member's concern, I should like to convey to him the information I was able to obtain during the day. As the hon. member already knows, for the past few years the department had been considering to move the Victoria coast guard operation from the bridge on Johnson Street to a location which would not interfere with the activities on the bridge. With the support of the City of Victoria, the department has bought the former Victoria Machinery Depot property and made elaborate development plans for some port facilities, a helicopter hangar and landing area, as well as a building to accomodate administrative offices, a supply depot and workshops. The construction of the helicopter hangar and landing area is completed and has been approved by the coast guard. We expect that the supply depot will be available by December 1978, the workshops by April 1979, and the administrative offices by June 1979. The construction program for the base, including the landscape-garden, the landing to the port and the public parking area on the roof-top of the administrative building should hopefully be ready by August 1979.

[*English*]

The department has maintained the city's interest as to location and zoning requirements throughout the development of the site. The department, as a good corporate citizen, has applied to the city and received building permits for the completed hangar and for the first stage of the warehouse, the construction of which has commenced; and although not required, it is our intention to continue to apply for building permits for each stage of the complex. The metal panelling of the warehouse is a baked on enamel which will blend in with the colour and style of the present hangar and future buildings. It is our intention to have a functional yet attractive coast guard base at Victoria, bearing in mind the financial restraints with which we are faced.

● (2212)

AIRPORTS—SAFETY FACILITIES AT CRANBROOK, B.C.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on May 15 I asked the minister if he could confirm the fact that there was evidence, or at the very least allegations, of four separate incidents of aircraft on final approach being greeted at four different runways across Canada with vehicles of one type or another being on the runways. In his reply, the minister indicated that he did not have that information available, he was unable to confirm it, and he implied that he would make inquiries in that regard.

On that basis, on June 8 I asked him if he could now confirm the fact, at least in one case, the case of the Cranbrook airport, that the allegation had been confirmed, and that on or about April 20, within virtually two months of the fatal crash at Cranbrook, indeed there was another incident of a vehicle being on the runway while a Pacific Western 737 commercial jet liner was on final approach. As yet the minister has not confirmed that fact. Indeed I question whether he has bothered to make that inquiry.

When I indicated to the minister in a supplementary question that I felt he was shopping for another accident, and that he should address himself to this problem, he said that I was being unfair. As reported in *Hansard,* he said the following:

> The hon. member is being unfair. He knows full well that the whole question of these communications is presently under investigation both as to the specific incident which occurred and at airports around the country. The inquiry is not related to one airport.

The fact remains that in February there was a fatal crash at Cranbrook which took 43 lives. The only thing unfair about my statement is that it is unfair to expect travellers to Cranbrook, expecting a very, very concerned group of individuals at the airport and an extended effort to control traffic on the runway other than aircraft, to find that simply does not prevail, and that the environment for another fatal accident is present. And a fatal accident could have occurred on April 20, had the weather conditions been similar to those back in February.

The minister indicated that he is concerned about these circumstances across Canada. Also he indicated that he is concerned about air safety. On May 15, he indicated that he was very concerned about having and maintaining the high level of safety we have in Canada. That is simply not the fact and is far removed from the fact.

We have had this other incident in Cranbrook, yet the minister has not had the intestinal fortitude to examine that specific incident in light of the fact that just two months previously there was a fatal crash at that airport. He has not come forward in the House and indicated that he is prepared to look specifically at the obvious problem which is existent at Cranbrook.

The only unfair thing about my question is the fact that the minister seems to care little for the lives of the people flying into Cranbrook and other airports, for that matter, in Canada.

● (2217)

The minister also implied on May 15 and again on June 6 that all is well. Indeed, he said on May 15 that our total air navigational system, including such things as increases to our navigational aids and the like, take up a considerable portion of the federal budget. The navigational aids at Castlegar—and we have been waiting for months, for that which we have been promised for months, namely the replacement of existing navigational aids that have been described to me by one of the Ministry of Transport officials as more appropriately belonging in the Smithsonian Institute—are still there functioning. For how long will they function? There is a very serious problem in respect of getting spare parts for this ancient navigational aid system.

Today I asked the minister about fire safety. He touched upon this in his previous responses to me. The minister is reported in the press as having said that there is some concern. I really think this concern in the press is a concern as expressed in terms of the minister's attitude toward the Cranbrook crash and in terms of the minister's attitude toward air safety in Canada.

For example, the minister is referred to in an article appearing in the Vancouver *Sun* of May 26, which states in part:

> For example, there is the inquest evidence that those—both inside and outside the ministry—who were concerned with handling Pacific Western Airlines Flight 314 on Feb. 11 did not take all care possible.

In light of the repetition about a vehicle being on the runway at Cranbrook, I would ask the minister to please examine specifically the ground-to-ground and ground-to-air control at Cranbrook. This has not been done, and in my view the minister is shirking a very serious responsibility.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, we must have the patience of an angel to listen to such extravagant remarks and hear in the House that the minister is not interested in air safety in Canada.

Mr. Speaker, there are thousands of persons working in air communications, operating radar and not one of them is perfect because we are all human beings. I think that the hon.

member would not dream of having robots operate air communications. Since the accident at Cranbrook on February 11, 1978, it is true that four incidents implying an obstacle left on the runway have been pointed out to Transport Canada. In two of thoses cases, airport vehicles were involved and each time a thorough investigation was performed.

It is certain, Mr. Speaker, that when a question is asked of the minister in the House, he cannot say immediately if an incident has happened or not before an investigation is made. The other two incidents are attributable not to airport vehicles, but to an aircraft which took longer than expected to clear the runway. That type of incident is considered unusual.

The first incident involving a vehicle occurred in Cranbrook, B.C., on April 20, 1978. The aircraft did not have to overshoot the runway since the vehicle was able to move off in time. The investigation revealed that the mistake was made by the radio operator who did not inform the pilot about a possible danger or obstacle on the runway. Appropriate action has been taken so that such incidents will not re-occur.

The second incident involving an airport vehicle occurred in Sault Ste. Marie, Ontario, on March 18, 1978. The situation at this airport is different than in Cranbrook as the airport in Sault Ste. Marie has a fully-equipped control tower. The pilot had been authorized to make an approach and was instructed to call the tower at the last observed point, that is the lighthouse, the last observed point of the approach.

The pilot did not call the tower, but the aircraft was sighted by the controller who asked him to re-apply power because a vehicle was obstructing the runway. The control methods used at this airport are now being reviewed to prevent such an incident from occurring again. Once again, Mr. Speaker, I would like to note that the whole matter of control communications in airports is being studied in Cranbrook and everywhere else in Canada.

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m.

A 10:21 p.m. the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

UNREVISED TRANSCRIPT OF SENTENCING IN TRIAL OF ALEXANDER PETER TREU, MONTREAL, MAY, 1978

CANADA COURT OF SESSIONS OF THE PEACE

PROVINCE OF QUEBEC
DISTRICT OF MONTREAL CITY OF MONTREAL
CASE NO: 27-003926-765
STAGE: SENTENCE
PRESIDING: LUC TRUDEL, JCSP
PARTIES:

THE QUEEN
V
ALEXANDER PETER TREU

COUNSEL: MR. FRANÇOIS HANDFIELD
CROWN COUNSEL AND ATTORNEY
MR. MICHEL CHABOT and MR. PAUL MIQUELON
COUNSEL FOR THE DEFENCE

DATE OF HEARING: May 4, 1978
TAPE NO: 1904057892151177
LEGAL SECRETARY: DIANE ROBIDOUX
LEGAL STENOGRAPHER:
TRANSCRIPTION SUBMITTED ON: MAY 16, 1978

ALEXANDER PETER TREU
SENTENCE
27-003926-765

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SENTENCE 3

[*English*]

BY THE COURT (LUC TRUDEL JCSP)

Mr. Treu, I will—I'm going to render my sentence in French because I'm much more at ease in this language which is my mother tongue and since it is important in my view I would prefer to speak in French, but I understand that you can easily get a transcription of my judgment, and if you insist, we might have somebody to translate it now.

BY THE ACCUSED

I think, My Lord, that won't be necessary!

BY THE COURT

Okay, but I wish, not only I wish but I'm sure that you're going to do it, you should of course read my sentence and have it translated to you. I think so.

[*Translation*]

On April 28, 1978, the Court convicted Mr. Treu on two counts, the first being that on or about March 29, 1974, having in his possession or control documents or information that he obtained or to which he had access as a person employed under a company who held a contract made on behalf of Her Majesty, namely Northern Electric Company Limited. Mr. Treu unlawfully retained said documents or information in his possession or control, when he had no right to do so, committing thereby an indictable offence, contrary to s 4(1)(c) of the Official Secrets Act; and the second count being that after having unlawfully retained the said documents or information, the accused failed to take reasonable care of such documents or conducted himself in such a manner as to endanger the safety of such documents and information, again contrary to s 4(1)(*d*) of the *Official Secrets Act*. I would like to assure the accused as well as counsel that before rendering my judgment, I went over all the evidence—as I am bound to do by law and my oath of office, I went over all the evidence and exhibits and understood—I believe I understood—all the evidence presented as a whole, except of course for certain technical, very technical parts, which were beyond my knowledge—at least the part which required really specialized knowledge which only the accused and other experts possess. I do however feel that from a legal viewpoint—from the point of view of the law and the facts in this case—I fulfilled my oath of office to the best of my capabilities under the circumstances, after having gone over the facts and taken as much time as was required in the circumstances. I am clearly not saying this for personal reasons.

On the contrary, I am saying this to reassure the accused that, as required by my functions and oath of office, I went over all the evidence, and my judgment was based solely on such evidence and on nothing but the evidence presented in this Court at the trial. In addition, since I rendered my judgement, I spent the whole time between handing down the decision and your appearance today trying to think of the sentence to impose, without of course preconceiving the arguments which would be presented in Court and without making a final decision, since I have no right to do so before hearing your counsel and the evidence they might present or before hearing the arguments of the Crown. I was however aware of the facts in the case and of the law, and it was my duty all the same to start to give the question mature thought and to think of a sentence which I could impose after having convicted you. As you see, neither my judgment nor my sentence are last-minute decisions, and I honestly feel that both are based solely on the facts, the evidence, the law and the precedents, after having—and I repeat—after having studied the file and heard the arguments of both your counsel, and this judgment and sentence are clearly rendered with a clear conscience and in accordance with the way in which I see the facts, law and precedents. I would like to say, Mr. Treu, that in my opinion your trial was fair and in keeping with the laws of Canada as they exist. The *Official Secrets Act* is obviously a Canadian law with which we are all bound to comply—myself, counsel, newspapers and journalists included. Moreoever, we are all, as citizens—and judges and people in high positions even more so—we are all bound by the laws of this country and I personally believe that the law is above men, above personalities, above all citizens, whether individual or corporate. I admit that the trial was held under exceptional circumstances, as you well know, but it was nevertheless in accordance with the *Official Secrets Act*. In this respect, Mr. Treu, I would like to quickly review the proceedings in this case for the record. You first appeared before a Judge of the Court of Sessions of the Peace; you were released by this Judge, in accordance with the law, under certain conditions. Your counsel, as was their right and yours too, filed a Petition in Superior Court asking that the conditions imposed by the Judge of the Court of Sessions of the Peace be reviewed. Without going into detail, I believe that, after examining the information and the facts presented, as well as your sworn petition, the Superior Court Judge decided to change some conditions of your release, by obliging you to report to the RCMP once a month instead of twice a month, and other minor changes in the conditions but, essentially, the Superior Court Judge maintained the conditions imposed by the Judge of the Court of Sessions of the Peace. You then appeared before various other judges to remand the case and for other administrative formalities, and then finally the date of the preliminary inquiry was set. The preliminary inquiry was held, and at the beginning of the inquiry, the Crown requested that the trial be held in camera for certain reasons then given. Counsel for the defence, your two lawyers—whom, by the way, I consider competent and honest; I feel they made use of every possible means to defend you—agreed to the closed session. At the

preliminary enquiry, and I won't go over all the evidence, but most of the exhibits, or documents, filed at the trial were also filed at the preliminary inquiry, and among other things, the inventory list was filed at the preliminary inquiry, and I later learned, when presiding at the trial, that there had been some correspondence between your counsel and counsel for the Crown concerning the documents which might eventually be filed, although there was a difference of opinion between the counsel as to the documents as a whole. What I am trying to say is that from the beginning of the trial, the Crown which is obviously representing the Justice Department—the federal Justice Department in this case—and in passing, I must add, since it is part of the case, that an authorization from the Minister of Justice was filed—I have it here—in accordance with s. 12. The text is in English, but in accordance with s. 12 of the *Official Secrets Act*, the Attorney General of Canada, Mr. Basford, has authorized all the proceedings against you in accordance with our laws here in this country. I do not have to tell you—everyone knows—that the Attorney General of Canada holds the highest positions, at least as regards the administration of justice in this country, and no action under the *Official Secrets Act* can be brought against anyone without the approval or consent of the Attorney General.

Counsel for the Crown informed the court of the intentions and reasons for requesting that the trial be held under such exceptional conditions. As I was saying, he represents the highest authorities of the country and the Court, and in view of the seriousness of the offence and the fact that your counsel was acquainted with the record and the documents and that you yourself were acquainted with all the documents filed at the preliminary inquiry, I believe that in the circumstances, the Court having exercised its jurisdiction in a discretionary way, I believe that in the circumstances it was justified—and I am not saying this to in any way defend (since counsel understand our system) any judicial decision at the trial level, except in certain cases, with respect to its discretion—I don't wish to give a course on law here—they can always be appealed, and I believe that this is good. In fact, not only is it good, it is imperative in our system of law and essential if democracy is to work. I say this so that it will be perfectly clear in my mind that my judgment was rendered within the framework of Canadian law—that I have not departed from it, did not intend to depart from it, and will not depart from it in my sentence either. In my opinion, my judgment in your case was rendered in accordance with the evidence presented in Court, and I will not depart from this evidence and the facts in the case—and it was important and it was important to me to establish this position of the Court since, as you know, much publicity has been given to this case, often confused, inaccurate publicity—certain facts concerning this were brought to my attention from various sources—and there were perhaps a few poor interpretations which were haphazardly made, by people who had something to gain from acting in this manner—You yourself, Mr. Treu were, as I said, represented by competent and honest counsel. You have obviously seen from the beginning how the case developed, you have been warned by the Court on some occasions, you know that a closed session had been ordered, you know that at or near the beginning of the trial, your counsel pointed out to the Court that a Toronto newpaper—I don't remember the name of it and it isn't really important—had failed to comply with the closed session ordered by the Court. I warned Mr. Chabot at that time, and this is of course in the reasons, that I regarded this as a very serious matter and that in my own opinion no one is above the law, neither you nor, as I said earlier, the newspapers, nor, in short, anyone at all. You may not be aware of this but there is such a thing as contempt of Court in the presence of the Court and there is also contempt of Court outside the presence of the Court. In the case of contempt of Court in the presence of the Court, the law give me authority to act immediately; in the case of contempt of court outside the presence of the Court, I have no juridiction. All I can do, or all I could do under the circumstances, or all your counsel could do, was obviously to submit the whole matter to the Crown in charge of these proceedings under the *Criminal Code*, and in this case the Crown in right of the province. As for me, I pointed out immediately that your counsel should, if he wished to do so institute proceedings immediately or make a report to the proper person—I don't know whether or not he did so—as for me, I did not wish to take any action at that time and I feel that this was justified because I did not wish to becloud my mind in any way; I wished to remain, as I felt it was my duty to do, as objective as possible in the circumstances, and I did not wish to be in any way disturbed, either intellectually or legally, by anything other than the facts, the evidence, as it was revealed in the Court. So I simply kept it all in mind, therefore, until the end of the trial, but I intend nevertheless to clarify the matter and I think that it was understood by counsel and should, reasonably speaking, have been understood by you, because your counsel did after all advise you throughout the trial and before the proceedings and I think you should, reasonably speaking, have understood that the order for a closed session has to be complied with. The personalities involved are of absolutely no importance in my opinion. As I told you Mr. Treu, it is the law that must be respected; it is the law that is most important in our society and it is the only rempart that society has, that we all have. The last rampart that can really protect us is the law and respect of the Courts. I know that this has been said in much more elaborate and learned ways by a great many writers, scholars and jurists but the

fact remains that in very simple terms it seems to me that everyone understands that in the long run the only protection that every citizen has is the law and respect for the law and for the Courts. Every time that you or I or a corporate citizen or any other citizen, a journalist or a newspaper for example, in short anyone at all, fails in such a flagrant fashion to respect the law and obey the order of the Court I think we all suffer as a result, the society in which we live and for the benefit of which man has fought for centuries in many cases to gain certain judicial safeguards, a measure of independence for the Courts; people have fought for this and I feel that we should give it our wholehearted respect. What I intend to do therefore, though I can't be sure of what the Courts or the Crown will do about it, but now that the trial will soon be finished as far as I am concerned, in another half or three-quarters of an hour, after my sentence is imposed—because it must be stated quite clearly that you are under my jurisdiction until my sentence is imposed and that you have obviously been under my jurisdiction since the beginning of the trial, which was not over as long as the sentence was not imposed—I therefore intend to make a report to the Crown of what I have read in the newspapers and also of the remarks made by Mr. Chabot since that time and the Crown will take whatever action it considers necessary on the matter. It is not up to me to decide whether or not there was contempt of Court and I am not going to say one way or the other. I will make my report on what I found myself by reading the newspapers. I remember that even before Mr. Handfield mentioned it this morning that after the evidence of both sides had been heard, you gave an interview to the *Montreal Star* in which you explained your whole defence right in the middle of the trial, which was not finished - the evidence was finished but the trial as such was not finished, there is the sub judice rule, which must obviously be respected and the Courts must not be influenced by any external factors-whatever. I took no action because I did not want to be influenced and in any event the case was subsequently postponed and a fairly long period of time elapsed so that, in my opinion, I did not take all of this into account. I wanted you to understand, however, that for you, as for me, the best defence was the Court and your rights could best have been exercised within the system, within the Courts, either by means of an action for damages or in the presentation of your defence at this trial or in the Court of Appeal, if it was your intention to appeal my judgement to that Court, or to go even further and to exhaust all the remedies to which you were entitled and for which I have the greatest respect. If you think that you reputation was sullied however, or if you think for any reason that the original information that was sworn was in bad faith, I tell you again because I regard this as a special type of case and your counsel could give you more information, but it is quite clear that every citizen is entitled to bring an action for libel, every citizen is entitled to bring a suit for damages, either before the proceedings or, if the informant was acting in bad faith, from the time when the information was laid the right to sue for libel exists from that moment. No one has the right to do harm to another person. And it is at that point that you have your best protection and from the time the information was laid, from the time the proceedings began, for one reason or another, if you could prove the bad faith of the informant, that informant could be ordered, on the basis of the evidence, to pay damages, and could certainly be sued for libel. You have the right, like any citizen, to exercise your remedies, there is also no doubt that although this was said to be a secret trial, there were nevertheless from the outset, as I told you, statements that were made, the newspapers reported the charges, the newspapers reported what was normal in the circumstances, the newspapers also reported what you were tried on and what you were convicted on. What you were convicted on, which I read to you a while ago, were offences under s 4, and I shall not make any further comment, but it is quite clear that the law is public and that everyone is presumed to be familiar with the law. In s 3 of the said Official Secrets Act, the French heading of which is given at the side as "spying" - in French rather as "espionnage" and in English as "spying", it is under s 3 that the draftsman decided to describe the offence of "espionnage" or "spying" in English, and not under s 4. So if anyone has done harm to your reputation or has given an inaccurate report in good faith or in bad faith, but through ignorance, gross negligence or bad faith, which would be worse, I would beg you to exercise all the remedies you may have. You were charged under s 4 and you were found guilty under s 4 and the Act speaks for itself in this regard. All of which is to say, Mr Treu, that there is no, it was not the journalists who convicted you or who would have acquitted you, it is not the journalists who are going to sentence you otherwise, nor is it the journalists who are going to argue your case on appeal, that is not how the system works, nor is it—your reputation, the best protection, at the risk of repeating myself, your own protection and the exercise of your rights must take place within the legal system, since it is still there, despite the imperfections in the system, that you will obtain the best justice, and it is still there that—you must beware yourself, your reactions, and perhaps your friends in some cases. Your lawyer, Mr. Chabot, emphasized to the Court that you were merely defending yourself, but I have not—I shall not repeat what I have been saying for at least ten, fifteen minutes, because it is quite obvious, as I have told you, that it is not—a Member of Parliament is subject to the law, a Minister is subject to the law, everyone, and one does not defend oneself, one is not allowed to take the law into one's own hands and do whatever one wishes

with it, no one is above the law, whereas these people—it is no answer that because one sees someone kill another person to say "I have the right to kill him". That is not how it works. Or "If anyone does harm to my property I'll do harm to him". I do not need to give you any more examples, but at any rate everyone knows what I mean, I think. One has only to look at what goes on in the world to realize that the more responsibilities a citizen has, the more he must respect and submit to the law. One has only to look at what happened in the United States when the Attorney General was convicted because he had not obeyed the law to understand that it is important in a society. I come now to the actual sentencing. I do not need to tell you, Mr. Treu, that I have been working in criminal law for some time, whether as a judge or in other capacities, and I think that this is the part—it is often said but perhaps judges feel the need to say it more often because they are the ones that impose these sentences—there is no doubt that this is the most difficult part. It is relatively easy, even if it takes a great deal of work, it is relatively easy, because we have specialized legal knowledge, to study a record and analyse the evidence and end up by reaching certain legal conclusions and, after we have done everything, at least in human terms, with our knowledge, we feel we have performed our duty in the manner in which it should be performed. But when we come to the sentencing part, even if it is governed in the same way by the law and the precedent, the fact remains that the judge is a human being; it is exceedingly difficult for a human being to try another human being or to sentence him, if only because of this human part. That is a task that is almost humanly impossible, and I do not know any judges—and he would not be a good judge, moreover, and would not deserve to be on the bench, in my opinion—who derive any pleasure from sentencing one of their fellow men. That is exceedingly difficult. But this part cannot, of course, any more than the judgment, be based on feelings; the judge must rely solely on the law and on the precedent and on the facts, as well as on the criteria the appellate courts give us, and even then I think that the judge has no choice, whether for a very light sentence or for a harsher one the judge is bound by the law, and here again I think that this is the best protection. In your case it is even more difficult because your lawyers are right, you are an exceptional person, you are certainly not, in my opinion, a criminal; you have committed a criminal act but you are not what one would call an individual with a criminal career, far from it, you are a person who has had a most respectable life, who has great intellectual qualities, who as a human being is likeable, at least in my opinion, who has a family, who has children. You are not an individual—this makes it more complicated and makes sentencing more difficult in such cases. In your duties and in the onerous responsibilities you had you committed a criminal act, in my opinion, since I have found you guilty, but you are not, and I have never considered you to be, a criminal because I have never had any evidence of this, and I do not have any more, so in my opinion you are not one. I must try you, I must sentence you, taking into account, as mentioned this morning, the objective nature of crime, the protection of society, the setting of an example, deterrence and, of course, subjective factors as well: who committed this crime, your age, your personality, your family situation, your previous record—in this case there is none—your possible rehabilitation, your attitude at the time of the crime or immediately after the crime, your degree of premeditation and the circumstances surrounding the crime. Like any court I must weigh all these factors, at least I must select certain of these factors, certain criteria, and weigh them in some kind of balance, and this is what results in the sentence. In some case the rehabilitation factor is more important than in others; in other cases it is the protection of society; in other cases we must take into account personality, which has an even greater influence, which tips the scales in certain cases, with respect to the individual himself. Thus one must take into account both the objective and the subjective criteria, and after weighing, putting all this in the two pans of the balance, try to do justice to the accused in accordance with the law and precedents. And it is this part of course which should guide the judge, it is all these factors which should guide the judge in arriving at his sentence. I do not need to repeat myself, from the subjective point of view I have no doubt at all, Mr. Treu, that you are a respectable person in my view—you were, you still are—and I do not think, as I said, that you are a criminal. Your lawyer drew my attention to certain circumstances—that the documents for which I have convicted you were your work tools, your intellectual property, that the company or NATO, in certain cases, or the Nadgeco company—and that it continued to promote you in your work, that you continued to work, in effect.

I studied all the circumstances surrounding the crime in my judgment, so I do not intend to go over them all in detail because the circumstances of the crime were that—I analysed and studied them all and I recall analyzing Exhibit P-10, I remember analyzing everything that retained your, or rather everything that led to your retaining these documents and keeping them for a fairly long time after you stopped working at Northern Electric. To summarize, Mr. Treu, after thinking about this case and weighing the pros and cons it is my opinion that of the sentences I could hand down, the maximum was fourteen years—this fact has been emphasized. For the purpose of the record, I would simply like to repeat the cases I was given: *Lemire and Gosselin*, (1948), 5 FC, 181 and following, 92 CCC, 201; the case of Pierre Tanguay, QC, Court of Appeal, No A-4962; the case

of Pierre Taillon, QC, Court of Appeal, No A-4963; and *R v Wilmott*, (1967), 1 CCC, 171, Court of Appeal of Ontario. In addition there is a case which may help you understand the basis of my decision: *R v Morrissette*, (1970), 1 CCC, (2nd), 307, the principles of which are outlined at page 207 of the second edition of *Canadian Criminal Procedure*, Salhamy. So I clearly could have—the maximum sentence is fourteen years imprisonment. The minimum under the circumstances would be a suspended sentence, to which I could of course attach a probation order and a fine, at least according to the cases that I see here and that are reported in Martin's under s 663. However, I could not impose only a fine on you and it is up to me to choose to exercise my discretion, and select something between these two extremes. So, to summarize everything I have said as far as I am concerned, I am keeping to the principal factor by, as I said a moment ago, weighing your subjective personality and certain other factors such as setting a good example and deterrence, in view of the context in which you obtained the documents in question because essentially, in your case as in the case of any other citizen who would obtain possession of such documents, within the context of the *Official Secrets Act*, with very strict and limiting conditions, in my opinion, deterrence and setting a good example should be given more weight than the subjective factor that I mentioned and that your counsel mentioned. It is quite apparent that we cannot—your lawyer asked the following questions many times: "Setting a good example for whom?" or "Deterrence for whom?". This is a very unusual crime—I definitely do not believe it is one for the average person. But I do not think, although I may be wrong, I for one would respect not only would I respect, but with regard to the basis of the judgment or the sentence, I—you should of course exercise all your legal rights, if you think you should. Thus I think more importance should be attached to deterrence, not so much for Mr. "X", the average person but rather to deter people in the same position as you were in, with your responsibilities in view of the possible consequences of such an act and also in view of the confidence placed in you. Even if I took it for granted that it was a question of your responsibility or rather your intellectual property, in part (moreover I mention this in my judgment as well) the fact remains that this intellectual property or your knowledge as a scientist or engineer or . . . At a certain time you made this knowledge available to the government, within the framework of our security regulations, to perform a contract in which the security regulations were to be observed. In this respect you were in fact fortunate—to have all this knowledge—and this intellectual knowledge, this intellectual property that was made available to the company in the performance of a contract in which Canada had an interest—as I mentioned in my judgment—this intellectual knowledge and property were to be observed and protected by security regulations established by the government, and the government—rightly or wrongly—is the absolute master where these security regulations are concerned. Of course the government receives its mandate from society, at least in the present state of the law, and if the government makes a mistake, well the law should be changed. However, within this very specific context, you had enormous, clear-cut responsibilities, and your intellectual property was to have been used within this very restricted context, and was surrendered to the government for good. Once the contract has been fulfilled—as I interpret it in any event—you were no longer entitled to keep these documents and either they were to be destroyed or you were to obtain permission to keep them. This was not done, and this is why I found you guilty and why from that point on the matter presented a danger to state security, at least as I saw it in the judgment. In *Morrissette*, the following is cited in the second paragraph, or at least on page 207:

[*English*]

"Deterrence is also an important factor. The problem is different if the purpose of a sentence is to deter the offender from repeating the offence, from that if the purpose is to deter others who may be inclined to commit the same offence, in neither case does it necessarily follow that a long sentence is required to achieve the purpose. Deterrence should be considered from an objective view, if the purpose is to deter others who may be inclined to commit the same offence. In such cases, the gravity of the offence, the incidence of the crime in the community, the harm caused by it either to the individual or the community and the public attitude toward it are some of the matters to be considered."

[*Translation*]

So the deterrence factor—crime prevention—should definitely be considered objectively, if the goal is to prevent others from committing the same crime, others who could be inclined or have a tendency to commit the same crime in the same circumstances. In other words, the objective seriousness of the crime, the incidence of the crime in the community, the harm caused by it either to the individual or to the community and the public attitude toward it should be matters that could be considered. Of course, if the concept of deterrence is applied to the person who commits the crime, if the idea is to prevent him from committing the same crime again, we should pay more attention to the subjective factors, because if for example an individual had a tendency to commit robbery to prevent him from committing more robberies, we could in that case consider the subjective factor. In addition, if he does not tend to repeat his crime, we should consider his age and the subjective

factor would be more important than the objective factor. But where it is not a question of preventing another individual, or rather the accused, from committing the same crime, but rather of preventing other individuals in the same circumstances from being tempted to commit the same crime, in that case the objective factors must be considered. And I think that in your case in any event—I do not have the whole case in front of me, I have only a summary—but as I interpret it, and in any case, I feel that I must give more weight to the objective factor than to all the subjective criteria. In other words I must consider the deterence factor and that of setting a good example so that anyone in the same situation who would be required to have access to such important military documents, according to the evidence presented before me—this factor must take precedence over all the other factors, and I am referring solely to the evidence. And evidence was presented before me that these were extremely important documents at least according to the expert evidence I heard.

Consequently, Mr. Treu, I must sentence you to a prison term, and I am sentencing you to two years' imprisonment on the first count and to one year's imprisonment on the second count, concurrently. That is all.

THE COURT IS ADJOURNED

I, the undersigned, a legal secretary, certify on my oath of office that the preceding pages are a transcription of the words recorded mechanically on tape No. 1904057802151177.

(sgd) Diane Robidoux
Legal Secretary

HOUSE OF COMMONS

Tuesday, June 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

ADMINISTRATION OF JUSTICE

TRIAL OF ALEXANDER PETER TREU—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43, the circumstances of which speak for themselves. I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House require that the Minister of Justice appear before a parliamentary committee of this House and show cause why he, as Attorney General, authorized and directed the laying of technical charges against Dr. Alexander Peter Treu, in connection with the protection of documents under the Official Secrets Act, when the government was aware, at the same time, that Dr. Treu was still receiving classified documents and contracts dealing with defence matters from NATO;

and that the Minister of Supply and Services should also appear and show cause for the basis on which his Director of Security, Mr. S. M. Jenkyns, the Canadian security liaison with NATO, is alleged to have cancelled Dr. Treu's security clearance and to have been involved in instigating the investigation leading to the trial and conviction of Dr. Treu, when he, Mr. Jenkyns, was either present or knew that Dr. Treu participated in confidential meetings and continued to receive NATO contracts and documents.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The introduction of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

UNEMPLOYMENT IN NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity.

According to figures released today by Statistics Canada, employment in Newfoundland has been reduced by 5,000 jobs in twelve months. This, coupled with the fact that today's unemployment rate for the province is a scandalous 17.9 per cent, seasonally adjusted, a substantial rise over previous months, and in real terms the unemployment rate for the province is closer to 30 per cent; and, further, what is even more disturbing is the fact that the government seems to have conditioned itself and the rest of the country to the situation, with its potential for human suffering, with the consent of the House I would move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House views with alarm the serious unemployment situation in the province of Newfoundland, and directs the Minister of Regional Economic Expansion, the Minister of Employment and Immigration, and the Minister of Fisheries, to comprise a special committee of cabinet to enter immediately into talks with the government of Newfoundland, with a view to putting into place a special job creation program centred around the substantial natural resources of the province.

Mr. Speaker: The presentation of such a motion for debate can be done only with unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

THE CANADIAN ECONOMY

CALL FOR DIRECT JOB CREATION PROGRAM—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. Considering that unemployment remains at 8.6 per cent for the third month in a row, clearly demonstrating that there has been no improvement in the Canadian economy, and considering that the real unemployment rate for young people in Canada has jumped alarmingly to 19.4 per cent, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the Minister of Finance to announce a major new direct job creation program comparable in scale to that which has worked so well in the United States, and that he work out the administrative details of such a program at next month's meeting with provincial ministers of finance.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

EXTERNAL AFFAIRS

CONDEMNATION OF VIOLATION OF HUMAN RIGHTS BY PARAGUAY AND URUGUAY—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Today the newspaper *Le Devoir* refers to two reports of the Inter-American Commission on Human Rights about cases involving serious violations of human rights in Paraguay and Uruguay. The report mentions "sexual tortures on political prisoners." As for Paraguay, the report points out that:

During the siege, several individuals died in mysterious circumstances. Hundreds of people of all political leanings have been arrested without any charge being laid against them nor any judgment delivered. The Catholic Church and other religious organizations have been persecuted, etc.

As a result of those serious violations of human rights, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House severely blame the Paraguay and Uruguay authorities for serious violations of human rights as quoted in the ICHR report and ask that those two states allow the ICHR to investigate on the spot.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CANADIAN WHEAT BOARD

TRIPARTITE MEETING ON GRAIN SHIPMENTS—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, under the provisions of Standing Order 43 I would like to move a motion of urgent and pressing necessity. There is a massive backlog of grain shipments that has developed this spring whereby Canada is at least 1.2 million tons behind schedule, an amount that represents one full month of grain delivery to our ports. Since the demurrage charges paid by the western farmer are mounting daily and are projected to total $30 million by July 31, the end of the current crop year, I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That the Prime Minister chair a meeting with top officials of the Canadian Wheat Board, and senior management of the railways, and port authorities, in order to try to resolve the disaster threatening western grain shipments. This emergency meeting should be held as soon as humanly possible.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

YOUTH EMPLOYMENT STRATEGY—MOTION UNDER S.O. 43

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity which affects almost 500,000 young Canadians. During the past five years the Liberal federal government has allowed the youth unemployment problem to get totally out of control. The government has blamed the problem on world economic problems, the baby boom, the increase in the participation rate—

Mr. Speaker: Order, please.

Mr. Dick: Therefore, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That the government develop and table in this House an all-inclusive youth employment strategy so that it can be discussed by all members in this House and so that a concerted effort can be mounted by this House to deal with youth unemployment, rather than the current stop-gap, band-aid programs offered by this government.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT PROGRAMS TO CREATE JOBS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, with today's tragic unemployment figures showing that our unemployment has jumped 119,000 in the year, 14,000 in the last month, and with 27 per cent of our youth who do not plan to go back to school on the jobless list at the present time, would the Minister of Finance indicate to the House what has gone wrong with his tax credits that he told us would give stimulus to the economy in January and February? What has gone wrong with his employment credit program to create jobs in this country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I would like to point out to the hon. member that he forgot to mention that there were 300,000 more people working this May than there were last May. Of course the increase in the participation rate is still a difficult problem to cope with. I

would just remind hon. members that in the last year we have created a lot more jobs, and that the measures which we put forward in the budget of April 10 will take some time to find their way into the Canadian economy. The performance of our economy is just as good as any other country's in the western world with the exception of Japan.

● (1417)

Mr. Stevens: Surely the minister must agree that the greatest challenge we have in this country is that of getting people back to work. The minister says our record is good. Would he tell the House if, as we have suggested repeatedly, he has done a study to determine how the United States has been able to keep its unemployment level down to 6.1 per cent compared to our 8.6 per cent, bearing in mind that if we had the same rate in this country a quarter of a million people would be working today who are not presently working due to the policies of this government?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the increase in the labour force in Canada is double that of the United States, and we have created 300,000 new jobs since last year. I think that is a commendable performance, although there is still room for improvement. The growth of the labour force far exceeds that of other countries and with our expansionist policies we continue to encourage growth in Canada. That is why hon. members sometimes complain of the current level of budgetary deficit of the government, but that policy is aimed at stimulating the Canadian economy.

[*English*]

Mr. Stevens: I have a final supplementary question, Mr. Speaker. Apparently the Minister of Finance cannot see the strained situation in this country, of high deficits and high unemployment at the same time. If the minister has not done a study generally with respect to how the United States brought its unemployment levels down, has he at least done what we have suggested also, and that is make a study of the New England states to see how they have been able to get their unemployment levels down to almost half our level, bearing in mind that Newfoundland now has unemployment of over 17 per cent, that there is 13 per cent unemployment throughout the Atlantic provinces, and 11.5 per cent in Quebec?

Mr. Chrétien: Mr. Speaker, I know there is a special problem in the east. It is a traditional problem. The Department of Manpower and Immigration has some job creation programs that are directed to the level of unemployment in those parts of the nation. We are following some very aggressive policies on fisheries development which I think will find some long term benefits for that part of Canada.

Oral Questions

MANPOWER

DISCONTINUANCE OF JOB EXPERIENCE TRAINING PROGRAM

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to address my question to the Minister of Employment and Immigration. As of May 31 all funding ceased to the one program offered by the federal government which was helping to provide useful permanent jobs, that program being the year-round JET program. When the minister replied to a question I put on March 14 this year he stated:

> . . . I am particulary impressed with the job experience training program which has resulted in an increase from 1,000 to 14,000 young people participating. It is a good program.

Did the minister know the program would be discontinued eleven weeks after he made that statement?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is nice to see the conversion of the hon. member. I indicated to him what an excellent program it was, and he poured nothing but scorn on it. When we decided to change the emphasis of that program and move it into the tax credit program, all of a sudden it is a wonderful, brilliant program. It was that before. It was while it was being implemented, and it is a program of which we can be proud. It took the lead for things like the employment tax program. The hon. member had better make up his mind if he wants us to implement this program, which he says is a good one, and give it emphasis so that instead of creating 10,000 jobs we might be able to use it to create 50,000 jobs.

Mr. Dick: Mr. Speaker, I regret that the hon. minister is misleading the House. I never objected to JET on one occasion. I should like to put a supplementary question. In view of the fact that unemployment for young people remains at 15.1 per cent, and for those not returning to school it is up to 27 per cent of people in the age group of 20 to 24, why does the minister terminate a program which was directed toward youth and which was administratively workable, and replace it with a program which is not directed toward youth and which will force the private sector employers into more bureaucratic red tape? Does he feel this is an effective way of helping youth unemployment?

Mr. Cullen: Mr. Speaker, I think the hon. member should not lose sight of the fact that we have poured $96.2 million into job creation programs for youth. In addition to that there is the Adult Occupational Training Act under which we have agreements with the various provinces and there is about a 4 per cent youth component in that program. There is the Federal Labour Intensive Program and the Young Canada Works Program. I think the hon. member misses the boat. He sees the glass of water which is 95 per cent full as being 5 per cent empty.

Mr. Dick: A final supplementary question, Mr. Speaker. Statistics indicate that the number of male students between ages 20 and 24 not returning to school this year and unemployed at the present time is 27.9 per cent, and for women it is almost 30 per cent. Has the government taken any steps, or

does it intend to take any steps, to try to help those people in the 20 to 24 year age grouping, who are not going back to school, to find meaningful jobs?

• (1422)

Mr. Cullen: Yes, Mr. Speaker, but we did not wait for this month's or last month's statistics. We saw this as a particular problem with youth and we appointed a national youth advisory group. They have been given a briefing on the various and myriad programs that we have in place. Incidentally, Senator Hubert Humphrey indicated that if the United States followed our lead in dealing with youth unemployment, they would be well ahead of the game.

Mr. Gillies: Did he do that recently?

Some hon. Members: Oh, oh!

An hon. Member: Was that in his presidential campaign?

Mr. Cullen: Mr. Speaker, if I needed any indication that our programs are good and are having their effect, that indication is evidenced by the nervousness displayed by the opposition who do not want to listen to answers.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

INSTITUTION OF DIRECT JOB CREATION PROGRAM

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I say to the minister that government programs are 5 per cent water and 95 per cent hot air, right off the top—

Some hon. Members: Hear, hear!

Mr. Broadbent: The Minister of Finance, for whom I have a question, just a minute ago misinformed the House, I hope inadvertently. He said that we have done as well, dealing with unemployment, as anyone else. The minister should know that unemployment in the United States during the past year has improved. In their March figures they had one million fewer unemployed, precisely at the time we reached one million unemployed in Canada.

Considering the success in the United States of direct job creation programs which have resulted in bringing their unemployment down steadily during the last year and a half, would the Minister of Finance now commit the government to such a program here and discuss the details of implementation with the finance ministers of the provinces with whom he is meeting next month?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not speak about the unemployment situation. The economic performance forecast for Canada in 1978 will be as good as anywhere else for jobs in terms of growth. However, within that performance we have the very difficult problem of growth in the labour force and the level of unemployment. We are preoccupied with that. I intend to review our economic policies in conjunction with the provincial ministers of finance in Winnipeg on July 7 to try to find a co-ordinated approach in order to solve this problem. But as I said earlier the fact that the Canadian labour force has grown at a pace of 3.5 per cent a year for the last seven years has created some very difficult problems for the Canadian economy which has to absorb that many new people coming into the labour force. We are doing our best to cope with it.

Mr. Broadbent: Mr. Speaker, the message is clear. The economy is fine; the problem is there are just no jobs. The minister should tell that to the unemployed in this country.

Considering the Secretary of Labour in the United States has said that for every dollar spent on direct job creation, in addition to other economic benefits, 40 cents are saved in welfare and unemployment costs; considering that reality, that we will save on handouts by direct job creation programs, why is it that the minister will not commit the government now to increase its allocation for direct job creation programs that have worked so effectively in the United States?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Department of Employment and Immigration has established in this regard a very well known policy for direct job creation. However, the federal budget is limited when it comes to finding employment for all people who are now looking for a job. I just explained that manpower growth is very strong in Canada, but that the creation of new jobs from May to May has also been very significant. Between May, 1977, and May, 1978, 300,000 new jobs were created, and since 1971 the Canadian economy has succeeded in raising the number of its workers from eight million to more than ten million, which is probably a better performance than that of any other developed country in the world.

• (1427)

[*English*]

Mr. Broadbent: Mr. Speaker, once again the minister misleads the House. Considering that the United States Congress has just decided to allocate $11.5 billion for direct job creation, which is 20 times the equivalent amount allocated for direct job creation by this government, and considering that in addition to providing jobs it is going to increase production of goods and services in that country and reduce welfare costs, why can the Government of Canada not do at least as well for our people as the American government is doing for its people?

Mr. Chrétien: Mr. Speaker, I think that the policies on manpower and immigration and all those types of programs are as good in Canada as they are in the United States.

[*Translation*]

OFFICIAL LANGUAGES

REPRESENTATIONS TO PREMIER OF ONTARIO RESPECTING JUSTICE TO FRENCH-SPEAKING RESIDENTS

Mr. Eudore Allard (Rimouski): Mr. Speaker, I have a question for the Prime Minister.

Since the Ontario premier would not allow the French language rights bill to be passed, although it had the almost unanimous support of the Ontario legislature, and considering the negative impact that this action will have on Canadian unity and the respect of the fundamental rights of French Canadians, could the Prime Minister tell us whether he intends to make representations to the Ontario premier so that he will at last do justice to the French Canadians in his province?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have already stated my views on this matter. Several ministers, including Ontario ministers, have expressed their disappointment following the Ontario premier's decision. Furthermore, I must remind the hon. member that several members of this House, including the hon. member for Ottawa-Vanier (Mr. Gauthier), have moved motions along those lines. The hon. member is aware, I am sure, that our policy on this matter is quite clear. We disapprove of the Ontario policy.

* * *

THE CANADIAN CONSTITUTION

FEDERAL-PROVINCIAL DISCUSSIONS ON RIGHTS OF FRENCH-SPEAKING MINORITIES

Mr. Eudore Allard (Rimouski): Mr. Speaker, could the right hon. Prime Minister tell the House whether, in connection with his constitutional proposals, he intends to have discussions with the provinces with a view to their guaranteeing respect for the fundamental rights of French-speaking minorities, thus avoiding repetition of unilateral decisions such as that of the Ontario premier?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member will see in the bill we plan to introduce in the House before the end of the month specific proposals to that effect. I must say to the House that, when hon. members read that bill they will see that the federal government plans to proceed above all with the approval of the provinces rather than forcing them to follow a specific avenue. The remark of the hon. member with regard to Ontario could apply *mutatis mutandis* to the Quebec bill 101.

FINANCE

GOVERNMENT PROGRAMS TO CURB UNEMPLOYMENT IN QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, I should like to put a question to the Minister with regard to a problem which affects the province of Quebec more specifically.

According to a recent study, it has been proved that from August 1977 to April 1978, the rate of unemployment which, among men of 35 to 44 years of age was 3.9 per cent and among those of 45 to 54, was 3.8 per cent, rose to 9.2 per cent or 9.3 per cent which represents an increase of 116 per cent to 128 per cent. As the Minister of Finance is supposed to meet his provincial counterparts in the near future, would he be willing to assure us that he will put on his agenda proposals to help that category of people?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, at that meeting, we will have a look at all economic policies throughout the land, and in each one of the provinces. Naturally, I, too, am sorry to see that since November 1976 the Quebec economy has been ailing increasingly.

Mr. La Salle: Mr. Speaker, I have a supplementary question for the Minister of Finance.

It is a fact that according to this study, this phenomenon would be attributable to the structural weakness of the manufacturing sector, emphasizing that 55,000 jobs have been lost in Quebec over the past three years. I am sure the minister will understand that all this happened before the election of the current government. Under these circumstances, would the Minister of Finance agree to make concrete proposals to his provincial counterparts concerning especially the manufacturing sector?

Mr. Chrétien: Mr. Speaker, we have made considerable efforts trying to help Quebec's economy. Let us take for instance the case of quotas for footwear and clothing. We had taken this action long before the Quebec government decided to intervene.

Also, Mr. Speaker, we have made very extensive efforts in the case of Canadair, a corporation which was about to close, where we increased the number of jobs from 1,200 to 4,800. I should like to indicate that in connection with this project, the Quebec government had refused to co-operate with the federal government's efforts to improve the situation.

Mr. La Salle: Mr. Speaker, I notice that this study also reveals that 55,000 jobs were lost, more particularly in the textile, furniture and footwear industries. Can the Minister of Finance explain why his government waited so long before imposing controls on the import of those products?

Mr. Chrétien: Mr. Speaker, I think we acted at the beginning of November, 1976, before the change of govern-

ment in the province of Quebec, in order to protect or help those industries. But the hon. member should also understand that we have to consider the interests of consumers in the other parts of Canada and that in any circumstance the federal government, through its assistance programs under the Department of Regional Economic Expansion, does its utmost to stimulate the economy of Quebec. However, the climate is not very good in Quebec at the present time. Let us take, for example, the fact that more than 40,000 or 50,000 people allegedly left Quebec because the climate which persists now is certainly not likely to stimulate the economy of the province.

* * *

● (1432)

[*English*]

LABOUR CONDITIONS

CABINET COMMITTEE TO EXAMINE REGIONAL UNEMPLOYMENT

Mr. James A. McGrath (St. John's East): If the government would treat this problem with the seriousness it deserves perhaps we might get a new sense of direction from the government in dealing with this situation.

I would like to direct my question to the Prime Minister. I realize we have a national rate of unemployment of 8.6 per cent—it has been at that level for three consecutive months. I realize that the rate exceeds 11 per cent in Quebec. Coming as I do from a province where the unemployment rate is now 17.9 per cent seasonally adjusted, I ask the Prime Minister how unemployment can be so high in a province which is endowed with resources, developed and undeveloped, has over half of the iron ore exports from this country, timber resources, and 67 per cent of the economic zone? I ask the Prime Minister how it is that—

Some hon. Members: Order, order!

Mr. Speaker: Order, please. Surely the hon. member's question is highly argumentative. Perhaps the hon. member would phrase a proper question.

Mr. McGrath: I am sorry, Mr. Speaker. I am so concerned with the situation that I did not see or hear Your Honour.

Some hon. Members: Oh, oh!

Mr. McGrath: I assure hon. members opposite that to the unemployed people of Canada this is no laughing matter. I wish to ask the Prime Minister if the government is prepared, as it was ten years ago, to recognize the problem; it then promised a Marshall Aid type program, though no such program was implemented apart from the disastrous DREE program. Will the government admit to the seriousness of the situation in certain of the regions of this country not the least of which is the province of Newfoundland? The Minister of Communications laughs smugly. I would like to ask the Prime Minister whether the government is prepared to establish a cabinet committee to examine the causes of ongoing unemployment in the Atlantic provinces, in Newfoundland, and Quebec, to see if they can come up with some solution to address to this urgent situation.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member suggests some solutions. Those that have been brought forward and are working he discounts as being nothing. For instance, the DREE program which is very much supported by the present government of Newfoundland as it was by the previous government in that province, is something the hon. member dismisses as having no value at all. If the hon. member has some proposals to make perhaps he should communicate them to the government or to the premier of Newfoundland.

As far as my government is concerned, we have been meeting repeatedly with the Newfoundland premier and his officials. I met with them not many weeks ago. I accepted the request to have the Economic Council of Canada launch a special inquiry into the problem of high unemployment in Newfoundland, and the premier and the government of that province, as well as the Government of Canada, are working as actively as they can to reduce the historically high rate of unemployment in that province.

The Minister of Fisheries and other ministers have taken steps in the past several months which will have a great impact on the future of the fishing industry in Newfoundland. All these steps which have been taken are dismissed by the hon. member opposite who prefers to indulge in histrionics.

Mr. McGrath: I suggest to the Prime Minister that the three ministers who have a special responsibility should form a cabinet committee and go to Newfoundland to discuss job creation based on natural resources.

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FISHERIES

SHRIMP FISHING LICENCES FOR NEWFOUNDLAND FISHERMEN

Mr. James A. McGrath (St. John's East): I now ask the Minister of Fisheries whether he can explain to the House why he arbitrarily, and with an arrogance which I regret, decided not to award to Newfoundland all of the shrimp licences to the new fishing grounds discovered off the north coast of that province in an area of high unemployment—licences which would mean immediate jobs for Newfoundland. Why did he take some of these licences and award them to other parts of the country where they did not belong? Why did he take that decision himself without consultation with the government of Newfoundland, knowing what it would mean in terms of jobs?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I am amazed at the hon. member's ignorance of the geography.

Some hon. Members: Oh, oh!

Mr. LeBlanc (Westmorland-Kent): The fact is that Newfoundland and Labrador did benefit—they got five out of the 11 licences allocated, and it was made clear at that time that if further licences were to be issued priority would be given to areas contiguous to where the fishery is taking place—we took a very cautious approach to this new stock of fish which had been discovered. The hon. member should know that if we start to balkanize the fisheries strictly on provincial grounds it would mean the end of the east coast fishery.

Some hon. Members: Hear, hear!

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SOCIAL SECURITY

PROGRESS OF MANITOBA EXPERIMENT WITH GUARANTEED ANNUAL INCOME

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of National Health and Welfare. In view of the need to continue improving the efficiency and economy of Canada's social security program, does the minister have any further progress to report on the special Manitoba study on a guaranteed annual income and how it might influence the national plan? Can the House be assured that the government will not proceed with such a plan until all studies have been completed and thoroughly considered?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I do not have at hand the date by which we expect to receive the reports on the Manitoba "Mincome" experiments. I will try to have that information available tomorrow. Of course, we will be studying the results of the various experimental projects under the program. There are already reports published and available which I am willing to send to any member who is interested in receiving them. All forms of the income supplementation programs did maintain positive incentives for working Canadians in Manitoba.

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STATUS OF WOMEN

RECOMMENDATIONS TO IMPROVE EMPLOYMENT PROSPECTS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the minister responsible for the status of women. Prior to 1968, the year the Prime Minister took office, the unemployment rate for women was traditionally lower for women than for men. Since that year women have consistently suffered more than their share of the country's unemployment. Two years ago the female jobless rate stood at 8.2 per cent. Last year it was 9.1 per cent and, today, it stands at 9.9 per cent. This represents an increase of almost 100,000 in two years—from 33 per cent—and is clearly a situation which is intolerable. I wonder if the minister has advocated specific recommendations or proposals either to his cabinet colleagues or to the provincial governments, or the private sector, in order to try to turn this very serious situation around.

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): One point which the hon. member forgot to stress in his question is the fact that over the last few years, including the last two years, there has been a tremendous increase in the participation rate of women in the work force. This is a development which we very much welcome.

We realize that many more women want to return to or join the work force. That is a welcome development as far as the composition of Canadian society is concerned. It is not, therefore, very surprising as more and more women join the work force that the percentage of unemployed should increase because of general economic conditions. The solution in this respect, because we do believe in equality of opportunity for everybody, is not specific programs which will be oriented vis-à-vis one particular sex or another but, as the Minister of Finance has been doing consistently over the last few years, to try to have general programs which will direct the Canadian economy in the right course and improve the general prosperity of Canada. If that takes place, I am not worried. Women will take care of themselves very well indeed in the work force.

● (1442)

DISPARITY IN JOB OPPORTUNITIES FOR WOMEN

Mr. David MacDonald (Egmont): Mr. Speaker, since it is obvious that the minister responsible for the status of women has made no recommendations and seems to express no concern, except to acknowledge a social phenomenon which has existed much longer than the last ten years, I would like to direct a supplementary question to the Minister of Employment and Immigration.

There has been a widening gap regarding the participation of women in the work force. This was referred to by the minister responsible for the status of women. The gap has been widening very seriously over the last year or year and a half, particularly for young women students, who represent 30 per cent of those who are unable to find work at the present time. Given the comments from time to time about problems finding employment through Manpower offices, can the minister indicate whether he is completely satisfied that Canada employment centres in no way discriminate against female applicants, and has he issued any recent or special directives to his local officials to counter the growing disparity in job opportunities for women, particularly young women?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, thanks to the initiative of my colleague, the Minister of State for Federal-Provincial Relations, who has special responsibility for the status of women, we have embarked upon a series of studies in this area to see how we might better accommodate the growing number of women who wish to participate in the work force. Thanks to the initiatives shown by my colleague, this is highlighted not only for the government but for all Canadians.

There has to be an attitudinal change in business about hiring. There is a mental block from time to time that only males can do particular jobs. The board of directors of a

particular bank is a good example. That attitudinal change has to take place. Certainly from my own departmental standpoint we are working on a series of programs to see what we can do to help women who want to join the work force, and to help women who are returning to it in ever greater numbers.

Frankly, I do not feel it is necessary that there should be any concern about discrimination as far as Manpower offices and Canada employment centres are concerned. What we are endeavouring to tell our Manpower officials is that they should be going out more and more into the business community and telling the business community to keep in mind that a large percentage of the work force is in fact female, that job openings should be for both sexes, and that there is no discrimination at Manpower offices.

Mr. MacDonald (Egmont): Mr. Speaker—

Mr. Speaker: Order, please. The right hon. member for Prince Albert.

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ADMINISTRATION OF JUSTICE

TRIAL OF ALEXANDER PETER TREU

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Prime Minister. It has to do with the Peter Treu case. Anyone reading the report this morning by George Bain in the *Gazette* must conclude that justice was not done and that the accused was denied the rights to which every accused should be entitled.

This matter has been before the House in recent weeks, once through the initiative of the hon. member for Peace River. The article in today's *Gazette* outlines the responsibility of the government to act. As one reads over what this reputable writer has to say, one can only be reminded of the Dreyfus case. Justice must be done, and it must appear to be done. Anyone reading this report could conclude neither. I point out to the Prime Minister, on whose shoulders the responsibility must rest, having regard to the revelations, particularly in today's press, that if ever there was a case in which a new trial should be ordered by the Government of Canada, it is this Treu case. I ask him to look into it because the way this trial was conducted was nothing short of scandalous.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the right hon. gentleman refers to an article in this morning's *Gazette* which I have not seen, and therefore I cannot base my reply on that. The right hon. gentleman also refers to the evidence in this case. As far as I know that evidence is secret, and I do not see how the right hon. gentleman could have access to it any more than I could. The judgment itself is secret, but as the right hon. gentleman knows, the Minister of Justice has made an application—which, I understand, will be heard Friday—for the publication of that judgment. It is his belief and our hope that after having read the judgment perhaps a little more light will be shone on this case.

We have the assurance that the secret trial was made secret at the demand not only of the Crown but also with the acceptance of the defence—

Some hon. Members: Wrong.

Mr. Trudeau: —and that therefore both parties agreed to this procedure.

We also know that the case is being appealed, and the right hon. gentleman knows that, if justice is to be done, the usual way for litigants to obtain justice is to appeal to a higher court and not to jump from the judicial system to the legislative or parliamentary system, as the right hon. gentleman is suggesting.

Mr. Diefenbaker: Mr. Speaker, that is interesting, but it is the right of the Government of Canada to grant a new trial when every vestige of reasonable conduct is set aside during a trial. Except for the sentencing, which took place in open court, all of the trial was conducted in secret. Even the judgment is not available to be seen. Witnesses were sworn to secrecy and were not allowed to hear other witnesses.

One witness, a United States air force officer, has been bound to an undertaking not to talk about the Treu case since 1975. There is no justice in that kind of conduct, and I appeal to the Prime Minister to ensure that justice is in fact done by ordering a new trial. Appeal courts will not be able to determine that any of these things were of such a nature as to deny a fair trial.

Anyone outside the legal circumference can come to no other conclusion than that what was done in this case was a disgraceful travesty of justice.

Mr. Trudeau: Mr. Speaker, the right hon. gentleman is suggesting that the federal government interfere with the judicial process. If we were to do that, he would be the first to cry indignantly that that should not be done.

A case begins before a magistrate in a province. Magistrates are not even appointed by the federal government. This case comes under a law which is a law of this parliament but which has not been changed since the right hon. gentleman was Prime Minister, so the issue is not a matter of taking issue with the law which the right hon. gentleman himself knew about when he was Prime Minister. He is taking issue with a process before a court which is not under our jurisdiction, and between parties who did not ask our advice on how to proceed but who accepted a procedure and who have now gone to appeal.

The right hon. gentleman is suggesting that the government of the day intervene in this process, say we do not trust courts of appeal, and tell them what to do. That is absolute nonsense.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I was in the courts before many hon. gentlemen opposite ever knew they existed. I simply point out that the supreme court of all is the Parliament of Canada, and where there is grave injustice—

Some hon. Members: Hear, hear!

Mr. Trudeau: Mr. Speaker, the right hon. gentleman is trotting out that old cliche—

An hon. Member: Oh, a cliche.

Mr. Trudeau: —that parliament is the supreme court of the land. There is a division of powers in this country. The government and parliament make laws. It is up to the courts to administer them and apply them. The right hon. gentleman would be the first to object if, on the basis of some newspaper article, we were to intervene in the judicial process. Absolute bunk!

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order. The hon. member for Nanaimo-Cowichan-The Islands.

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● (1452)

ENERGY

DEVELOPMENTS IN PROPOSED TAKEOVER OF HUSKY OIL BY PETRO-CANADA

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. My question has to do with the press report which indicates that the Occidental Petroleum Company of Los Angeles and the Husky Oil Company of Calgary through their management and directors have agreed to the acquisition of Husky by Occidental. In view of the minister's statement in the House yesterday that the acquisition of Husky by Petro-Canada was in the national interest, I should like to ask the minister whether or not Petro-Canada still has some opportunity to revise its offer, or whether the deal is closed completely except for the compliance of the shareholders and, if it is, I want to ask the minister what action he proposes to take to retain this large deposit of heavy oil for Canadians to be developed by Canadians for the benefit of the people of this country.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The hon. member may have seen the press release issued by Petro-Canada. Petro-Canada has made it known that they are reviewing their position in the light of the exchange offer made by Occidental to the shareholders of Husky Oil. As to the second part of the hon. member's question, perhaps it is best answered by reference to the press release which was issued by Occidental when they noted that their particular proposal would have to receive the approval—I believe those were the words—of both governments.

Mr. Douglas (Nanaimo-Cowichan-The Islands): In view of the fact that our light conventional crude reserves have only a life index of some ten years and that Canada will have to depend on heavy crude in order to lessen its dependence on imported oil, I wish to ask the minister, in the event that Occidental and Husky go through with the deal—and there is every indication that they intend to—since this matter will have to come before the Foreign Investment Review Agency, whether it is the government's intention, either through Petro-Canada or through the minister, to point out to FIRA how important the development of these heavy oil reserves is to Canada, particularly in view of the fact that there is a good deal of evidence that Husky has not been very aggressive in developing them, either through lack of capital resources or for some other reason, and that it is essential to proceed with that development as quickly as possible in the interests of the Canadian people.

Mr. Gillespie: I am sure the hon. member knows, as I do, that FIRA and others in Canada are well aware of the government's priorities with respect to the development of heavy oils in western Canada. I have stated the position of the government many times in the House. However, I think the hon. member would not want me to prejudge in any way the question of an application before FIRA regarding significant benefit to Canada.

IMPACT OF PROVINCIAL TAXES ON EXTRACTION OF SASKATCHEWAN HEAVY OIL DEPOSITS

Mr. Harvie Andre (Calgary Centre): I have a supplementary question for the Minister of Energy, Mines and Resources. Given the fact that the tax and the royalty regime of the province of Saskatchewan is one of the major reasons for the delay in the development of the heavy oil deposits in that province—

Some hon. Members: No way!

Mr. Nystrom: Here's another apologist for the large companies.

Mr. Andre: —and given the fact that Petro-Canada as an agent of her Majesty would be exempt from any taxes—

Some hon. Members: Oh, oh!

An hon. Member: The Exxon kid!

Mr. Andre: Mr. Speaker I wonder if the noisy members of the NDP would allow me to finish my remarks.

Also, given the fact that Petro-Canada would not have to pay any taxes levied by the province of Saskatchewan, can the minister confirm that one of the reasons the government has encouraged Petro-Canada's takeover bid of Husky is in order to avoid the payment of these taxes or royalties to the province of Saskatchewan?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I am sure that if the hon. member were familiar with the land holdings of Husky he would know that one of the reasons that Petro-Canada is interested in moving into the situation is that the Saskatchewan government does not have a very significant lever with respect to the Husky properties. A very large proportion of those properties is freehold and they are not royalty paying properties.

* * *

ADMINISTRATION OF JUSTICE

REVIEW OF TRIAL OF ALEXANDER PETER TREU

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Prime Minister. Yesterday the Prime Minister introduced to the House a document which spoke, among other things, in its first resolution about the importance of human rights and respect for civil liberties in this country. Today he defended passionately the practice of the Government of Canada of maintaining a secret trial in the case of Dr. Treu. He has told us that even though the article by Mr. Bain has been published for two days now, the Prime Minister has not informed himself of the allegations and of the information contained in the article.

May I ask the Prime Minister a simple question? This is a short article, it is light, witty, and easy to read. Would the Prime Minister, with that interest in civil rights which he brought to parliament and then apparently forgot, review the facts set forth in that article, inform himself, and report back to parliament today on whether or not, on the basis of having become informed, he is prepared to instruct his Minister of Justice to ask for a new trial?

Right Hon. P. E. Trudeau (Prime Minister): Maybe the article is easy to understand, but I suggest that there must be facts which are either not understood by the Leader of the Opposition or are not stated in the article. The Leader of the Opposition suggests—and those are his words—that the government is maintaining a secret trial—

Some hon. Members: Supporting a secret trial.

Mr. Trudeau: The word used by the Leader of the Opposition was "maintaining". But the words are secondary. The fact is that the trial was started with the two parties agreeing on the procedure before a provincial court. Now the appeal is in process; an appeal has been lodged by the defendant. Every notion of a Bill of Rights with which I am acquainted says that justice must follow its course and there should be no interference from politicians, such as we see on the other side of the House, into the judicial process.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, there are hundreds of thousands of people who came to this country because they found the process of a secret trial reprehensible, and have an apprehension of secret trial. The Prime Minister knows that the appeal procedure in Dr. Treu's case could take up to a year and a half in the life of a man whose resources and reputation are already spent. Would the Prime Minister do this one simple thing in the name of the civil liberties which he claimed to honour before he became the Prime Minister of this country, and review the facts of the case which are available to him as Prime Minister in a way that they are probably unavailable to some others of us in the House, and would he then make a statement to the House on whether or not he is personally prepared to consign Mr. Treu to another year and a half of proceedings that may well be secret, or whether he would order a new trial?

Mr. Trudeau: The Leader of the Opposition shows ignorance of the law when he suggests that the proceedings of the trial are available to me any more than they are to him. I understand they may well be made available to a member of his party who will now act as co-counsel.

Some hon. Members: Shame!

Mr. Trudeau: What is shameful about making such a remark? They are certainly not available to me. The government has taken some steps through a motion before the court to plead that the judgment should be made public, and this motion will be heard on Friday. If the judgment is made public I would hope that the Leader of the Opposition—and his other leader over there, and his counsel—will acquaint themselves with the judgment before pleading a case of which they know nothing.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): This makes the Shcharansky trial look good.

* * *

[*Translation*]

PRIVILEGE

CBC COVERAGE OF SOCIAL CREDIT PARTY CONVENTION IN WINNIPEG

Mr. Speaker: Order, please. On May 8 last, the hon member for Bellechasse (Mr. Lambert) rose on a question of privilege. According to his question of privilege, I believe that he considered that the coverage of the leadership convention of the Social Credit party held in Winnipeg on May 7, 1978, was inadequate. On May 11, 1978, the hon. Secretary of State (Mr. Roberts) gave his reply. I have taken under consideration the complaint of the hon. member for Bellechasse, the reply of the hon. Secretary of State as well as the precedents concerning parliamentary privileges. The definition of parliamentary privilege is well known to hon. members, and I shall repeat it in English—

● (1502)

[*English*]

Parliamentary privilege is the sun of the peculiar rights enjoyed by each House collectively as a constituent part of the High Court of Parliament, and by members of each House individually, without which they could not discharge their functions, and which exceed those possessed by other bodies or individuals. Thus privilege, though part of the law of the land, is to a certain extent an exemption from the ordinary law.

[*Translation*]

Therefore, parliamentary privilege is extended collectively to the House and individually to the hon. members. It does not extend to the political party as such, and it does not go much further than the right of the House to obtain the services of members of the House and the right of hon. members to freedom of speech in this House. It goes without saying that I fully appreciate the difficulty raised by the hon. member for Bellechasse, which is essentially a grievance. It is unfortunate that our procedure does not provide hon. members more opportunities to express grievances and obtain direct answers.

It is therefore impossible for me to consider this matter in the context of parliamentary privilege and I can only suggest to the hon. member for Bellechasse that he pursue this affair by other means, perhaps before the Standing Committee on Broadcasting, Films and Assistance to the Arts, which is now considering the estimates of the Secretary of State.

* * *

[*English*]

POINT OF ORDER

MR. MACDONALD (EGMONT)—LENGTHY REPLIES OF MINISTERS

Mr. David MacDonald (Egmont): Mr. Speaker, I rise on a point of order regarding a situation which, to my mind, has become increasingly worse in recent months and which typified itself today in the difficulties I had with Your Honour in asking a further supplementary question. I realize the considerable pressure Your Honour is under in respect of the limited time of the question period. However, one of the basic difficulties we are encountering increasingly here is in respect of questions posed directly to ministers. I know that no minister is under any obligation whatsoever to answer a question, but I would think that at least it should be the tradition of this House, since this tradition seems to be more honoured by breach than by observance, that it should now be part of the rules that there should be some inhibition, if not prohibition, on ministers giving lengthy answers that in no way respond to the questions posed.

In two instances this afternoon in respect of the exercise of jurisdiction by the minister responsible for the status of women and the Minister of Employment and Immigration (Mr. Cullen), I asked specific questions about actions that might be taken under their jurisdictions, given the serious situation with regard to unemployment of women today. Instead of that I received lengthy answers which in no way even attempted to deal with the questions posed. The additional question was an important one I wished to raise with the President of the Treasury Board (Mr. Andras) regarding an outstanding obligation on his part, and with the Minister of State for Federal-Provincial Relations (Mr. Lalonde) on the status of the government's own employment of women—its equal opportunities program which was introduced in 1975.

This makes it difficult, if not impossible, for the question period to serve its fundamental purpose, particularly if ministers are allowed to answer at length but in no way deal with the questions that have been put, taking up so much time of the House that it is impossible for a number of members to ask either subsequent questions or to follow up specifically on the questions they originally posed.

Mr. Speaker: Order, please. The hon. member raises a very valid point. Unfortunately, in his particular example this afternoon, if he will take the trouble to measure, he will find his questions were equally as long as the answers given.

* * *

PRIVILEGE

MR. BROADBENT—POSSIBLE CONFLICT OF INTEREST

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on what I consider to be a very serious question of privilege. On June 1 I raised in this House the question of the possibility of a clear conflict of interest involving the situation of a former minister of finance, the same man who was former minister of national defence, in taking a position, so soon after he exercised these particular government responsibilities, with the MacDonnell-Douglas Corporation.

My concern at that time was that the minister, having had such major responsibilities in the government as finance and defence, should have exercised more discretion in terms of time in moving to a corporation which was in itself involved in serious negotiations and contract proposals involving millions of dollars with the federal government.

I have been disturbed subsequent to that time, June 1, by further developments involving the government, which by no means eradicate my concern about the possibilities of political interference in contracting procedures of the federal government. According to minutes of a meeting that took place in 1975, involving the present Minister of National Defence (Mr. Danson), who was then the minister of state for urban affairs, it is stated, and I quote from those minutes:

The minister wants to make sure the firms chosen for major contracts ... are cleared politically with the ministers responsible, through his office.

This matter was appropriately raised in the House yesterday by a member of the Conservative party in the form of a question. When that particular matter was raised in a responsible fashion in the form of a question, I had hoped the minister, in this case the Minister of Finance (Mr. Chrétien), who dealt with it would have taken the opportunity of removing any possibility that there was political interference in the

awarding of major contracts in government financial operations.

Quite the contrary took place. Not only did the minister not say that this was not the practice in 1975, he went on to say, and I quote from *Hansard* from yesterday at page 6277:

—I do not see anything wrong with that statement.

What are the implications of this? It would seem to me that the implication is that for a major contract—and God knows what happens if the contract is just a minor one—the normal competitive tendering processes are being ignored. I hope the minister will take the time to clarify this situation.

If it is normal to get political clearance, then it is normal by logical processes to conclude that the normal competitive tendering procedures are being abrogated in some way. This is why we have to be concerned about this matter. As I understand it, the normal contracting procedures do allow for some ministerial discretion. The company with the lowest bid does not automatically get the contract, and that makes sense; there are good arguments which can be made in support of that. For example, the firm with the lowest bid may not be a reliable supplier. For other reasons in the consideration and the view of the ministry the company may not have the capacity to deliver on time or in kind. There could be other technical considerations that would cause a responsible minister not to accept the lowest bid.

However, the implication of the minute of 1975, to which I referred earlier, and the answer given yesterday in the House by the Minister of Finance, is that among the considerations that pertain to major contracts is the political reliability of the company concerned. How is that to be defined? Is it a bonus by that company to the Liberal Party of Canada? Is it to be defined as a company that normally helps out the Liberal party of Canada, if not in a direct financial way, by some other means? It seems to me that political reliability cannot mean anything else other than one of these two possibilities. I submit that either one of them is contrary to the public interest.

● (1512)

I thought that it had been taken for granted some time ago in the procedures of this parliament that major contracts are to be resolved entirely on non-political considerations. I was deeply disturbed when I read that original minute of 1975 where it said political considerations were going to come into play, and I was even more disturbed yesterday in the House when I heard the Minister of Finance, who had the opportunity to deny the practice, in fact confirm it, saying that he could see nothing wrong with the statement.

My question of privilege, Mr. Speaker, is very straightforward, and I can rely on a prima facie case. I would think that the people of Canada would be scandalized by the implications, unless this matter is cleared up irrevocably today. Canadians expect the Government of Canada to have honest, clear-cut, non-political dealings with corporations involving public funds. If that is not the case, then it reflects unfavourably on all members of this House. All members of parliament are implicated when there is a serious wrongdoing by the government, if that is what is involved.

[Mr. Broadbent.]

If you rule, Mr. Speaker, after we hear from others who may want to participate in this question of privilege, that I have a prima facie case, I will move that the matter be referred to the committee on privileges and elections.

Mr. Chrétien: Mr. Speaker, on the question of privilege—

Mr. Speaker: Order, please. I will certainly hear the Minister of Finance (Mr. Chrétien), but whatever legitimate concern the hon. member for Oshawa-Whitby (Mr. Broadbent) wants to raise, although it may be a matter of very grave concern, of valid concern and of widespread public interest, I have no difficulty in saying that I cannot fit it in under the guise of privilege under any circumstances. It does not constitute a procedural matter in any sense of the word. However, if the minister wishes to reply, I will give him the opportunity to do so.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think this matter deserves an explanation even though it is not a proper question of privilege. With regard to the questions asked yesterday by the hon. member for Central Nova (Mr. MacKay), he referred to the fact that a minister wished to be informed as to what was going on in his region. There is the obligation that every minister follow the rules as set out by the Treasury Board, which state that all contracts are awarded to the lowest bidder. If it is not the lowest bidder that gets the contract, then it has to be approved by the Treasury Board, and there must be valid reasons as to why the lowest bidder did not get the contract. This has happened, of course.

What the hon. member was referring to, however, perhaps needs clarification. It is absolutely normal that ministers would want to be made aware of what is happening within their regions. It is extremely important because among the responsibilities of the ministers in cabinet is that they make sure that what is done by this government is made well known to the people.

There is no inference that the normal way of proceeding is to interfere with the allocation of contracts. The rules and regulations are well known. They are established by the Treasury Board and all contracts have to be approved according to the practices. When they say that matters should be referred to the regional ministers, it is just normal practice because the minister coming from one part of Canada or another has a role as a minister to make sure that the activities of the federal government in that area are knwon to him in order that he can explain it to the public. This is not interference into the due process of the allocation of contracts. That is what I meant.

It is very normal that a minister representing a region would want to be informed, and he is certainly entitled to know if there is a contract being allowed within his jurisdiction. In no way did I intend to lead the House to believe yesterday that a minister has the right to intervene in the allocation of contracts. It is just not the practice because the rules and regulations are well known. Every contract must go to the lowest

bidder unless there is a valid reason not to do so. When it is allocated, it is allocated by the Treasury Board and not by the minister himself.

Mr. Broadbent: There is nothing in there about its being regional.

Mr. Chrétien: I just wanted to say that that was the context of my comments in the House yesterday. If a minister seeks to be informed of what is going on in his province, it is not intervention in the due process of the allocation of contracts. This is not a question of privilege; it is merely a political point.

Mr. Speaker: The hon. member for Central Nova (Mr. MacKay) was the one who raised this point yesterday. I have indicated that there is nothing so far that has persuaded me to believe there is a question of privilege in this debate. I have nothing to say about the practice. There may be areas of debate and discussion, or attack and criticism of the practice, but that has nothing to do with the procedural decision I must make as to whether or not this matter can pre-empt the business of the House on the basis of privilege. I see no privilege in it.

However, in fairness, I ought to hear one other member, and that is the member for Central Nova, who first raised this matter yesterday.

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I am pleased to hear the minister elaborate on the explanation which he gave yesterday, but with the greatest of respect, sir—and I had hoped to ask some questions today—the issue still has not been cleared up, at least in my mind. I am being very specific in referring to the words of the minute, and they are the world "politically cleared". I am not talking about projects, as the minister said yesterday and as I believe he is referring to today, or ordinary information on a joint government project, or keeping one minister informed because he happens to be in another province. I am talking about a situation which I believe to be true.

For example, Oswald Parent, the former Liberal minister of intergovernmental affairs, I believe, used to collaborate, as the Minister of Finance (Mr. Chrétien) well knows, with now Senator Marchand on certain of these projects. I suggest to the minister, with the greatest of respect, that what was done in fact was that there was a short list prepared before the NCC officials even knew about it. The point I bring to the minister now is that any rules of consideration or tendering were pre-empted long before this situation ever arose. I suggest again to the House and to the minister that this is a matter of great import, as the leader of the New Democratic Party has pointed out.

It was, sir, precisely this form of "profitable federalism", as the government referred to it, that the voters in Quebec rejected when Claude Ryan said to them, "vote for a clean government." My party has been accused in this House of contributing to separatism. It is this kind of shoddy dealing that was rejected by the people of Quebec and which, incidentally, caused the rejection of now Senator Marchand and the then minister of intergovernmental affairs, Mr. Parent, in their respective elections by the voters of Quebec, that is probably contributing to this situation. With the greatest of respect I would say to the minister that I think he owes the House a bit more of an explanation; and he ought to be more frank with the House when he says that this matter strictly referred to projects, as he did yesterday.

Mr. Speaker: Order, please. I have no machinery by which I can hear the minister a second time. The matter, as has been recognized by the minister and has been described by both members of the opposite side, is a serious matter. Indeed, it is regrettable that the hon. member for Central Nova (Mr. MacKay) did not have an opportunity to pursue the matter in question period today. The House, obviously, was occupied on other matters for the duration of the question period, but I would hope that the hon. member and other hon. members would have an opportunity to pursue it quite fully in the days to come.

That, however, only stresses to me the point that the matter, while important, is one that has to be pursued in the normal way. It does not in any way have a connection with the privileges of hon. members to operate in the House, and if it is a matter, as the hon. member for Oshawa-Whitby (Mr. Broadbent) says, that reflects badly on any members of the House, that does not in any way stretch it into a question of privilege. To do so, it seems to me, would be to say that every grievance against the government or government practice would be such as to qualify that subject for pre-eminence over every other order of business under the heading of privilege, and that would stretch our definition of privilege beyond all recognition.

Accordingly, having given all three participants an opportunity to carry this matter slightly today, it will have to be pursued in a more normal means in ensuing days.

* * *

POINTS OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—POLITICAL CLEARANCE OF CONTRACTS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on a point of order. Yesterday, I was very critical of the government with respect to absent ministers. I stand by that. With respect to the issue which has been raised by the hon. member for Central Nova (Mr. MacKay), however, I just want the House to know that the Minister of Public Works (Mr. Buchanan) had hoped to be here today to answer questions. He was kind enough to phone me to indicate that he would not be here today but would be available tomorrow with respect to this matter.

I do not know whether there has been any communication by the Minister of Finance (Mr. Chrétien) to the Minister of National Defence (Mr. Danson) with respect to this matter as referred to in the House yesterday. It was the Minister of National Defence who was the minister in question at the time

the meeting took place in September, 1975. I merely raise this matter as a point of order because, naturally, we would want to direct some questions to him as to what he may have meant by the words "firms chosen"—not "projects"—for particular matters, and on the aspect of political clearance.

● (1522)

The reason I say that and put the government on notice is that for the first time, in answer to the response by the leader of the New Democratic Party to the point raised by the hon. member for Central Nova, the minister has introduced the concept of regional ministers who are politically clearing projects. That is the first time. It does not come out of the—

Mr. Chrétien: I never used that term.

Mr. Baker (Grenville-Carleton): I think it is extremely important that the government consider whether it might be appropriate for the Minister of National Defence to make a statement to clear up this matter one way or the other.

Mr. Speaker: Order, please. The Minister of Finance (Mr.Chrétien) on the same point of order.

Mr. Chrétien: On the same point of order, Mr. Speaker, I never used the term "clearance". I just said that some ministers want to be informed of what is going on in the government in relation to the regions. I think there is nothing abnormal about it but it is not interpreted in the normal process of allocation of contracts with the normal tenders.

I have not had a chance to talk to the Minister of National Defence but I know he was not in the House yesterday nor in his office. He is ill, Mr. Speaker, and I do not know when he will be back. I have not seen him today and I do not know when he will be available.

Mr. MacKay: Mr. Speaker, may I just say that the Minister of National Defence was good enough to call my office today and explain that he could not be here. I want to thank him publicly for that courtesy.

MR. MACKAY—RESPONSE OF PRIME MINISTER

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a point of order which is very short. It concerns the response of the Prime Minister (Mr. Trudeau) to the right hon. member for Prince Albert (Mr. Diefenbaker) and also has reference to page 6324 of *Hansard*. I may be mistaken, Mr. Speaker, but I believe this is important. I believe that the Prime Minister, in making the points he did, left the impression with the House that the matter of Alexander Peter Treu was primarily a matter of provincial responsibility. He used the words "magisterial responsibility" when he referred to this particular point.

I think it would be useful to read a very brief excerpt, which I guess the Prime Minister has not had the chance to read, from yesterday's *Hansard*, the sentence pronounced by His Lordship Luc Trudel. Referring to the Minister of Justice (Mr. Basford), he said:

> I must add, since it is part of the case, that an authorization from the Minister of Justice was filed—I have it here—in accordance with s. 12. The text is in English, but in accordance with s. 12 of the Official Secrets Act, the Attorney General of Canada, Mr. Basford, has authorized all the proceedings against you in accordance with our laws here in this country, I do not have to tell you—everyone knows—that the Attorney General of Canada holds the highest positions, at least as regards the administration of justice in this country, and no action under the Official Secrets Act can be brought against anyone without the approval or consent of the Attorney General.

I bring this up only to point out that the Prime Minister may have inadvertently not, perhaps, misled the House but may have placed too much emphasis on the provincial aspect of this matter when really it is a very serious federal matter. He should have made that clear.

Mr. Hnatyshyn: He does not understand the law.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, on the same subject, I would like to add that all the right hon. Prime Minister said was that the judge who presided over the trial had been appointed by the justice minister of the province of Quebec. The hon. member for Central Nova (Mr. MacKay) should know that in any case the trial which was closed to the public was held in such a way, as the right hon. Prime Minister remarked today, with the agreement of both parties.

[*English*]

MR. MUNRO (ESQUIMALT-SAANICH)—REFERENCE FOR STANDING COMMITTEE ON FISHERIES AND FORESTRY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I have a point of order and I would like some advice on this matter. On Thursday last I asked the governmemt House leader if he could provide us with a reference for the Standing Committee on Fisheries and Forestry so that we could investigate further the matter of the fishing dispute between this country and the United States. I was wondering whether I should wait or pursue this daily on a point of order until we get it. I would be grateful for your advice on this, Mr. Speaker.

Mr. Speaker: Order, please. I am sure the President of Privy Council (Mr. MacEachen) will respond at the earliest opportunity.

ROUTINE PROCEEDINGS

[*English*]

FEDERAL COURT ACT, 1978

MEASURE TO PERMIT EXAMINATION OF CONFIDENTIAL DOCUMENTS

Mr. Andrew Brewin (Greenwood) moved for leave to introduce Bill C-462, to amend the Federal Court Act (executive privilege).

Some hon. Members: Explain.

Mr. Brewin: Mr. Speaker, this bill is designed to repeal section 42(2) of the Federal Court Act. That act provides that a minister of the Crown may, by means of filing an affidavit, absolutely debar production of any document disclosure of which he thinks may be injurious to international relations, national defence or security, federal-provincial relations or disclosing a confidence of the Privy Council. The repeal would mean that a court might examine the document and order its production if the court saw fit.

An important principle is involved in this bill. If it is passed, a minister cannot allege or put forward an absolute power to keep a document secret from the scrutiny of the courts in cases where the court says it wishes to see the document to assure itself whether the affidavit is properly filed and whether the exemptions to which it refers in fact exist, instead of leaving it to the minister to judge his own case.

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

* * *

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME TO CONSIDER BILL C-56 IN COMMITTEE OF THE WHOLE

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, further to the notice I gave the House yesterday afternoon concerning allocation of time for the committee stage of Bill C-56, I move, seconded by the Minister of State (Fitness and Amateur Sport), (Mrs. Campagnolo):

That in relation to Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, two sitting days shall be allotted to the further consideration in committee of the whole stage of the bill; and

[*Translation*]

that on the second of the said days, fifteen minutes before the expiry of the time provided for government business in such sitting, all proceedings before the committee shall be interrupted, if required for the purpose of this order and every question necessary to dispose of the bill at the committee of the whole stage shall be put forthwith and successively, without further debate or amendment.

[*English*]

Mr. Speaker: Order, please. We have only the answering of questions before completion of routine proceedings. I wonder if the House might be disposed to take them at this time and conclude routine proceedings, then proceed with the two-hour debate on this motion and follow with orders of the day. Is that agreed?

Some hon. Members: Agreed.

Motion (Mr. Chrétien) stood.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 798, 884, 952, 954, 1,326, 1,356, 1,396, 1,605, 1,612 and 1,693.

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

[*Text*]

RURAL AND NATIVE HOUSING PROGRAM

Question No. 798—**Mrs. Pigott:**

1. What was the total number of houses built under the Rural and Native Housing Programme (a) nationally (b) in each province?

2. What amount, including start-up funds, sustaining grants and bridge loans, was allotted for such construction (a) nationally (b) in each province?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. See list 1 below.

2. See lists 1 and 2 below.

Rural and Native Housing Financed under the National Housing Act[1] by Province, 1977

	Non-Profit Section 15.1		Federal-Provincial Section 40		AHOP Section 34.15		Off Reserve Section 58		On Reserve Section 59		Total	
Province	Units	$000	Units	$000	Units	$000	Units	$000	Units	$000	Units	$000
Newfoundland	—	—	498	10,135	—	—	—	—	—	—	498	10,135
Prince Edward Island	—	—	20	508	—	—	—	—	—	—	20	508
Nova Scotia	—	—	140	3,131	—	—	3	44	—	—	143	3,175
New Brunswick	—	—	106	2,762	5	133	4	94	1	20	116	3,009
Québec	20	245	—	—	—	—	12	110	—	—	32	355
Ontario	4	134	113	3,229	—	—	39	841	6	105	162	4,309

Province	Non-Profit Section 15.1 Units	Non-Profit Section 15.1 $000	Federal-Provincial Section 40 Units	Federal-Provincial Section 40 $000	AHOP Section 34.15 Units	AHOP Section 34.15 $000	Off Reserve Section 58 Units	Off Reserve Section 58 $000	On Reserve Section 59 Units	On Reserve Section 59 $000	Total Units	Total $000
Manitoba	—	—	329	9,349	1	24	21	440	1	16	352	9,829
Saskatchewan	11	203	521	14,786	—	—	18	378	1	11	551	15,378
Alberta	12	315	210	7,320	—	—	4	94	31	580	257	8,309
British Columbia	14	295	258	7,430	16	572	21	558	22	576	331	9,431
Yukon Territory	—	—	—	—	—	—	—	—	—	—	—	—
Northwest Territories	—	—	21	639	—	—	—	—	—	—	21	639
Canada	61	1,192	2,216	59,289	22	729	122	2,559	62	1,308	2,483	65,077

(1)Data are gross.

Start-up Funds and Sustaining Grants Approved
Under the NHA Rural and Native Housing Program
By Province, 1977

Province	Start-Up Funds Number	Start-Up Funds $000	Sustaining Grants Number	Sustaining Grants $000
Newfoundland	—	—	—	—
Prince Edward Island	—	—	1	27
Nova Scotia	13	70	1	75
New Brunswick	—	—	3	127
Québec	—	—	1	144
Ontario	16	53	3	609
Manitoba	—	—	3	305
Saskatchewan	—	—	2	343
Alberta	—	—	1	18
British Columbia	—	—	—	—
Yukon Territory	—	—	1	25
Northwest Territories	—	—	1	102
Canada	29	123	17	1,775

HAMILTON MUNICIPAL AIRPORT

Question No. 884—**Mr. Alexander:**

1. Was an announcement made regarding the Hamilton Municipal Airport and the government's plans for its expansion to a Regional Airport and, if so, on what date was the announcement first made?

2. How much money was set aside at that time for this purpose?

3. How much money is now available for this purpose?

4. Of this money, how much is for the purpose of (a) acquisition of land (b) reconstruction and extension of runway or runways (c) new terminal facilities (d) navigational aids, control tower and hydro relocation?

5. How much land and what number of passengers per year are involved in the planned new facilities?

Hon. Otto E. Lang (Minister of Transport): 1. Yes. March 2, 1972.

2. An amount of $25,000,000 was identified in the 1972 Canadian air transportation administration five year plan for expenditure at Hamilton in the 1973-76 period to expand the airport. Funding approval was not pursued as, subsequently, the Hamilton airport study program was undertaken. This study program was announced on September 23, 1974 and has now been completed. On January 30, 1978 Transport Canada announced approval of the recommendations of the study program as contained in the Hamilton airport technical recommendations report. The primary recommendation was that further development of air facilities to serve the Hamilton-Niagara-Brantford area should take place at the existing Hamilton airport.

[Mr. Ouellet.]

3. Now that the site decision has been taken and after the master plan for airport development has been drafted, an investment schedule will be developed and will be included in the Cata five year capital plan.

4. Not applicable.

5. Additional land requirements for the three concepts for development of the existing Hamilton airport range from 650 to 865 acres. The present airport site now occupies 819 acres. The additional land will be required to accommodate a new runway. Forecasts used in the Hamilton Airport Study Program estimate annual enplaned plus deplaned passenger levels of 960,000 in 1985 and 1,680,000 in 1990 assuming that airport facilities are developed in the Hamilton area to meet the air travel needs of this area. This also assumes that air services for the Hamilton area will be provided by air carriers on a basis similar to that provided to serve other Canadian urban centres.

HOUSING UNITS FOR NATIVE PEOPLE—N.B.

Question No. 952—**Mr. Howie:**

Since January 1, 1977, how many new housing units were constructed for native people in New Brunswick?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: During 1977, CMHC financed new housing in New Brunswick under its Rural and Native Housing Program as follows:

	Units	$000
F/P Partnership (Section 40)	106	2,762
Assisted Home Ownership (Section 34.15)	5	133
Indians Off Reserves (Section 58)	4	94
Indians On Reserves (Section 59)	1	20

Question No. 954—**Mr. Howie:**

Since January 1, 1977, what amount was (a) loaned (b) granted for new housing units for native people in New Brunswick?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: (a) See the answer to question 952 answered this day. (b) Grants have not been made to assist in financing new housing for native people in New Brunswick.

PARKS CANADA GRANTS

Question No. 1,326—**Mr. Jones:**

1. How much money, if any, was given by Parks Canada, or any government department, to assist in the production of the play *De Conquête en Conquête* (From Conquest to Conquest). Please specify grant or grants given, reasons for grant or grants given, and general nature of such grant or grants, if any?

2. What other such grants have been awarded, if any, and what were the respective amounts of these grants?

3. In the awarding of these grants, is the material to be produced reviewed, and if so, what were the comments of the department or departments with respect to the above allocations?

4. Is the government aware that the play in question one, above, is termed "hate literature" and if so, what actions are they pursuing as a result?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): In so far as the Department of Indian and Northern Affairs is concerned, the reply is the following: 1. Through its Summer Student Employment Program, the Department of Employment and Immigration awarded Parks Canada a grant of $50,000 given to the theatre company "Les Productions pour enfants de Québec Inc" for the summer of 1977. The grant was awarded to cover research and direction costs, production costs (costumes, scenery, music, lighting, etc.) and the performers' salaries.

2. None.

3. The theatrical adaptation of this particular work was reviewed by Parks Canada interpretation officers before it was performed publicly. The purpose of this review was to check the historical and sociological accurateness of the play's message; it was not meant to impose any government censorship on the theatre troupe.

4. As for the play being considered "hate literature", we should point out that more than 2,500 people have seen the play and no complaints have been made. The department does not consider it "hate literature".

DE HAVILLAND—DASH-7

Question No. 1,356—**Mr. Mazankowski:**

1. To date, in overall terms, what is the total government support for the development and production of the Dash-7?

2. To date, what is the amount of (a) loans (b) grants (c) contributions (d) interest on loans, given to de Havilland of Canada by the government?

3. What is the total number of employees at de Havilland of Canada and how many are engaged in the development and production of the Dash-7?

4. What are the names and the salaries of the top five executive officers employed at de Havilland of Canada?

5. What is the average amount per capita of government loans, contributions or grants for employees involved in the development and production of the Dash at de Havilland of Canada?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. As of March 1, 1978, $92,985,760.

2. As of March 1, 1978; (a) $3,072,919; (b) Nil; (c) $114,999,547; (d) Nil.

3. The total number of employees at de Havilland is 4,000. Current direct labour, excluding labour overhead: Dash-7 production, 700; Dash-7 development, 300. Total employment on Dash-7 development and production since the start of the project to date is about 3,890 man-years.

4. The top executive officers of de Havilland Aircraft of Canada are: President, Mr. R. Bannock; Senior vice president, Mr. D. B. Annan; Vice president, Special Projects, Mr. W. T. Heaslip; Vice president, Engineering, Mr. R. D. Hiscocks; Vice president, Customer Support, Mr. F. A. Johnson; Vice president, Finance, Mr. S. B. Kerr; Vice president, Marketing and Sales, Mr. J. A. Timmins. Following normal commercial practice, the individual salaries of the senior executives of de Havilland Aircraft of Canada are confidential.

5. The average amount of per capita government support of the development and production of the Dash-7 to date is $23,900. This support contributed for the most part, towards the direct employment in the development phase and the manufacture of the prototype aircraft. As such, it represents capital costs which will create employment in future years in terms of Dash-7 production over the life of the aircraft.

POST OFFICES—ALBERTA

Question No. 1,396—**Mr. Schumacher:**

1. By year since January 1970, how many post offices have been closed to date in the Province of Alberta?

2. Where were these post offices located and, in each case, what alternative service has been provided?

3. In each case, what was the cost involved in (a) closing the operation (b) providing alternate service?

4. In each case, what savings have been gained by the Post Office Department through the actions taken?

5. How many other post offices in the Province of Alberta are under consideration for closure in (a) 1978 (b) after 1978 and where is each located?

6. What alternative service is proposed for post offices in the Province of Alberta which are being considered for closure in (a) 1978 (b) after 1978?

Hon. J.-Gilles Lamontagne (Postmaster General): (See list below.) Records are not kept in such a way as to provide information on the closing of sub post offices since January, 1970. Following is information on the closing of post offices only since January, 1970. 1. 1970, 39; 1971, 3; 1972, 2; 1973, 5; 1974, 1; 1975, 7; 1976, 3; 1977, 3; 1978, 1. Total closing of post offices excluding subs—64.

2. See list below. (Alternate service is usually the nearest existing post office).

3. (a) There are no records which would provide accurate figures as to the cost of closing a revenue post office. The main factors would be a visit to the office by a postal official plus administrative work, cost would be less than $100. (b) Since alternative service is usually the nearest post office or existing rural route, additional cost would be negligible.

4. See list below. (Saving—Represent annual salary and rental allowance paid to the Postmaster of a particular revenue

office at time of closing. Where no figures are shown, it is because we no longer have pay records prior to October 1970.

5. At the present time two offices are under consideration for closing. Coronado, Alberta—Closing being recommended due to lack of customers and business. Northville, Alberta—Temporarily closed due to lack of a postmaster. If this situation prevails, this office may be permanently closed in 1978.

6. Alternate service proposed for the one remaining customer at Coronado is the rural route emanating out of Gibbons, Alberta, post office. Alternate service proposed for customers at Northville, would be Wildwood, post office. This is the present arrangement under the temporary closure. Generally speaking, the alternate service provided is the nearest post office or a possible site on an existing rural route if the customers so desire.

Post Offices	Year Closed	Alternate Service	Saving
Shalka	1970	Hairy Hill	—
Grosmont	1970	Athabasca	—
Leedale	1970	Rimbey	—
Beach Corner	1970	Stoney Plain	—
Alpen Siding	1970	Newbrook	—
Ankerton	1970	Rosalind	—
Clover Bar	1970	Station "L" Edmonton	—
Chigwell	1970	Lacombe R.R. 4	—
Hoadley	1970	Bluffton R.R. 2	—
Hollow Lake	1970	Waskatenau R.R. 1	—
Peoria	1970	Wanham R.R. 1	—
Royal Park	1970	Vegreville R.R. 2	—
Sprucefield	1970	Waskatenau R.R. 1	—
Villeneuve	1970	St. Albert R.R. 1	—
Warwick	1970	Vegreville R.R. 2	—
Manola	1970	Barrhead	—
Sweetgrass Landing	1970	Fort Chipewyan	—
Horen	1970	Seba Beach	—
Huallen	1970	Wembley	—
Langford Park	1970	Wabamum	—
Brightview	1970	Wetaskiwin	—
Fort Lake	1970	Rich Lake	—
Freedom	1970	Barrhead	—
Briereville	1970	St. Lina	—
Dovernay	1970	Two Hills	—
Edwand	1970	Smoky Lake	—
Hattonford	1970	Niton Junction	—
Helina	1970	St. Lina	—
Highvale	1970	Duffield	—
Mystery Lake	1970	Barrhead	—
Ispas	1970	Two Hills	—
Venice	1970	Hylo	—
Flat Lake	1970	St. Paul	—
Harmon Valley	1970	Nampa	—
Magnolia	1970	Evansburg	—
Pembridge	1970	Cherhill	—
Tolland	1970	Vermilion	—
Valhalla	1970	Valhalla Centre	—
Habay	1970	Assumption	—
Total Closures for 1970	39		
Moon Lake	1971	Drayton Valley	$1,315.16
Michichi	1971	Delia	1,765.92
Owlseye Lake	1971	St. Paul	1,654.38
Total Closures for 1971	3		
Owendale	1972	Cardston	1,422.98
Boyne Lake	1972	Spedden	1,116.18
Total Closures for 1972	2		
Fleet	1973	Castor	1,769.82
Bremmer	1973	Sherwood Park	1,813.76
Waterways	1973	Fort McMurray	4,071.34
(x) Aspen Beach	1973	Lacombe	—
(x) Lakedell	1973	Westrose	—
Total Closures for 1973	5		
Stanger	1974	Cherhill	1,686.10
Total Closures for 1974	1		
Beaverdam	1975	Ardmore	1,686.10
Hazeldine	1975	Dewberry	1,954.16
Buffalo Lake	1975	Sexsmith	3,797.04
Lisburn	1975	Sangudo	1,949.48
(x) Banff Springs Hotel	1975	—	—
(x) Jasper Park Lodge	1975	—	—
Meanook	1975	Colinton	2,192.32
Total Closures for 1975	7		
Culp	1976	Girouxville	1,949.48
Marlboro	1976	Edson	2,978.82
Newcastle Mine	1976	Drumheller	2,978.82
Total Closures for 1976	3		
Teepee Creek	1977	Sexsmith	1,949.48
Reno	1977	Nampa	2,526.68
Franchere	1977	Glendon	2,526.94
Total Closures for 1977	3		
Northville	1978	Wildwood	3,827.20
Total Closures for 1978	1		

(x) No saving has been shown because they were summer offices only.

CENTRAL MORTGAGE AND HOUSING CORPORATION

Question No. 1,605—**Mr. Howie:**

In the fiscal year ending March 31, 1978, for how many rental units did CMHC provide mortgage financing in (a) Fredericton (b) Toronto (c) Vancouver (d) New Brunswick (e) Quebec (f) Ontario?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: Rental units financed under the National Housing Act in 1977 follow:

Province/City	CMHC	Approved Lenders
(a) Fredericton	—	320
(b) Toronto Metropolitan Area	3,374	7,733
(c) Vancouver Metropolitan Area	69	6,267
(d) New Brunswick	104	398
(e) Québec	2,305	12,002
(f) Ontario	5,504	20,952

PIERRE ROBERT ALLARD

Question No. 1,612—**Mr. Cossitt:**

1. Is Mr. Pierre Robert Allard employed by the National Capital Commission and, if so (a) on what date was he hired, in what capacity and at what salary (b) has he or is he doing a specific project for the Commission's General Manager referred to as "Secret" and what is the nature of the project (c) what is a complete list of his experience as a planner and what are the details of his educational background?

2. In September 1976, was he sent as a visiting lecturer to the University of Moncton with the approval of NCC and, if so (a) was his salary paid by the NCC during his absence (b) were moving expenses for himself and his family paid and, if so, what was the amount paid to cover the move in both directions?

3. What were the nature of his lectures at the University of Moncton and specifically what subjects did they deal with?

4. Has Mr. Allard entertained foreign diplomats at government expense and, if so, on what date and for what reasons and did he specifically hold a private luncheon in the Executive Office of the NCC on or about December 1977 and, if so, at what total cost to the taxpayer and what are the names of the countries the diplomats represented?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. Yes. (a) He was hired on continuous strength on September 1, 1969 as an architect-planner at a salary within the AR-2 range ($10,670 to $12,127). (b) No. (c) Mr. Allard pursued studies at the Académie Royale and at the École de design in Brussels. He trained for various periods with architects and town planners in Belgium. In Canada, he studied at the Centre d'études nordiques at Laval University, the Centre de recherche arctique de l'Institut H.E.C. in Montreal, and l'Institut d'urbanisme et d'aménagement at the University of Montreal. In October 1969, he was admitted as a member of the Canadian Institute of Planners. With the NCC, Mr. Allard participated in the preparation of the report "Hull 1969-95" and the preliminary sketches for downtown Hull. He headed up studies for Gatineau Park and studies of recreation and leisure in the Quebec portion of the national capital region, as well as a number of regional studies on the national capital region dealing with such topics as road systems and water and sewer infrastructures. In 1974, he co-ordinated the planning group for the public report entitled "Tomorrow's Capital".

2. Yes, through the Public Service Executive Interchange Program with the approval of the National Capital Commission. (a) Yes, salary range of $29,573 to $33,200. (b) Yes, at a cost of $717.37.

3. The lectures dealt with the following subjects: the national capital region, problems of a capital for Canada; accomplishments in the national capital and their application throughout Canada; urban aesthetics; urban and regional problems in general. He also prepared a development plan for the campus of the University of Moncton.

4. No.

RURAL MAIL DELIVERY

Question No. 1,693—**Mr. Caouette (Témiscamingue):**

In 1976-77, did the government accept, for the Province of Quebec, submissions for rural mail delivery for approximately 76 miles and, if so, for what amount in each case?

S.O. 75C

Hon. J.-Gilles Lamontagne (Postmaster General): One. Rigaud R.R. No. 2, 79.8 miles, $12,761.83.

[*English*]

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

Some hon. Members: Agreed.

Mr. Speaker: Before proceeding with orders of the day, the question is on the motion of Mr. Chrétien.

* * *

[*Translation*]

BUSINESS OF THE HOUSE

ALLOTMENT OF TIME TO CONSIDER BILL C-56 IN COMMITTEE OF THE WHOLE

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, pursuant to Standing Order 75C, I move, seconded by the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo):

That, in relation to Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, two sitting days shall be allotted to the further consideration of the committee of the whole stage of the said bill; and

That on the second of the said days, fifteen minutes before the expiry of the time provided for government business in such sitting, all proceedings before the committee shall be interrupted, if required for the purpose of this order and every question necessary to dispose of the bill at the committee of the whole stage shall be put forthwith and successively, without further debate or amendment.

Mr. Speaker, I do not intend to make lengthy remarks. I merely wish to say that today is the twentieth consecutive day of debate on the budget I proposed last April 10 and that this motion provides that, apart from the rest of the day, as soon as it is passed, two additional days will be allotted for consideration of that bill in committee and then we shall proceed with third reading before the bill is referred to the Senate. I wish to say, Mr. Speaker, that to date, we have spent 22 days or maybe 23, 24 or 25 to discuss that bill and the budget which leaves only two months to the government to dispose of its current business and, as we have other bills to discuss, I thought it would be wise to move this motion as soon as possible at the committee stage, which will leave us several other days for debate. We might witness something exceptional, because following the tabling of my motion yesterday,

immediately after, we have seen the committee proceed much more expeditiously so that yesterday, at the time of adjournment at ten o'clock, we were considering clause 20 which makes me believe that if we proceed as expeditiously today we might dispose of that bill even before the expiration of the allotted time for the consideration of that bill in committee.

• (1532)

[*English*]

I want to say in conclusion that after I gave notice that I would introduce this motion there was a change of attitude on the part of the opposition parties. They became co-operative and I welcomed that. Yesterday during the last two hours of the day at "notre dix-neuvième jour" of the procedure we managed to approve the first clause. After that we proceeded quite rapidly to clause 20. We will be commencing at that clause when we come back to the committee stage today.

We have today as well as two more days to complete the committee stage. Of course, there will be third reading. We have already spent 19 days on the budget debate and the study of this bill, excluding another day that we spent on the customs tariff bill and other bills relative to the fiscal measures that were introduced in the budget of April 10. I am confident with the change of attitude in the House yesterday that we can proceed rapidly with the committee stage. It will be a good precedent, in spite of the motion that I have introduced which will be voted on later—

Mr. Gillies: Withdraw the motion.

Mr. Chrétien: —if we can dispose of the bill even before the time allocated for this motion is used up by the House of Commons.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, if this minister had any respect for the institution of parliament, which we know he does not, if it was his feeling that we could reach the conclusion of this stage of the debate without imposing closure, then he should not violate the traditions of this House by introducing closure when even he knows that it is not necessary.

Some hon. Members: Hear, hear!

Mr. Clark: At the very least, what the Minister of Finance (Mr. Chrétien) has done is to indicate that it was highly premature for him to force upon this House one more piece of evidence of his distrust of parliament and his dislike of debate.

Some hon. Members: Hear, hear!

Mr. Clark: On this most important budget measure we have had only two days of discussion of the detail of the proposals which the Minister of Finance is bringing in. Since the minister assumed his portfolio, which is clearly beyond his capacity, he has throughout his tenure as minister been complaining about his inability to carry the burdens of the office of Minister of Finance, burdens which previous ministers, even of his government, were able to carry out without complaining and without the kind of failure of effect which has marked the tenure of this Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Clark: Indeed, he is becoming and deserves to become known in the country not as the Minister of Finance but as the minister of closure. He invoked closure on Bill C-11. He invoked closure last week and he has invoked closure again this week. The reason for that is not simply because the minister is incompetent. What we have here is closure caused by television. As debate last night revealed in the House of Commons, the Minister of Finance—forced to answer questions from this side of the House and from his own members—does not know why he is introducing some of the measures that are in the budget bill, and the government does not want his incompetence to be telecast into the living rooms of the nation. That is why we have closure here. So instead of giving us a new minister who understands his job, this government cuts off debate in the House of Commons.

When we were debating last week's closure motion—and with this minister we get closure and a violation of parliament at least once a week—the hon. member for Winnipeg North Centre (Mr. Knowles) recalled that at one stage of the 1956 pipeline debate, which was the worst abuse of closure in the history of this parliament, Mr. Howe was able to stop debate after reading only one phrase or one sentence. Considering that we may not be able to deal with all of the clauses in this complex, important bill in the limited time the minister proposes, it could very well be that some of these measures will be passed without even one sentence of debate. In the case of some clauses it may be that not one word of debate will be allowed by this government.

This has happened here. This shutting out of the right and the duty of parliament to debate is happening at the stage of proceedings in this parliament when there is supposed to be detailed examination. Instead we will be denied even one word of debate because every word, every question, demonstrates that this minister is too incompetent to do his job.

There are some provisions of this bill which need detailed study. To have impact we cannot send them out without analysis, which may perhaps cause concern and disharmony in the country. Because of closure, some of these measures may pass into law without any real discussion of their consequences in this House and without any real analysis of the effect that they will have on the Canadian economy.

The measure to impose a minimum age for the starting date of a registered retirement savings plan will impose a real hardship on some Canadians. A number of financial institutions are concerned about provisions for the taxation of benefits from savings plans at death. Many questions remain unanswered. This is the place and this is the stage of debate where those questions could be put and where those answers should be forthcoming.

As the minister should know, and certainly as members on this side of the House know, section 32 will have the effect of making it much harder for small businesses to finance continu-

ing operations and to expand into new areas. Not a word will be uttered, unless we reach that stage, about the effect that restrictions on the use of dividends will have on the working capital positions of small businesses.

There are some tax penalty clauses in this bill. Some members of our party are hoping to discuss past enforcement standards for the Income Tax Act, particularly as it relates to individuals like John C. Doyle. We will not be able to explore that with closure. We have here an absurd situation with closure at the detailed study stage of this bill after only two days of debate, indeed introduced only after one day's debate of a very complex, detailed bill.

It is interesting to note that in the other institution of this parliament, the banking, trade and commerce committee is now studying in detail many of the matters which I have raised. They are hearing witnesses in an attempt to determine whether these budget resolutions, which this minister is pushing through this House, are in fact workable. It is an irony and a tribute to the disrespect for democracy of this minister and this government that, in the legislative assembly where members are appointed, there is a right to detailed debate. But here, where we are elected, that right to detailed debate is cut off by a minister who cannot stand the heat of the questions.

Some hon. Members: Hear, hear!

Mr. Clark: I make the point that by this invocation of closure—by closure once a week which we get with this minister—on almost every bill that he brings in, the minister is not just restricting the ability of members on this side of the House to do our job and to analyse this bill. He is also seriously restricting the ability of members of his own party to carry on examination of the provisions of this bill. Some of them may not want to, but there are some—and I am pleased to see the hon. member for Maisonneuve-Rosemont (Mr. Joyal) in the House—who may want to introduce amendments to some of the clauses, unless closure prevents us from getting to them.

● (1542)

I think, for example, of clause 30. There may well be a disposition on the part of that member of the minister's party to introduce an amendment to that offensive clause of the bill if he is given a chance and not denied that by closure. Perhaps another reason why we have closure is to stop members of the government party from having an opportunity to comment on the legislation which this minister is trying to force through the House of Commons.

Last night there were other members—I think of the hon. member for South Western Nova (Miss Campbell) and the hon. member for Battleford-Kindersley (Mr. McIsaac)—who asked good questions about some of the measures in this legislation. They indicated their concern about the negative impact these measures might have upon their regions.

This government does not want to hear about what is wrong with budget measures they introduce but do not understand. Instead, the minister wants to force them through this parliament in a way that offends the principles of this place and prevents us from doing our job.

We in this party oppose this closure. We think it is an inexcusable abuse by this government. We are not going to debate it at length today. We are not going to take the two hours that are available to members on this side of the House, but we are certainly going to vote against this imposition of closure by this minister of closure. We hope it will be possible for this House of Commons, having dealt with this attempt to limit debate by this minister, to get on with an examination of the budget, an examination that is limited by a government that subjugates parliament's duty to examine to its interest in maintaining the image of its own incompetent minister.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we in the New Democratic Party join with the official opposition in stating our absolute opposition to the motion that the Minister of Finance (Mr. Chrétien) has presented to the House today. I must say that I thought from the way he was speaking when he rose to take part in this debate that he was going to withdraw the motion. He said that yesterday, when he gave notice, we were still on clause 1, but as a result, so he said, of his giving that notice things have moved a bit and we have reached clause 19 or 20. I doubt whether it was his threat that produced that. In any event, he was now of the opinion that the closure motion was not needed, that we might finish the debate in two or three days in any case. If that is the situation, why does he affront parliament by bringing in another of these closure motions?

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Almost every time that we on this side of the House refer to this device as a form of closure, the minister interrupts that it is not closure but an allocation of time. I do not know why he did not interrupt me. I suppose he is busy doing something else.

May I remind him that what that this motion does is to close off debate. You can call it any name or title you want: the effect of the motion is to close off debate. As the Leader of the Opposition (Mr. Clark) has already pointed out, the effect of this motion could well be, if members decide they want to debate some of the matters in detail, that there are clauses in this bill that will not be debated at all.

There are 59 clauses in this bill. We have dealt with about 19, although we stood two or three. It could well be that if this closure rule comes into effect and the axe falls when the minister wants it to fall, there will be important measures in this bill that will not have been discussed in committee of the whole.

Mr. Gillies: Thank God we have the Senate.

Mr. Stevens: You cannot close the Senate.

Mr. Knowles (Winnipeg North Centre): Don't get irrelevant on this side just because the minister has been irrelevant today in telling us about the number of days we have been debating

his budget. You notice that he refers to all of the debate that has taken place since April 10. He counts up the six days that were spent on the main motion for the approval of the government's financial provisions. Then he counts the days that were spent on second reading of this bill and on the amendment that was proposed by my leader. He adds up to the number of some 20 days.

Surely what counts now is the time this House is permitted to spend on the actual details of this bill. All we have had so far is two days. I suggest that this is an affront to parliament. It is another abuse of a rule that ought not to be there at all and this House should not tolerate it.

I agree with the Leader of the Opposition that since we are under this kind of restriction every hour counts, and there is no need for us to use the two hours granted to us. We are stating from our side of the House that this motion should not be passed. We shall be voting against it. I hope there will be members on the other side who will either see our viewpoint or stay out and let the House for once say that it believes in free debate in this place.

There is one other point I want to make. It has been demonstrated in the life of this session of parliament that when the government brings in good legislation, measures that are acceptable, this House does not waste any time on them. There were two veterans affairs matters dealt with, in both cases in an hour or so. Others were brought in by the Minister of Justice (Mr. Basford) which made good sense and were dealt with quickly. It is only when legislation is faulty, bad, inconsistent or imposes unfairness or injustice that the House insists upon debate. The government responds to that by saying: "No. We are king around here. We run the show. We have decided this is to go through and there in fact need be no debate."

One of the things that has been going on in this debate has been an attempt on the part of members of the opposition side to get the minister to answer specific questions about clause 30. He keeps saying he will do that when we get to clause 30. I have no idea how long the clauses between 19 and 29 are going to take. It could be they will take all the time and we will never get to clause 30. In the end we might never get the answers, yet we will be expected in one moment to vote on the committee of the whole stage and to proceed to third reading. That is no way to run the parliament of Canada. We are voting against this motion.

[*Translation*]

Mr. René Matte (Champlain): Mr. Speaker, I have been sitting in the House for ten years and we have seen a few motions such as the one introduced by the Minister of Finance (Mr. Chrétien) today. We have even discussed in the House the passage of that famous Standing Order 75C enabling a minister to restrict unilaterally the debate as the Minister of Finance is doing today.

Mr. Speaker, we are constantly before the following dilemma between the government and the opposition, that is the government wants to pass bills quickly while the Opposition wants to consider them in depth to gather all the information before the question is put. As a result of that dilemma, the government is always inclined to conclude the debate quickly. It happens sometimes that the debates are too long, but in the present case, I would like to point out that the minister is presuming that the debates will be dragging. That is a cavalier and arrogant way of measuring the value of the debate and contributions of members of this House. That bill was not even discussed properly considering that already it has somehow come up against opposition on second reading and then in this debate in committee, well, no sooner had we begun this debate that the minister already anticipated that it would be too long and he had to limit it. That is in my opinion, an entirely abnormal way of holding up the rights of this House.

Mr. Speaker, like other members who spoke before me, I must object categorically to that. Indeed, I believe that if you finally reach the conclusion that a new rule will be established in this House, the debates will automatically be limited as soon as the issue being considered is controversial. Well, Mr. Speaker, a regime applying such principles is a dictatorial regime. So I do not believe that this government should be allowed to get into that. So, Mr. Speaker, as I said, I am most strongly opposed to that, particularly as an independent member of this House, being accountable only to the voters of my riding, who have the right like anyone else to know the opinion of their representative in this House, perhaps even more than other members, I must categorically object to that decision.

The minister, the Prime Minister and the whole government have already become so tied up in a way that I would describe as stupid in this debate and the fact the minister should continue to want to breach our rights in another way leaves the impression that he thinks he is condoning the ill-intentioned and clumsy moves he made by cutting down this debate. As other members have suggested before me, the minister regrets what he did and no longer wants to hear about the solution he proposed.

We are not in this House to cover up the mistake made by a government or by a particular minister. That is why I do not believe they are justified in breaching the rights and privileges of members of this House simply because a minister messed things up. Mr. Speaker, as my voters expect, I hope I will have an opportunity to discuss this bill which indeed affects them very much.

• (1552)

[*English*]

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I should like to make a few remarks at this stage. This will be the only opportunity I shall have to participate because I shall be leaving later today for parliamentary business outside Canada.

On listening to the hon. member for Winnipeg North Centre (Mr. Knowles) it occurred to me we should do some hard thinking as to why there was not the same unanimity on this

bill as there was with regard to the veterans legislation to which he referred. Mr. Speaker, the day of the traditional budget has gone. The days when the minister could call in his advisers and prepare appropriate tax and fiscal measures in great secrecy and then introduce them with a flourish in a dramatic way are probably gone for ever. There are many reasons for this, not the least of which is the new economic situation in which we find ourselves, the continuance of inflation at a time when unemployment is so high. We look to those in the academic community for guidance in these matters but there is no Lord Keynes on the scene today.

The Minister of Finance (Mr. Chrétien) has a difficult task. He has to devise a new type of budget in new circumstances. For one thing, combined municipal and provincial expenditure substantially exceeds that of the federal authority, as has been the case for some years. The state of the economy in the various regions of the country is, moreover, so diverse that it is no longer possible to take a uniform course as dictated by the wisdom of the minister of finance and the mandarins in Ottawa. This implies discussion with provincial spokesmen and, of course, abandonment of the traditional approach to the budget which was one of complete secrecy since, in the process of consultation, there is bound to be some sacrifice of that principle.

I congratulate the Minister of Finance for his innovative approach. He travelled. He consulted with provincial ministers. He sought ideas. The approach he took to the previous budget was based on personal income tax cuts and corporate tax concessions which failed to stimulate the economy. It did not work. Mr. McKeough of Ontario suggested there ought to be a cut in sales tax. That was a suggestion which came from a member of a government of a different political complexion but was adopted as the essence of the solution found by the Minister of Finance in his search for a new approach.

Eight of the provinces agreed with that approach. No sales tax existed in Alberta. A different deal was struck with the maritimes which, as we all know, had special problems. The minister thought a consensus had been reached. But Quebec held out. Then, after the budget had been announced, a game was played in hindsight by the spokesmen for Quebec. It was not played in good faith because whatever the federal government did there would be an attempt at political one-upmanship.

Any concerned Canadian who is worried about the management of our economy knows we cannot rely on the traditional fiscal and monetary tools to do the job in the way it has been approached in the past. Innovation has proved to be a difficult procedure. Nevertheless, those responsible for the attempt to denigrate the preparation of a budget by a new process will have to answer to the voters and to the people generally. I support the budget because it is the first of a new type which the situation demands. Today a minister of finance must innovate. He must be flexible and the measures he takes must respond to the needs of different parts of the country.

S.O. 75C

The hon. member for Winnipeg North Centre said, in effect, that if we can all agree on something we can put it through quickly—we do not even need to debate it. The point is that we do not agree. Even the analysis of the subject matter is open to disagreement among prominent people both in the academic and in the business world. As I say, today a minister of finance has to innovate, but whenever there is innovation there is bound to be a difference of opinion.

Opposition spokesmen complain that we have spent only a short while on this stage of the bill. Of course, it means nothing to them that we have already spent six days discussing the budget itself and another 11 days on second reading, or that debate at that stage was brought to an end only by a time allocation order. I noted that when the minister gave notice of a time allocation order yesterday with respect to the committee stage there was a sudden change of heart and things moved along a little faster. But I for one am standing up and saying I support the new approach. I support the innovation.

● (1602)

I look forward to more innovation in future budgets and to new attempts to do things based on consultation and respect for regional differences and problems. This bill has to pass. We cannot debate until the end of time. We cannot go through the sophistry of saying that there have been six days for the budget, 11 days for something else and a day for tariff resolutions but that that is all irrelevant and that we have to work on all these clauses and spend all the time we have. No legislative body can afford that luxury. Let us get on with the job.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Chrétien) which was agreed to on the following division:

S.O. 75C

(Division No. 50)

YEAS

Messrs.

Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Béchard
Bégin (Miss)
Blais
Blaker
Boulanger
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Caron
Chrétien
Clermont
Comtois
Condon
Corbin
Corriveau
Cullen
Cyr
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Kaplan
Lachance
Lajoie
Lalonde
Landers
Langlois
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Lessard
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacFarlane
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Parent
Pearsall
Penner
Philbrook
Pinard
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Roy
(Laval)
Sauvé (Mrs.)
Savard
Smith
(Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Watson
Wood
Young—100.

NAYS

Messrs.

Alexander
Alkenbrack
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Bawden
Beatty
Beaudoin
Benjamin
Blackburn
Brisco
Broadbent
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Cossitt
Crosbie
Crouse
Darling
Diefenbaker
Dinsdale
Douglas
(Nanaimo-Cowichan-
The Islands)
Ellis
Elzinga
Epp
Gillies
Grafftey
Halliday
Hamilton
(Qu'Appelle-Moose
Mountain)
Hamilton
(Swift Current-
Maple Creek)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Hurlburt
Jarvis
Jelinek
Johnston
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Edmonton West)
La Salle
Lawrence
Leggatt
MacKay
Malone
Masniuk
Matte
Mazankowski
McCain
McGrath
McKenzie
McKinley
McKinnon
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Nowlan
Nystrom
Peters
Pigott (Mrs.)
Ritchie
Roche
Rodriguez
Rynard
Schellenberger
Scott
Smith
(Churchill)
Stanfield
Stevens
Towers—76.

[The Acting Speaker (Mr. Ethier).]

● (1632)

Mr. Speaker: I therefore declare the motion carried.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Before calling orders of the day and resolving into committee of the whole, perhaps I might indicate to the House at this time the matters to be dealt with pursuant to Standing Order 40 tonight at the ordinary time of adjournment. The hon. member for Fort William (Mr. McRae)—Consumer Affairs—Reason for beef price increases; the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack)—Agriculture—Requested increased milk quotas for Ontario cheese manufacturers; the hon. member for Egmont (Mr. MacDonald)—Canadian Culture—Importation of U.S. editions of Canadian books.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Monday, June 12, consideration in committee of the whole of Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Ethier in the chair.

The Assistant Deputy Chairman: When the committee rose last evening clauses 16 and 17 were allowed to stand, clause 19 was agreed to.

On clause 20—

Mr. Stevens: Mr. Chairman, for the record, perhaps the minister could tell us the significance of the addition of the 4.1 reference in this section.

Mr. Chrétien: Mr. Chairman, this is a technical amendment consequential on the amendment to subsection 84(4.1) in clause 18 of the bill. Subsection 84(4.1) treats certain distribution under the reduction of capital of a public corporation as a dividend brought in in a return of capital.

Clause agreed to.

On clause 21—

Mr. Stevens: Mr. Chairman, as the explanatory note to this clause states that it is designed to correct an error relating to the application of subsection 85(7) as amended by chapter 1 of the statutes for the current session, could the minister tell us what the error is that they have made here and why we are being called upon to correct it?

Mr. Chrétien: Mr. Chairman, as usual, I will read the technical explanation. This is a relieving technical amendment bringing into force the provision of last year's tax legislation, being Bill C-11. Section 85 of the act provides a roll-over that is a mechanism for the deferral of tax that will otherwise arise on certain transfers of property to a Canadian corporation. In order to qualify for this roll-over an election must be filed by the due date of the tax return for the year of transfer.

In a number of situations, taxpayers failed to file the required election on time. Subsection 85(7) was amended in Bill C-11 to permit the filing of an election within three years from the normal due date. The amendment in Bill C-11 was made applicable to transfers of property made in 1975 and subsequent taxation years. The Bill C-11 amendment should have been effected before an election normally due after May 6, 1974. This change simply corrects the coming into force accordingly.

Mr. Stevens: Mr. Chairman, could the minister confirm that this is one of the amendments that he hoped to make in the committee of the whole stage with respect to Bill C-11 but got caught in his own closure mechanism and was not able to make the amendment at that time?

Mr. Chrétien: Mr. Chairman, it was an amendment that I wanted to put forward in the debate, but because there was a lot of foot dragging in second reading, we did not have the time to proceed normally clause by clause and we had to limit the debate, I believe, after five weeks. Of course, it is one of the consequences that when we do not have the collaboration of the opposition in the early stages of a bill we get caught in these difficult situations in the last hours that the bill is in front of the House.

Mr. Stevens: Mr. Chairman, it is most unfortunate that this minister continues to misrepresent the facts to the House and to the Canadian public. The fact is he brought in closure prematurely with respect to Bill C-11. The committee of the whole was just nicely into the consideration of the bill clause by clause. The minister had indicated that he had 11 or 12 amendments that he felt should be made to the bill because it had been inadequately drafted.

In spite of the fact that he has his own amendments to make, he brought in closure at that time, not only shutting out his own people who had questions to raise on the bill and shutting out the opposition, but shutting out his own capability to make amendments. Now we are in the rather ludicrous position of finding that closure once again has been put on us within a day of getting into clause by clause discussion of this bill, and part of the time of the closure is now being utilized to allow the minister to pass amendments that he was not able to pass because of closure being invoked by himself on Bill C-11.

This type of inept handling, not only of Bill C-11 but of Bill C-56, must be driven home time and time again. When we say that this is the most incompetent, the most inept Minister of Finance since confederation, we kid nobody. The fact is he is.

Clause agreed to.

On clause 22—

Mr. Stevens: Mr. Chairman, as this clause relates directly to clause 6(1) which was stood, as you will recall, yesterday, it may be sensible to stand clause 22, and I think one or two other clauses as well. It would enable us to consider all those clauses at once. We would also like clause 6 to be delayed a little longer because one of our members is considering a possible amendment to it, and, therefore, it would facilitate the committee if we could stand clause 22 at this time.

• (1642)

The Assistant Deputy Chairman: Is there unanimous consent that clause 22 be stood?

Mr. Chrétien: Mr. Chairman, we should proceed either with clause 6 or with clause 22. We postponed two clauses yesterday. If the hon. member wants to deal with clause 6, we can go back to it and after that go to clause 22; or if he wants to pass clause 22 right away, that is fine.

The Assistant Deputy Chairman: Order, please. There is not unanimous consent.

Mr. Stevens: Mr. Chairman, obviously the minister gets more and more uncertain of his position as we go along. If he does not want to stand clause 22, perhaps he can give us the explanation for it and we can then decide whether it should be passed.

Mr. Chrétien: Mr. Chairman, section 87 of the act provides the technical rules that apply when two or more Canadian corporations amalgamate. The four amendments to this section relate to the research allowance, charitable contributions, paid up capital and certain involuntary dispositions.

Clause agreed to.

Clauses 23 to 26 inclusive agreed to.

On clause 27—

Mr. Stevens: Mr. Chairman, as we pass these clauses, particularly clauses 25, 26 and 27, I take it we have the undertaking of the minister that if there should be some change in clause 35, which is the clause that is interrelated with these various clauses, any necessary consequential change could be made subsequently to some of these clauses that we are passing.

[*Translation*]

Mr. Chrétien: Mr. Chairman, if we do make amendments to clause 35, we will make the necessary amendments to the clauses which have already been accepted by the committee.

[*English*]

Clause agreed to.

On clause 28—

Mr. Stevens: Mr. Chairman, this is a fairly important change that is being proposed. It is important to certain life insurers and I think the minister owes the House an explanation why it is requested.

Mr. Chrétien: Mr. Chairman, the amendment is required to deal with losses of certain life insurance companies. Bill C-11 contains rules to deny the carryforward into 1978 of losses and deductions for prior years to the extent that they arose as a result of the reduction of excessive reserves deducted in past years. The technical formula by which this is achieved produces a harsh result for certain small insurance companies that have suffered losses. The proposed amendment provides relief for losses in the few cases where the formula now in the law operates too severely.

Mr. Lambert (Edmonton West): Mr. Chairman, would the minister explain whether this is a proposal to plug a loophole or to "even out" at the request of the industry?

Mr. Chrétien: It is to assist small companies that have incurred heavy losses, in order to be fair to them.

Mr. Ritchie: I want to ask the minister about the form of those losses that the insurance companies suffered. In what manner were these losses suffered, in a general way?

Mr. Chrétien: It is related to real losses apart from the reserves.

Clause agreed to.

On clause 29—

Mr. Alexander: Mr. Chairman, I should like some clarification of this clause as I think a very important step is being taken. The explanatory note reads as follows:

This amendment, which would delete a reference to the Northwest Territories as not being a province for the purpose of section 120, together with the amendment to subsection 124(1) proposed in clause 31, would implement paragraph (12) of the income tax motion, which read as follows:—

What is the implication?

Mr. Lumley: It is nice to see you.

Mr. Alexander: The parliamentary secretary is so smart that perhaps because of the incompetence of the minister he is liable to get the minister's job. I want to ask the minister what is going on in terms of the required deletion, as the minister sees fit, of the Northwest Territories as not being a province.

[*Translation*]

Mr. Chrétien: The inappropriate remark from the hon. member does not call for any comments. I would simply say that if he had read the act, he would readily understand that this is a very positive measure designed to allow the Northwest Territories to reach a more autonomous status than they had before. This is in line with the policy established by this government when I was Minister of Indian Affairs and Northern Development with a view to transferring to the northern council more power than it had under the governments which were in power before the Liberals came in. Regarding this amendment, Mr. Chairman, I will read the general comment as I have done for the other clauses, and I quote:

Since January 1, 1978 the Northwest Territories have their own income tax system and have since concluded a tax collection agreement with the government of Canada.

The amendment proposed to the definition of the term "province" contained in paragraph 120(4)(b) of the act results from the Northwest Territories being granted the status of a province for the purposes for the Income Tax Act. Before January 1, 1978 residents of the Northwest Territories had to pay a federal income tax of 43 per cent under section 120(1) of the act. Residents of the Yukon remain subject to this additional federal income tax. The amount of income tax payable by Northwest Territories residents for fiscal year 1978 and subsequent years will not be modified by this change because the additional tax which they would otherwise have had to pay to the federal government will be paid to the Northwest Territories government.

Mr. Lambert (Edmonton West): Mr. Chairman, with respect to the Northwest Territories I would like to ask the minister if he can tell us the approximate rate of taxation to which the taxpayers of these territories will now be subjected? Is it based on an average of the federal income tax and that of the various provinces? Is it rather calculated on the basis of the tax in Alberta or Ontario? And with regard to the Yukon which as a territory has not yet availed itself of the powers granted to it on January 1, 1978, what will be the rate of taxation for the taxpayers of that region?

Mr. Chrétien: Mr. Chairman, the bill does not provide for any change in the amount of tax paid by the people from the Northwest Territories at this time. They will pay the same income tax as their neighbours from the Yukon, and we will not change in any way the amount of income tax paid by the people from the Northwest Territories, but we will change the process through which the government of the Northwest Territories will be able in the future to increase or reduce income tax within its budgetary authority. Of course, there is a collection agreement with the federal government, but through this bill we are giving the government of the Northwest Territories the authority to pass legislation pertaining to income tax.

Mr. Lambert (Edmonton West): Why is the Yukon not included? Perhaps at that time the Yukon council did not request it, but since the minister told us a moment ago, when he explained the reason for this amendment, that this would affect that Yukon and the Northwest Territories which have, since January 1, 1978, a power of taxation, that is why I was wondering—I think I did hear the minister say so—under what authority a territory had the rights of a province to levy that kind of tax.

Mr. Chrétien: Under our policy of devolution of authority to the Northwest Territories and the Yukon, we allowed them, from January 1 in the case of the Northwest Territories, to levy income taxes because we made the same offer to the Yukon but the council of the Yukon did not pass the legislation and they did not make the request to have the system applied in the Yukon.

The Assistant Deputy Chairman: Shall clause 29 carry?

Some hon. Members: Carried.

The Assistant Deputy Chairman: Shall clause 30 carry?

Some hon. Members: Carried.

Mr. Lachance: On clause 30, Mr. Chairman, I would simply like to ask the minister whether, as far as the province of Quebec is concerned, according to the fact that the House decides in favour of one of the two formulas put forward, namely either the $85 refund if the taxation year 1977 is considered as the base for reference or a $100 refund if 1978 is used as the year of reference, he will be able to choose, as Minister of Finance, the formula he prefers, and whether the bill as it now stands, and in particular clause 30, authorizes him to add the province of Quebec to the schedule of the provinces which have already reached an agreement and will receive $100 for 1978. In other words, is he empowered to disregard clause 2 amending section 122.1(2) which stipulates that where no fiscal agreement exists between the federal government and the provinces, there is an $85 reimbursement? Can he disregard that provision and refer instead to clause 1 which provides for a $100 reimbursement merely by changing the schedule?

Mr. Chrétien: Legally, Mr. Chairman, we have a choice, once clauses 30(*a*) and (*b*) have been passed, to add the province of Quebec to the schedule to part I of the act. However, the government has decided to proceed as the bill stipulated as introduced, that is by reimbursing immediately $40 million to the Quebec government, and reimbursing to the Quebec taxpayers an amount of up to $85 as provided for in this bill. Naturally, as we know, Mr. Chairman, I made proposals to the Quebec government exactly two weeks ago with a view to coming to an agreement, and if the Quebec government had accepted my proposal on that Wednesday, we could have included Quebec in the first schedule, and payments could have been made in the spring of 1979. But, in the reply I received from Mr. Parizeau one week later, he told me that, as the formula advocated by the second part of clause 30 was public knowledge, he had no objections to it and advised me that he would, one way or the other, take steps to recover those amounts of money, which it is in his power and his duty to do if he has budgetary problems and has to increase his taxes; and I have no business interfering in that field.

The second proposal he made in his letter would lead to amendments in clauses 30(*a*) and 30(*b*). That, of course, would involve interest payments and a substantial change in clause 30. Since I gather, from his letter, that he would be satisfied if we adopted clause 30(*b*) concerning Quebec, I did not think it appropriate to choose the other alternative as this would result in major changes and administrative complexities. So I shall opt for the formula which seems acceptable to the Quebec government. I had myself suggested that Quebec be included in clause 30(*a*), but that was rejected by Mr. Parizeau who wanted a cash payment of $40 million, which was impossible under 30(*a*). That is why 30(*b*) seems acceptable to Mr. Parizeau, and the government has decided to go that route.

● (1652)

[*English*]

Mr. Stevens: I rise on a point of order, Mr. Chairman. Hon. members will recall that the Speaker ruled that this clause could not be dealt with until we had a proper ways and means motion concurred in by the House. Was the ways and means motion tabled by the minister concurred in?

[*Translation*]

Mr. Chrétien: The motion was concurred in yesterday afternoon.

[*English*]

The Assistant Deputy Chairman: We are informed by the Minister of Finance that the motion was concurred in yesterday afternoon.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, I merely wanted to ask the minister to clarify the statement he made. I may be incorrect but my understanding is that Mr. Jacques Parizeau, the minister of finance of the province of Quebec, had asked for $40 million as part of the settlement, and that the balance, the $186 million, could be paid on either basis, either by an $85 rebate on this year's tax or by a rebate of $100 for 1978.

The minister says that there is some administrative difficulty. I would have thought the opposite would be true, that it would be much better if all the provinces were on the same basis, namely that this reduction would be for the 1978 tax year and would be for $100. The government has always been strong in saying that it does not want any special status for any province, it wants them all to be treated alike. If it is correct that Mr. Parizeau said that he does not care which of the options the federal government selects, I cannot understand why the Minister of Finance has not selected the one which would have had uniform application to all the provinces and removed a good deal of the irritation that has been generated during this debate.

Mr. Chrétien: Mr. Chairman, in Mr. Parizeau's letter, what is called his option two, he is asking for $40 million right away and $85 for those taxpayers on the list for 1978, but to be deducted from the income tax of the Quebec taxpayers only in the spring at the time of filing. That is why in his request there is something different from the other provinces. The week before I offered to deduct $100 in the spring of 1979, but he rejected that proposition. He wanted $40 million cash and $85 in the spring. As we wanted to make the federal contribution of the money left over—because there was no agreement on the $186 million—not to penalize Quebeckers but because there was no agreement between the governments we decided to proceed with the $85 payment right away.

There are a lot of people who do not know why we have to proceed that way. As the hon. member knows, I believe it was at the time when he was premier of Saskatchewan that Mr. Duplessis decided to have his own tax collection system and that is why we have to operate in a different fashion. It is not due to any action by the federal government. For Saskatchewan, Ontario and Manitoba on budget night the federal government reduced the income tax by $100, and those ministers of finance a week later raised their income tax by $100, and agreed to my plan to reduce sales tax.

In the case of the province of Quebec there was no such agreement. There has been no tax collection agreement with Quebec since 1954. That is why we have to rebate the money to the Quebec taxpayers directly. If the provincial governments want to collect any part of it or all of it, or even more than it, it is within their own power to do so. It is always their privilege and option to do whatever they want with their own tax, just as the federal government does with federal tax.

If Mr. Parizeau had agreed to what I offered two weeks ago, namely to have Quebec included in option one, I would have been willing to do this and it would have been exactly as with the other provinces regarding clause 38. But he does not want that. Mr. Parizeau wants $40 million cash because he has qualified partially to participate in the national program. As for the rest, I am just following the government's intentions at the time of tabling the bill.

The Assistant Deputy Chairman: Before recognizing the hon. member for Nanaimo-Cowichan-The Islands on a point of order raised previously by the hon. member for York-Simcoe, if we refer to the *Votes and Proceedings* for Monday, June 12, at page 858 in the fourth paragraph, the motion reads:

> The order being read for the consideration of a ways and means motion to amend the Income Tax Act (Sessional Paper No. 303-1/308D), laid upon the table, Thursday, June 8, 1978;
>
> Mr. Chrétien, seconded by Mr. Cullen, moved,—That the motion be concurred in.
>
> And the question being put on the motion, it was agreed to.

● (1702)

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, this is not the first time the minister has tried to explain this situation by virtue of the fact that Quebec is the only province which does not have a tax collection agreement with the federal government. I know they have not got that. In fact, I was at the conference when Mr. Duplessis announced they would not continue the tax collection agreement with the federal government. However, I do not follow the logic of the minister as to why that needs to make any difference.

If the federal government made it clear that when people submit their 1978 income tax returns next spring they will be allowed a $100 deduction, the provincial government of Quebec could then adjust this tax as it saw fit. They could either collect that $100 or let the Quebec taxpayer have it. I see no reason why there should be two different schemes on two different bases.

A good deal of the difficulty the minister has had with this bill has been quite unnecessary. The minister several times has been very critical of the government of Quebec because he does not agree with their separatist policies. Neither do I, but I resent this intent to smear anybody who asks for fair and equal treatment for Quebec as being a separatist or as being in bed with the separatists. That is a cheap type of politics that will not get the minister or the government anywhere. It smacks of the McCarthy era. If they could not call you a communist, they said you were soft on communism, in bed with a communist or advocating what a communist would advocate if he were in your place. That does not do anything for anybody.

We have to look at this fairly. I did not get into the fight when the minister was being attacked. I think he has a difficult job and is doing the best he can. However, I say the minister got himself into a good deal of trouble by the ham-handed way in which this whole question of the reduction of the retail sales tax has been handled.

First, there was a finance ministers' conference and then a first ministers' conference. Those were the places where it should have been suggested to the provinces that the federal government thought that the most speedy way in which to give a stimulus to the economy was to cut the retail sales tax, and that the federal government was prepared to make some compensation in return for such action.

That was not done. The finance ministers and the premiers went home and proceeded to prepare their budgets. I ask the members of this committee to put themselves in the position of a provincial premier. After working out his budget, he has a very small surplus. He thinks he will break even and might even have enough to cover any unforeseen contingencies. He then receives a telephone call or a visit from the federal Minister of Finance who says he is prepared to pay two thirds of the cost of cutting the sales tax by three percentage points for six months, or two percentage points for nine months.

What does that mean to the provincial treasurer? It means he will be put in a deficit position. He does not want to be in a deficit position, but he cannot turn it down. What position would he be in on budget night when the Minister of Finance would say that he offered province A or province B a cut in sales tax of three percentage points and that province did not want it? What if that province turned down millions of dollars which it would have received in compensation?

The minister did not say that the provincial treasury would have had to find the money to put up the provincial share of that reduction. If given enough notice prior to making their budget, the provincial treasurer and premier could probably adjust to that. However, they cannot do it on the basis of a few days' notice. That is the reason why much of the difficulty has occurred. The minister overlooks that.

In handling the situation vis-à-vis Quebec, instead of making a cause célèbre out of the situation, the Minister of Finance would have been much better to have been completely flexible. I am convinced he has done a great deal more to strengthen the hand of the Quebec government than to weaken it. Also, having two different formulae and two different tax years as a basis for paying this rebate will continue to rankle among the provinces. It was totally unnecessary. There could have been a uniform arrangement. There is no reason why the minister could not have paid the $40 million to Quebec and put them on the $100 deduction for the tax year 1978. If the minister had done that, he would have saved himself a lot of headaches.

Mr. Chrétien: I am pleased to hear the hon. member say that I should have consulted even more. I would like him to talk to his leader who, the day before the budget, got up in this House and asked me to tell the House and the nation that I had not fulfilled my obligation as the Minister of Finance to budget secrecy, that by talking to the provinces I had done away with the great British tradition of having no one know anything about the budget beforehand.

The hon. member has more experience than his leader. Perhaps he will teach him a lesson on that. I may not have had enough consultation, but it was much too much for the hon. member for Oshawa-Whitby. He felt I had betrayed the great British tradition of secrecy where, some years ago, the minister of finance only informed his cabinet colleagues hours before presenting his budget.

I say to the hon. member that this was not done in any rush manner. I first raised the problem at the meeting I had with the finance ministers in October. It was felt that the problem in the economy was too low a demand and that we had to stimulate that demand.

When I raised the question with them in October, there was some interest, although not much. I again raised it in the month of January. There was more interest, but no agreement. For three weeks before the budget I tried to negotiate an agreement with all the provinces. Eight were involved—Alberta with no sales tax was not involved—and they agreed to the procedure I set out to deal with this problem in a difficult situation. Everyone said yes except Mr. Parizeau of Quebec. He came along 48 hours later with a different scheme. It was too late for the other provinces to do the same because they had already introduced their own legislation.

In terms of the problem for the treasury, if there is an increase of something like 15 per cent over normal sales in the six month period, the provinces will generate enough money to cover their one third of the cost. In fact, I have heard some reports from the treasurers of the different provinces. They are very pleased with the increased retail tax revenue following the cut. They only have to pay one third of the cut, and there has been a 15 to 20 per cent increase. The added revenue they receive will certainly compensate for their losses.

I have done my best. I am the first to say that the mechanism is not perfect. I have tried to involve the provinces for the first time in history in attempting to develop an economic policy that makes sense for everybody. Some say that I went a bit too far. Others have told me that I was naive not to force everyone to sign an agreement before the night of the budget.

● (1712)

It was not, in my judgment, naivete. It was—

Mr. Stevens: Incompetence.

Mr. Chrétien: Having regard to the hon. member's great success in banking, he would be well advised to shut up.

Mr. Stevens: Go on. Tell us about it. Tell us about the banking.

Mr. Chrétien: I considered the separatist minister of finance from Quebec not as a separatist but as a minister of finance who was there to do what was best along with the ministers from the other provinces to stimulate the Canadian economy. Some say I should have forecast that he wanted to throw a wrench into the gears of a good federal scheme, but I do not apologise for treating him as a normal minister of finance. If I had got up in this chamber on the night of the budget and said: "I am sorry, I did not try because I could not trust the Quebec government since they do not share the same goal of a prosperous Canada as we do", everyone would have laughed at me and said: "Chrétien, you are wrong; you should have treated all the ministers of finance equally".

What I want to say is this: I have tried to do something that no Minister of Finance has tried to do before. The hon. member for Nanaimo-Cowichan-The Islands will recognize that as being the case. Never before has the federal Minister of Finance gone to Saskatchewan to discuss a federal budget before introducing it into the House. At the time the hon. member was premier, if I am not mistaken, cabinet ministers were informed what was in the budget on the day of the budget. So I think I have come a long way from a tradition which, in my judgment, no longer makes much sense as long as speculation in the marketplace is avoided.

I believe there should be more consultation. Indeed, it is my opinion that some of these matters should be referred to a committee of the House so that an input might be made not only by the very good advisers we have within the department but by the House of Commons on certain specific questions. I have already made a reference this year of commodity tax problems to a committee of this House so that the subject can be examined and recommendations made. I do not know whether I shall accept them or not but I should like to have input from both sides of the House before I make up my mind. The process is not easy, because if the public are allowed to

know too much about what one is thinking there is a risk of speculation which could lead to major difficulties. Any attempt to combine the British tradition of secrecy of the budget with, if I might use the phrase, participatory democracy involves some risk, but I have taken many risks since I became Minister of Finance and I am willing to take that one too.

To return to the Quebec situation, if Mr. Parizeau had replied to me by saying that my proposition of two weeks ago to the effect that a $100 deduction based on the Quebec taxpayer list of 1978 was acceptable, and would have confirmed the Quebec situation to the others, I would have been pleased. But one of the problems is that although the flow of money is going into the economy of the other provinces right away, in the case of Quebec, since there is no agreement, there is $186 million which I keep in my treasury. If I want that money to go into the Quebec economy, I have to take the 1977 taxpayer list and send the taxpayers their rebate right away. Otherwise they have to wait until we have the 1978 list. That list will be available only in 1979, and so the money will not be in the Quebec economy, in theory, until the spring of next year. Since I was dealing with a budget intended to stimulate the economy right away, I think I have to move quickly. That is why I am proposing my present course.

There is, of course, another element, though people forget about it. Because we are dealing directly with Quebec taxpayers and not collecting the taxes for Quebec, there are some 200,000 Quebeckers who will not receive a rebate if I take the list of 1978, for the reason that since we have deducted for them $100 so far this year, in January or February or later, they will not qualify at all. It is only those who pay between $100 and $185 in taxes who will qualify. So we would have eliminated 200,000 Quebec citizens from being entitled to that credit.

I do not know what Mr. Parizeau will do. Perhaps he will decide to tax back. He has not told anybody yet. Perhaps he will consider adjusting income tax rates, perhaps he will consider adjusting the sales tax or the corporation tax. I do not know. I have to treat the taxpayers of Quebec on the basis of the knowlege I presently have, and on that basis, if I want the money to flow into the provincial economy and if I do not want to penalize 200,000 taxpayers in Quebec, I have to take the taxpayers list of 1977. That is the only one available to me at this time. I will then send those taxpayers a tax rabate based upon the tax they paid last year.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, the minister is worried about the 200,000 taxpayers who won't be covered if this matter is left until 1978. He is saying nothing about the hundreds of thousands of people who buy goods but will not get any rebate because they do not earn enough to pay income tax.

He said to the provinces: We want you to reduce your retail sales tax as being the fastest way to get money into circulation, to give the economy a shot in the arm. Would it not have been comparatively simple to have said instead: We will make an estimate, which can be adjusted at the end of the fiscal year, as to what it will cost you to cut your tax either 3 per cent across the board for six months or 2 per cent across the board for nine months, or even to make selective adjustments, and we will pay you in cash 90 per cent of what our share would be, and make the adjustment at the end of the year? We may owe them some money, or they may owe us some money, but we will have paid them whatever is the federal government's share of reducing the sales tax in a lump sum that would have gone into the treasury and been available to everybody.

What the minister is now proposing is to hand money out to taxpayers, many of whom do not need it. The amount of money they are getting bears no relation whatsoever to what they have paid by way of sales tax, as compared with others who are going to get nothing although they may have paid a great deal in sales tax, being responsible for bringing up large families. I have never understood why the minister made this so complicated.

May I say one other thing to the minister. He is quite incorrect when he says my hon. friend from Oshawa-Whitby took exception to the minister's consulting the premiers. The day before the budget my hon. friend objected to the fact that the press was already reporting that aspect. He did not know the premiers were being consulted; the minister told us later they were being consulted. My hon. friend was objecting to the press being informed and to leaks of information.

We in the party have never held to any sacred tradition by virtue of which provincial governments or other agencies of government were not to be consulted before a budget was bought down. There may, it is true, be certain instances in which a person would make a killing on the stock market by having advance information about certain forms of taxes which were to be proposed, but this happens very seldom.

I do know something about the preparation of budgets, having prepared some 18 of them. Not only have I consulted with my cabinet but I have consulted with my caucus, and sometimes with my party, as well as with representatives of the municipalities through their organization. There is no need for all the traditional secrecy. I agree with the minister as to that and I am glad he is moving away from the old tradition. But he has yet to convince me that this cumbersome way of compensating for the reduction in sales tax has been justified.

I get the impression that the government has been clutching at straws. The government recognizes, as does everyone with an elementary knowledge of economic rules, that the way to get the economy moving is to put purchasing power into the pockets of people with low incomes. We all recognize that today we are not suffering from inflation. If we were suffering from inflation, we would be producing more goods. We do not have a situation in which too much money is chasing too few goods. We are not operating at more than 82 per cent of our capacity. Our problem is that the people who have money do not need any more goods so they are reinvesting it.

• (1722)

Those who need goods do not have the money to buy them, and therefore the minister is quite right in recognizing that we

do have to stimulate the economy. But how did the government stimulate it? It tried to do so by cutting corporation taxes. When the predecessor to the minister's predecessor, Mr. Turner, was cutting corporation taxes, we told him that corporations would not invest money—even if they had tax cuts—when they were not using the capacity they had.

Now this minister has clutched at another straw. He says he talked to the finance ministers at the finance ministers' conference—I think that was in January—and that there were discussions for a while at the first ministers' conference in February. But was any specific proposal put before them? I know there may have been casual reference to the fact that if retail sales taxes were cut, that would give the economy a shot in the arm; but was any specific proposal put before them? Did the federal government say it was prepared to pay the majority or part of the cost to reduce sales taxes in order to get money into circulation, particularly among low-income people? If a proposition like that were put before the first ministers or finance ministers, I think they would have accepted it; but to put it before them after they had made up their budgets and finished two conferences at which no agreement was reached really was to make their situations worse. The minister has made the situation difficult for the provinces and difficult for himself, but totally unnecessarily. I ask him specifically whether a concrete proposal was put before the finance ministers or before the first ministers when they met in January and February?

Mr. Chrétien: Mr. Chairman, in a way we put forward a precise proposition to the ministers of finance in October. The proposal was to reduce sales taxes by two points. I was to pay half and the provinces were to pay half. That was rejected on or about October 10, 1977.

We kept talking about it. There were discussions among officials and ministers, and we made some progress. It was not discussed at the first ministers' conference because we felt it should be dealt with at the finance ministers' level. I do not think I took anybody by surprise. The provinces were well informed six months prior to the budget that this was my priority. I was trying to get agreement.

The hon. member asks why we did not adjust cash payments to the provinces and let them have all the freedom they wanted with that money. I tried to find a way to put money into circulation without having to make a federal government expenditure. If I signed cheques amounting to $800 million, I would have been obliged to write that amount into my expenditures, and the provinces could have used that money to cut taxes. I know the NDP would not have objected to that approach, but many people would have considered me a big spender politician if I had added $800 million to my expenditures. I wanted to find a way which would not add to my expenditures, but which would put money into circulation. Under the scheme I am reducing my take by about $800 million and making room for the provinces so that they can raise their income taxes.

The hon. member wonders why we did not give the provinces freedom. We gave them freedom. At the beginning I told them I wanted to cut sales taxes and we discussed how to do that. I proposed that we pay the totality of the money to the maritimes because they could not afford to participate. They do not have a manufacturing base, and they can ill afford to go into a scheme like this. Everyone agreed that that made sense.

I told Alberta that there was nothing in this scheme for Alberta. I told the Alberta finance minister that I would like to help him by cutting his sales tax. He laughed and said that Alberta has no sales tax. I told him Alberta would not be involved but that he should not be too nervous because there would be other things in the budget to please some sector of Alberta's economy. That is why there is a special provision in the budget for the heavy oil schemes which are of great interest to Alberta.

There were all kinds of suggestions made by all the other provinces as to how to cut sales taxes. We decided to call a meeting in Ottawa of the officials of all the different governments. They were to come to Ottawa for a full day. We even provided for two days if that much time would be necessary to work out the details.

Some officials said they did not want to cut their sales taxes on alcohol, cigarettes and recreation. Ontario officials said that because they had just raised those taxes. They said putting money into that area would not stimulate the economy. The officials agreed among themselves that this scheme would not apply to those three commodities. B.C. and Saskatchewan had a different problem because, being on both sides of Alberta, if they were to cut sales taxes by three points for six months there would be a lot of political pressure not to reintroduce them later on. However, they said that the two-point scheme would make more sense and would be less difficult.

I proposed that they cut their sales taxes two points for nine months rather than three points for six months. We discussed that with the other provinces. I made the same offer to the other provinces, and nobody else was interested. Now I am being asked why this was not discussed. A question was asked by the hon. member for Brome-Missisquoi with respect to selective sales taxes. This was not raised by Quebec at all at the time of the negotiations, so we could not forecast that Quebec wanted that. Quebec did not express its views about it or show any interest in it, so I could not make an offer, discuss it or call a meeting on it.

On the day of the budget Mr. Parizeau said he had no answer for me, contrary to the agreement we had. He came along 48 hours later with his special way of cutting taxes. I do not want to judge whether his scheme is good or bad; it is within his jurisdiction. He did what he wanted to do, and that is fine with me. Mr. McKeough did the same thing in Ontario two years ago with his own money. I was informed at three o'clock in the afternoon on the Wednesday following the budget that the sales tax in Quebec would be cut selectively at six o'clock that night. There was no consultation. I was informed three hours prior as to what was to be done unilaterally. The question was whether I could accept that and whether I would pay for it. I told Mr. Parizeau that that was not

part of the deal which had been agreed upon by the others and that I did not know what I would do.

Before I gave him my answer I called some other ministers of finance and told them what Quebec was doing on its own. I told them that Quebec would like to qualify for the national scheme. Three ministers of finance said that it was too late; they had already announced the scheme in their own jurisdictions. Their sales taxes had been cut since that Monday night, and it was now too late for them to make the same choice. I had given my word with regard to a procedure to all ministers of finance. I tried to get them to agree to Mr. Parizeau's scheme, but they said "no way". I had given my word to the ministers of finance prior to the budget. The proposition was on the table. It was agreed upon as the most sensible way to cut sales taxes.

Since there was no agreement with the other finance ministers with regard to the Quebec proposal, I could not agree. I had given my word to the ministers of finance and I evolved the scheme with them during the three weeks. Mr. Parizeau decided to go unilaterally, but under the scheme the province was qualified to receive $40 million only and we decided to pay it as a result of the tax collection agreement.

● (1732)

Hon. members will see that under this act there is provision for an adjustment at the end of the year. We forecast that in the reduction of income tax in Ontario, $100 will be too much for the cut in the sales tax, so that province will have to pay us back some $56 million; but in the case of British Columbia, it will not be enough and we will have to add $90 million and make an adjustment at the end of the year after verifying their books.

We did not come to an agreement with Quebec that would be acceptable to other ministers of finance; that is why we had this unpleasant confrontation. I am sorry about it; I did not provoke it, and I meant well. I even wanted to do something which was proposed by the Tory critic in a memorandun to members of his caucus in January in which he said they had to keep pressing the federal government for a scheme to cut sales tax at the retail level. This memo was read in the House by the Minister of Public Works, proposing a scheme to cut sales tax at the retail level. There were other proposals.

Mr. Stevens: You mean, the federal tax.

Mr. Chrétien: No. I will read it later. It mentioned the federal sales tax and also the provincial tax. I know the hon. member changes his mind according to the political mood, but he concluded at that time that cutting sales tax at the retail level was the most efficient way of doing it. There was a consensus on that. That is what I tried to do. Perhaps I am imputing motives to Mr. Parizeau.

Mr. Stevens: I rise on a point of order, Mr. Chairman. The minister has referred to a memorandun allegedly written by myself in which I said that the provincial sales tax was the proper approach. I would like him to produce that memorandum.

Mr. Chrétien: I quoted what the Minister of Public Works read to the House from a text which he attributed to the hon. member for York-Simcoe. If the hon. member wishes to deny he ever wrote such a memorandum, I will accept his word and later I will produce the document.

Some hon. Members: Oh, oh!

Mr. Stevens: Will you produce it?

Mr. Chrétien: If you did not say that, then say so.

Mr. Stevens: Produce it.

Mr. Chrétien: I do not have the document.

Mr. Stevens: You are wrong, again.

Mr. Chrétien: If the hon. member denies he ever wrote such a piece, let him say so. I just said I had good reason to believe that when the Minister of Public Works spoke, he spoke with some knowledge. We will find out where he got his documentation. I do not have it with me. I am just saying that in the case of Quebec, they did not want to agree to the national scheme. I said, and I repeat, that I am not surprised. In their view of Canada, any good thing that is proposed by the federal government is not in their political interests. We know what their political interests are. Their political interests are to prove that confederation has never worked, is not working now, and will never work in the future. It was in their political interests to throw a wrench into the gears of my scheme. I said they did not want to try it, but I worked in good faith and treated them as I treat any other government, as is proper so long as they are part of confederation.

What Quebec did, after eight provinces had reached agreement, was to come 48 hours later and say to us that they wanted something else. I have no choice: I will pay them $40 million and I will pay $85 to each Quebec taxpayer right away. If Mr. Parizeau wishes to collect it back in taxes, that is within his jurisdiction and he can do so. It is up to him, not me. If he wishes to incur a bigger deficit, that is his option. I am not running his shop. We are reducing the tax of the federal taxpayers in Quebec right away so that the money will be in their pockets as quickly as possible.

Mr. Stevens: That is the good political way of doing it.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Chairman, I see that the hon. member for York-Simcoe wishes to speak and I will certainly not monopolize this discussion. I just want to say two things with respect to what the minister has just said.

First of all, I find it absolutely appalling that a Minister of Finance would say the reason he adopted a clumsy technique of making rebates, which is inequitable and unjust, rather than paying cash to the provincial governments for tax collection which they have forgone, is that by so doing he would have

enlarged his budget by some $800 million and would have been criticized for it. Surely, it is incomprehensible that a minister would adopt such a clumsy, unworkable and administratively difficult process.

Mr. Chrétien: It is not at all difficult.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The minister shakes his head. We will see before he is finished with it. I have watched rebates. I have watched the Social Credit government of Alberta making payments to every citizen who was to get a certain share of the oil revenue. Some people were paid twice, many people were not paid, and some dead people were paid. The minister has not finished with that one yet. I think it is administratively clumsy, unfair and inequitable. The only reason the minister gave for it was that if he had adopted a more simple procedure, he would have added several hundred million dollars to the budget and would have been criticized. The people of Canada would not be so naive as to criticize him if they recognized that the money was being used to enable provincial governments to reduce their sales tax for a short period of time. The minister does not have much faith in the public if he advances that as an argument: it is a very weak argument indeed.

The other point I want to make is that when the minister outlines, as he has several times, his quarrel with the government of Quebec with respect to selective sales tax cuts, he gives as his reason the fact that the other provinces were not in agreement and thought an agreement had been entered into and, therefore, Quebec should be required to make a lateral tax cut rather than a selective tax cut as they did.

I do not think the minister has always felt it necessary to follow what the provinces have done. If the provinces had chosen to select an across-the-board tax cut, they should have been prepared to accept it. They agreed to that, and I do not see why they should have objected to a selective tax cut, because one of the values of a selective tax cut is not only that it would reduce the taxes paid by the consumer, but it would, at the same time, stimulate local industry. Certainly, if British Columbia had had the opportunity to cut taxes on building materials in order to stimulate housing, it would have had a double effect: it would have reduced the expenditures of the consumer and, at the same time, given quite a fillip to the forest products industry.

Therefore, I think the main objective the minister had in mind was to stimulate the economy, and whether a province wanted to do it by lateral tax cuts or by selective tax cuts was, it seems to me, totally irrelevant. I remind the minister that that is not the reason he gave to the House when he was debating the matter on second reading and when we were discussing changes in the ways and means motion. The minister then said that to allow any province to apply selective tax cuts was equivalent to putting up tariffs, and that was protectionism. That is sheer nonsense. It would have been protectionism if a province had said, "We will cut the tax for those things that are produced in our province, but if a product comes in from another province the sales tax will apply." That would have been protectionism. But to remove a portion of the sales tax, or all of it, from any single commodity which would be of benefit to whatever province produced it would have been of benefit to the economy and would certainly have been of benefit to the consumer.

• (1742)

I am not going to belabour this any longer, but I say again to the minister that the difficulty in which he finds himself results from lack of long-term planning. Much of this difficulty could have been eliminated if the government, instead of proceeding on an ad hoc basis, trying something today and something else next week, had sat down last fall and made a concrete proposal. The minister said he made a concrete proposal, offering provinces 50 per cent of the cost of the cut in retail sales taxes. I tell him right now that if I had been representing the provinces, I would not have accepted 50 per cent compensation from the federal government. Does the minister realize that in many of the provinces, retail sales tax revenue is one of the most important items—the largest item in some of them? To ask the provinces to absorb half the cost of that reduction would be asking them to assume a burden they cannot afford. Therefore, the minister could not have expected anything else. If he was going to offer to put up two-thirds, he should have made that offer last October, rather than making it a couple of weeks before the announcement in the budget.

Mr. Stevens: Mr. Chairman, I heard the rather weepy tale of the minister respecting how we arrived at the position we are in today regarding provincial sales tax cuts. Could the minister be a little more specific as to the situation at present, as opposed to telling us how he got into his present difficulties? Specifically, we have the letter of June 7 which the minister appended to *Hansard* of June 8. Has the minister replied in writing to the letter from the minister of finance for Quebec?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I talked to the minister of finance of Quebec on the phone on Monday.

[*English*]

Mr. Stevens: I take it from the minister's comment that he has not gone to the extent of sending a formal, written reply; is that correct?

[*Translation*]

Mr. Chrétien: I think, Mr. Chairman, that Mr. Parizeau's letter gave me complete liberty to choose one option or the other. I talked to him on the phone on Monday, and I advised him of the government's intentions at that time.

[*English*]

Mr. Stevens: Could the minister advise hon. members of the gist of what he told Mr. Parizeau would be the government's position?

[*Translation*]

Mr. Chrétien: I told him exactly what I announced in the House of Commons yesterday evening, namely that we intended to proceed with clause 30(b).

[*English*]

Mr. Stevens: Mr. Chairman, the minister has repeated quite frequently, and again today during the debate, that Mr. Parizeau has accepted his position in respect of the $85 tax rebate to Quebeckers. Would the minister listen as I read into the record certain portions of Mr. Parizeau's letter, and then clarify why he feels Mr. Parizeau has accepted his government's position. In the first paragraph, Mr. Parizeau states:

Since your budget speech of April 10 last, we have had several opportunities to explain the point of view of our respective governments concerning the federal proposal on the provincial sales tax reduction.

[*Translation*]

Mr. Dupras: I rise on a point of order, Mr. Chairman.

The Chairman: Order, please. The hon. member for Labelle on a point of order.

Mr. Dupras: Mr. Chairman, I would simply like to know whether the letter the hon. member is reading is the letter read a few days ago by my colleague the hon. member for Lévis (Mr. Guay). We could save the time of the House and this long reading because the hon. member for Lévis has already read that letter.

[*English*]

The Chairman: Perhaps the hon. member could answer that. I do not have the letter before me.

Mr. Stevens: Mr. Chairman, like yourself, I have no idea what letter the hon. member is referring to. I am trying to do this in a relatively orderly way. I want specifically to refer to certain parts of Mr. Parizeau's letter and ask the minister for his comments. I was reading from the first paragraph, which states:

Since your budget speech of April 10 last, we have had several opportunities to explain the point of view of our respective governments concerning the federal proposal on the provincial sales tax reduction. Following our exchange of correspondence and our discussions, it seems clear that our governments disagree about the formula for the sales tax reduction in Quebec and that it would be useless to seek a formula other than the one which was approved by the Quebec government and supported unanimously by the National Assembly.

In view of that opening paragraph of Mr. Parizeau's letter, would the minister explain why he feels Mr. Parizeau accepted his proposal? I would think to most people that letter indicates exactly the reverse in the opening paragraph: it says they could not arrive at an agreement.

[*Translation*]

Mr. Chrétien: Mr. Chairman, if you allow me, I will add that the hon. member would have derived a lot of benefit from reading the following paragraph, which reads like this, and I quote:

In this regard, I would like to submit to you a three-part proposal which includes the various elements of solution suggested in recent weeks.

And then, he starts to describe first clause 30(b), and after that, he switches to another proposition.

Of course, it is clear; it is evident. There has been no agreement as to how Quebec could participate in the national sales tax reduction program. This much is clear. Two days after the presentation of the budget, everybody knew that. However, in his letter, Mr. Parizeau, after enumerating all the elements, comes up with a three-part proposition, and his first one corresponds exactly to clause 30(b). I concluded from that that he agreed with clause 30(b). For me, this is quite clear; it is very simple to understand.

[*English*]

Mr. Stevens: Mr. Chairman, I hope the minister will be patient with us. He is leap-frogging ahead, anticipating questions I will be putting to him later. Dealing with paragraph one, if we can take them one at a time, will the minister agree with Mr. Parizeau's observation where he states:

—it seems clear that our governments disagree about the formula for the sales tax reduction in Quebec—

Is that a fair statement of the situation between the two governments?

Mr. Chrétien: We disagreed, Mr. Chairman. I have said that many times. I do not have to repeat it again.

Mr. Stevens: At least now we have established that Mr. Parizeau, when he stated in the letter that there was disagreement, was stating the truth even as it exists in the mind of the Minister of Finance. Let us go to the second paragraph of Mr. Parizeau's letter, where it is stated:

Your government therefore accepts to pay to Quebec in one form or another the federal contribution originally offered in its provincial sales tax reduction proposal, which amounts to $226 million. Recognition of this principle should have led to a settlement between our two governments. You have not accepted that.

Will the minister indicate whether Mr. Parizeau is correct in that observation?

Mr. Chrétien: Mr. Chairman, I think I made one, two, three, four, five different propositions to Mr. Parizeau. The first one he ever made was in this letter of June 7. Prior to that he unilaterally cut sales taxes. I would make this one point to the committee, Mr. Chairman, as a lawyer, that if a lawyer were to proceed in that way before a judge, he would soon find himself out of a job.

Mr. Stevens: Mr. Chairman, whether the minister likes it or not, all we are trying to do is seek the truth in one way or another and, hopefully, we will get it on the record. If the minister could bring his attention back to paragraph two of Mr. Parizeau's letter, I would be pleased if he would tell the House whether the observation of Mr. Parizeau which I read into the record is correct; that is, the $226 million sales tax reduction proceeds to which Mr. Parizeau thought Quebec was entitled were, in fact, not agreed to between the two govern-

ments. Is Mr. Parizeau correct in the observation to which I referred in paragraph two of this letter?

● (1752)

Mr. Chrétien: If I have said it once, I have said it a thousand times in the last two months: there was no agreement. I made a deal with eight ministers of finance. One did not make a deal. That is clear in French, English, Greek, Spanish or joual, and should not have to be repeated.

Mr. Stevens: Mr. Chairman, at least now we have it established that there was no disagreement in the minister's mind with respect to Mr. Parizeau's observations in paragraphs one and two and that they in fact had not agreed. I wish the minister would in future quit creating the aura that somehow or other there has been at last an agreement between Mr. Parizeau and himself. I could come to the next matter which I believe the minister refers to as either clause 30(a) or (b); I am not sure of the letter he attaches to it. I refer the minister to the fourth paragraph of Mr. Parizeau's letter. It reads:

> Second, if you do not intend to amend Bill C-56, the government of Quebec will take the necessary action to recover a global amount equivalent to the sum which otherwise would have been paid to the province by the federal government. However, should the federal government choose to amend Bill C-56 and pay the balance of $186 million through a personal income tax reduction at the end of the 1978 fiscal year, the government of Quebec might consider recovering that amount through a special tax equivalent to the federal rebate.

My question to the minister dealing with the fourth paragraph is this: Why does he imply that Mr. Parizeau is accepting his position, when in this paragraph he makes it so clear, "if you do not intend to amend Bill C-56, the government of Quebec will take the necessary action to recover a global amount . . . ? I would think that any ordinary person, reading that paragraph, would conclude that Mr. Parizeau is basically saying, "If you will not accommodate us in the way I am suggesting; if you will not amend"—presumably, clause 30; the clause we are now dealing with—"we will take steps to collect, in a global amount, the equivalent of the sum which otherwise would be coming to us." Would the minister explain why he wants that, and implies that Mr. Parizeau is now agreeing with what he is doing in clause 30?

[*Translation*]

Mr. Chrétien: Mr. Chairman, I repeat it for the umpteenth time. In this regard, says Mr. Parizeau, I am submitting a three-part proposal: Point No. 1: $40 million cash; point No. 2: 30(b); point No. 3: the other proposal he made. These proposals are put forward by Mr. Parizeau and are in accordance with the bill. So I do not think I am putting words in Mr. Parizeau's mouth; indeed, he said so himself on television. I understand the hon. member was unable to follow him on television, but I did hear him as did many others, and here is what he said: As far as we are concerned, we can live with Mr. Chrétien's proposal. That was a surprise in Quebec and I was surprised as well, because in the previous weeks, strong words were used to discredit this proposal. It was unfair and so on. No word was strong enough to describe how bad the situation was.

In his letter dated June 7, 1978, he said: I am submitting a proposal to you and that was precisely what he could not admit . . .

[*English*]

Mr. Stevens: Mr. Chairman, does the minister not sense the important constitutional differences between what he is saying and what has been represented by the National Assembly to be a better approach with respect to the handling of this provincial sales tax matter in Quebec? As I understand it—and this is the reason I have gone through this letter paragraph by paragraph—it is abundantly clear that what the Minister of Finance—

[*Translation*]

Mr. Guay (Lévis): Mr. Chairman, I rise on a point of order.

The Chairman: Order. The hon. member for Lévis on a point of order.

Mr. Guay: Mr. Chairman, since this debate started, members of the opposition have kept referring to the unanimity in the Quebec National Assembly. They say: they agreed on a resolution, all opposition parties, the Liberal party, the PNP, and all parties agreed on a resolution. I would like to ask the hon. member for York-Simcoe (Mr. Stevens) and the hon. member for Joliette (Mr. La Salle) whether they—

The Chairman: Order. The hon. member will agree with me that his point of order is a question that could be put to the minister and a point he could make in a contribution of his choice and that it has nothing to do with order. It is quite simply a difference of opinion with other members.

Mr. Guay: Mr. Chairman, I rise on a question of privilege.

The Chairman: The hon. member for Lévis on a question of privilege.

Mr. Guay: Mr. Chairman, I want to point out to the Chair that as a member of this House I am quite simply asking hon. members of the opposition what they are talking about, what is in that resolution and I think I have the right to do so because I know exactly what is in it—

The Chairman: Order. This is a question the hon. member could have put on second reading and which he can put in the debate now in the process of taking part in the debate but not under a point of order or a question of privilege.

[*English*]

Mr. Stevens: Mr. Chairman, if I could continue with my question to the minister, the thrust of it was simply this: does the minister not see the constitutional differences between the approach that he is insisting on taking with respect to the payment of $85 to individual taxpayers in Quebec, compared to the suggested alternative, which would simply be to make

provision within the 1978 income tax payment for a $85 deduction from the federal tax otherwise payable by residents in Quebec and in anticipation of that $85 being taken up by the provincial government in Quebec as they see fit? In short, that would put Quebec on virtually all fours with the other eight provinces but would reserve the constitutional problem about which the minister seems to be so careless.

Mr. Chrétien: Mr. Chairman, I think the hon. member is no better with constitutional problems than he is with banking problems. There is no problem with the constitution. Mr. Parizeau has the power to do as he wishes within his jurisdiction, as I have in my jurisdiction. There is no problem with the constitution in the way the government pays the money. It could be a matter of agreement between the two governments. I am merely cutting the income tax of federal taxpayers in Quebec. There is no problem with the constitution in that. The hon. member should have someone explain to him that one plus one equals two.

The Chairman: Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the committee took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Stevens: Mr. Chairman, before dinner I was discussing with the minister his general reaction to the Parizeau letter of June 7. I was asking whether the minister did not feel there was a constitutional problem in the way he has persisted in handling the payment of $85 to residents of Quebec, compared to the much easier system he used with the other provinces, which was simply giving a reduction for 1978 of $85 with respect to federal tax. That would be something in which residents of Quebec could share, and in turn the Quebec government would simply take over the room given up by the federal government.

I was making the point that if the minister had co-operated in following that approach, he would have been in a similar position to that which he is now working out with the other eight provinces, which is presumably an approach that would be acceptable not only to Mr. Parizeau but to the majority of members of the National Assembly.

It makes such sweet, reasonable sense that once again I ask the minister why he persists in doing it the hard way, as opposed to the relatively easy way of giving a reduction of $85 to the residents of Quebec in 1978 similar to the $100 he is giving the other provinces, and let the Quebec government adjust their own tax structure to take up the $85. The two things would dovetail during 1978 and the minister would avoid the confrontation which he seems to relish with the Quebec government.

[Mr. Stevens.]

Mr. Chrétien: Mr. Chairman, I have explained the situation many times, but I suppose I have to repeat it. I have answered that type of question since April 12, but the hon. member still does not seem to understand. There was no agreement with Quebec to cut sales taxes. They left $186 million on the table. The government decided not to penalize the citizens of Quebec because there was no agreement. We decided, within our own jurisdiction, to cut income tax up to $85 with that money for Quebec residents who pay taxes. We chose 1977 over 1978 because we wanted that money to be in the Quebec economy right away. If we had waited, the money would not have been in the Quebec economy until next spring. If Mr. Parizeau has to raise some money because he made a miscalculation in his budget, he can do it tomorrow. He could have done it yesterday. He can do whatever he wants, in his jurisdiction.

If he needs more money because he could not come to terms with the federal government, that is up to him. He can raise sales taxes, he can raise income taxes, he can raise corporation taxes, he can invent a new tax within his own jurisdiction. We decided that $186 million was available, but he did not take it up in the national program so we are sending back to Quebec taxpayers amounts up to $85. We want it to be done as quickly as possible.

We do not know what kind of system Mr. Parizeau will choose in order to raise this money or other moneys. Some 200,000 people in Quebec will not receive the $85. Because we had already given a tax exemption of $100 in January and February, we chose 1977, as well as the fact that the money will come into the economy right away. The problem did not arise in the other provinces, because there was a national agreement with them. We reduced our income tax and they increased theirs and used the money to cut the sales tax in the way we wanted. The money is flowing into provincial coffers because of the agreement between the other provinces and the federal government. The money will flow into the provincial economies from April 10 until October 10.

Mr. Stevens: Mr. Chairman, in answer to an earlier question, I believe the minister stated that one of the reasons he did not want to make a payment to the other provinces who preferred to go the deduction route was that he did not want to pass through the expenditure column at the federal level whatever the amount would have been, say $800 million. I think he pointed to the members on this side of the House as those who would have complained if he had increased his spending. Would the minister state if I am correct in understanding that as one of the reasons for his favouring the deduction route for the other provinces, as opposed to some type of expenditure route?

● (2012)

Mr. Chrétien: Mr. Chairman, what we have done is simple. We decided the night of the budget that we would reduce personal income tax where there was an agreement for cutting sales tax. Legally, the only thing we have done is reduce personal income tax by $100 in provinces except Quebec and Alberta, for different reasons. We asked the provinces, in

return, to raise income tax and, with the proceeds, reduce sales tax.

The federal government will verify the books at the end of the year. If we have cut our tax too much in relation to the amount the provinces need, they are to return some money to us. On the other hand, if we have not cut income tax enough and the provinces spend more in reducing sales tax, the federal government will compensate for the difference. What we have done is to reduce the income tax of federal taxpayers in all the provinces except Quebec and Alberta.

Mr. Stevens: Mr. Chairman, the minister will save a lot of time this evening if he will try to answer the questions. Specifically, did I understand him correctly when he explained why he chose to go the reduction route which he has just described with the other provinces? Did he say that one of the reasons he did not want to go through an expenditure increase was that he did not want to go through some type of assistance whereby he would be paying money to the provinces and it would show in the spending estimates of the government? Instead, he felt it was more desirable to simply reduce their income tax revenue and in that way it would not be an expenditure increase when he worked out his deal with the other eight provinces: is that correct?

Mr. Chrétien: Mr. Chairman, I said this afternoon, and I repeat it: yes. One reason was that we were to reduce our income tax, thus making room for the provinces who agreed to raise their own income tax and with their profits they would cut their sales tax. We operated in that way because it was the best way to reduce our taxes—in other words, our take from taxpayers federally—and make sure that the money was directed in the best way to stimulate the economy.

Mr. Stevens: Mr. Chairman, the minister has now agreed that one of the reasons he chose that route with the other eight provinces was that he did not have to increase his spending at the federal level. Would he indicate why he chose to increase his spending as far as Quebec was concerned? Why has he adopted a concept of paying $85 per person to residents of Quebec which will increase spending in some fiscal year?

Mr. Chrétien: Mr. Chairman, the $85 for taxpayers of Quebec is a reduction in taxes. We will be reducing the taxes of those taxpayers by $85. It will not be seen as an expenditure. It is a reduction of taxes on the taxes we received from those taxpayers in 1977. It is not an expenditure.

Mr. Stevens: Mr. Chairman, I suppose we should all study to see how the minister twists an $85 payment going back to the residents of Quebec into something that he said is not a federal expenditure. I am willing to acknowledge that he is pigeon-holing it; he is neatly saying that in his mind the $85 is a refund on 1977 tax payable. But I suggest that surely it has to go through an account somewhere and would normally show as an expenditure, perhaps with respect to refunds in a previous year, in this case 1978.

Mr. Chrétien: Mr. Chairman, it is a reduction of the tax paid by taxpayers in 1977. It is not an expenditure; it is a reduction of the tax liability of Quebec taxpayers for 1977. That is not a payment and it will not be written in the books as an expenditure of the government. It will be a reduction of the revenue, which is another way of saying a reduction in taxes.

Mr. Stevens: Mr. Chairman, let us put it this way. Will the Quebec moneys, whether they are an expenditure, a refund, a reduction or however the minister would like to term it, be reflected in the 1978 fiscal year for the government?

Mr. Chrétien: Yes, Mr. Chairman.

Mr. Stevens: Mr. Chairman, will the bulk of the refunds, reductions or whatever with regard to payments of the amounts going to those who live in the other eight provinces be reflected in the government's 1979 fiscal year?

[*Translation*]

Mr. Chrétien: The situation is the same, Mr. Chairman, because the tax cuts will be made during 1978 in the other provinces. As I am speaking, the federal government is collecting $100 less for every taxpayer in the other provinces, except Quebec and Alberta, and at the same time, Ontario and Manitoba taxpayers are paying their respective provincial governments $100 more, and with their profits, these provinces are reducing their taxes. As we are collecting their taxes on their behalf, we are of course making payments to them on a six month basis beginning in April.

[*English*]

Mr. Stevens: Mr. Chairman, I will take another run at it. The minister has identified the fact that the Quebec payment, be it a refund, an expenditure or whatever, will fall into the federal government's fiscal 1978 figures; in other words, the March 31, 1978, fiscal year end. My second question was, where will the other amount fall: will it fall into fiscal 1979?

[*Translation*]

Mr. Chrétien: In both cases, Mr. Chairman, the payments will be made during the taxpayers' year, because the taxpayers' year is not the same as the government's fiscal year. The taxpayers' year is 1978. The government's fiscal year is from April 1, 1978 to March 31, 1979. In both cases, payments will be made on the basis of the 1978-79 income year; as to the federal government's revenues, that is the 1978-79 fiscal year.

[*English*]

Mr. Stevens: Mr. Chairman, I thought I understood the minister first of all when we were dealing with 1977 payments in Quebec. But how can he say that the payments he will be sending to Quebec residents will fall into fiscal 1978—in other words, in the current year, March 31, 1979—while five minutes ago he was telling us that it was not an expenditure this year but a refund of 1977 income taxes? Surely the minister cannot have it both ways: it is something that will be reflected in fiscal 1978—which I presume it is, if it is a refund

for 1977 taxes—or, in fact, it is not as he has been representing it to be, and that is a refund for 1977. Would the minister clarify that? I am talking about two different types of situations. As far as the fiscal books are concerned, will the Quebec payments be relfected in fiscal 1978 and, second, will the payments with respect to the other provinces be reflected in fiscal 1979?

Mr. Chrétien: Mr. Chairman, the reductions will fall into the federal government's fiscal year 1978-79. In making those reimbursements to Quebec taxpayers based on the reduction of tax liability for 1977, the cash loss will be seen in the fiscal year 1978-79 for the federal government. It is exactly the same thing for the cash that we are losing in relation to the other provinces. It will fall within the fiscal year 1978-79 in terms of cash requirements for the federal government.

● (2022)

Mr. Stevens: As we have been contemplating certain amendments to clause 30, will the minister indicate whether he would entertain an amendment which would have the effect of simply putting the Quebec situation on a basis comparable to that of other provinces, rather than having this $85 going out in a cheque in relation to 1977? The thrust of our amendment would be simply to make the $85 a deduction with respect to 1978 for residents of Quebec.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I cannot accept that proposal because it would not be acceptable to the Quebec government. In his letter, Mr. Parizeau demanded in addition the payment of interest, something which was not provided in all payments made to the other provinces and since that aspect is not acceptable this is why we are not prepared to entertain any amendment to clause 30(a) or 30(b).

[*English*]

Mr. Stevens: Mr. Chairman, will the minister clarify whether it is simply the payment of interest that is the reason he does not want to go along with that proposal, or are there other reasons why he does not want to accept the proposal I have made?

[*Translation*]

Mr. Chrétien: On several occasions, I explained to the House all the reasons why the government has suggested when it introduced Bill C-56 an immediate refund of $85 to Quebec taxpayers. We wanted that incentive to be injected immediately in the Quebec economy. We also wanted to cover 200,000 taxpayers who would not be included if we take the 1978 taxpayers' roll because having already received a $100 reduction, then they would not qualify for the $85 refund. The third reason is that if I agreed to the proposal of the hon. member for York-Simcoe, the money would be injected into the Quebec economy only in the spring of 1979 and in the case of taxpayers filing their income tax return late, either in March or April, before the tax returns could be analysed and finalized many among them would receive their refund only in June and even perhaps in July 1979.

[*English*]

The Deputy Chairman: Order, please. I regret to interrupt the hon. member, but his allotted time has expired.

Mr. Ritchie: Mr. Chairman, I wish to ask the minister a few questions as to numbers, particularly in relation to the Quebec situation vis-à-vis the other provinces which have accepted 3 per cent across-the-board. If the province of Quebec had instituted the 3 per cent across-the-board tax cut, what would each percentage point have cost? What is the estimate in dollars?

Mr. Chrétien: If Quebec had complied with the national scheme, it was calculated that the total amount that would be flowing would be $225 million for two points. They had to put into play half of it as their contribution. It was to cost them $112 million, that is, if they had complied like Ontario and Manitoba. That varies from province to province according to the amount of money collected on sales tax.

Mr. Ritchie: Will the minister tell us what the estimated 1 per cent is in selective tax cuts? How much is that worth in relation to the $113 million total across-the-board? What is the total the department estimated as the 1 per cent although, as the minister says, they must give 2 per cent?

Mr. Chrétien: Across Canada?

Mr. Ritchie: How much is 1 per cent of the selective tax cuts which the province of Quebec instituted? What is the estimated loss to the provincial treasury?

Mr. Chrétien: With regard to the selective system they have adopted, we have calculated that two points for six months would be $40 million, more or less, subject to verification. Therefore, it is $20 million per point on the selection of the four items.

Mr. Ritchie: I believe the Quebec tax is 8 per cent. Assuming it is 8 per cent, the abatement or loss of tax to the province would be $160 million. Is that correct?

Mr. Chrétien: Yes, for six months. However, they decided to cut for a full year. That is why they calculated it would cost them $320 million. We are not sure about those figures. It will be very difficult to verify that; there is controversy about it. According to the papers, Quebec claims the cost of those cuts for one year will be $320 million. According to extrapolations by officials of the department and the treasury in Ontario, that does not seem possible. We hope to be able to determine that figure more precisely at the end of the year.

I want to advise the hon. member that this is very complicated, because when you go from eight to zero you have no base on which to verify it. When you go from seven to four, it is quite easy to verify. If they collect four, you just multiply up to seven and you know exactly their cost. However, with zero

there is no base to verify precisely, as is possible in the other provinces.

Mr. Ritchie: If I recall correctly, the minister stated that his department had made an estimate. Would he care to put that estimate on the table, or does he feel he should not do that at this time?

Mr. Chrétien: We are talking about $40 million: that is the estimate we made from their figures. At the end of the year, as we do with the other provinces, we will verify that to see whether it is accurate. There is a difference in view between the treasury of Ontario and the treasury of Quebec in terms of the number of dollars. There is a difference of opinion on our side as well, but we are not into retail sales tax. I am not trying to create a controversy; that is a comment made, according to the press, by the Ontario government six or seven weeks ago. At the end of the year we will try to find a way to make sure whether it is $40 million, or less. I do not think it could be more. According to our estimates, it will be somewhat less than that.

Mr. Ritchie: I suggest to the minister that the payment of $186 million to Quebec is quite different from that being given to the province of Ontario or the province of Manitoba. In order for them to get the abatement through income tax, the room left in the $100, they must have a sales tax cut. The province of Quebec is not under the obligation to have a sales tax cut, or has not assumed it is going to have a sales tax cut. Therefore, there is a fundamental difference between the two payments. I would regard the $186 million injected into the Quebec economy as a payment to individuals. Before it can be earned in the other provinces or abated by the federal government, there must be a sales tax cut. That must reflect in the actual purchasing of consumer goods, which will stimulate business, which is what the minister indicated in the first place.

Mr. Chrétien: That is exactly the point I have been trying to make for two months. That is because Quebec has not come into the national scheme. They left on the table $186 million, because they qualified for $40 million of the $226 million which we had planned as our contribution to an across-the-board cut of two points for six months.

● (2032)

As they did not agree to the national scheme, they left $186 million on the table. Rather than penalize Quebec's citizens, we decided to cut the income tax for an equivalent amount to the benefit of taxpayers in that province. We did not sign an agreement with Quebec because Quebec did not want to sign the same agreement as the others. It was always envisaged by my ministry that if we could not get everyone to agree, there would be another income tax cut; but we preferred our policy of cutting sales taxes. We decided we would deal with the provinces in which there was a sales tax, and since there was $186 million left we further decided to cut income tax to the taxpayers in Quebec by that amount.

Mr. Ritchie: I understand that direct tax remissions made to citizens tend to be put into savings, whereas in order to save under sales tax cuts, citizens have to buy something. Has the minister any estimate of the effects of the economic stimulus brought about by the injection of $186 million into the economy as a cash payment, as opposed to the effect of cuts in sales tax of a similar amount?

Mr. Chrétien: We have not made that calculation. But I have always said I would much have preferred Quebec to join the national scheme. As the province has not done so, we have decided to cut the income tax of federal taxpayers in Quebec by $85. We recognize it would have been better for the national economy had Quebec joined in the sales tax cut agreement.

Mr. Ritchie: This is a type of non-tariff barrier by selective cuts, and at least it is a change. Presumably, Quebec looked over the range of goods it manufactured and tended to favour its own economy. In the rest of the country, Quebec would have the benefit, whatever it might be, of the lower sales tax, and in essence the provincial treasury is protected since it has lost only $20 million as far as the 3 per cent is concerned. It seems to me the effect has been a non-tariff barrier to some extent inasmuch as the Quebec sales tax has remained the same as they affect industries which are not prominent in that province.

Mr. Chrétien: The intention of the Parti Québécois is clear. They have issued communications indicating they took the course they did in a protectionist frame of mind to aid the Quebec economy. The other day the hon. member for Lévis read a letter in this House which was really quite funny. On June 3, Mr. Parizeau wrote a letter to the shoe manufacturers of Quebec who had asked him to cut the sales tax on shoes. He said that to cut the taxes from 8 per cent to zero would be no good at all; that such a policy would make no sense. That was his view in January. But he did a complete about turn in April so as to undermine the national scheme. They were doing it in the way in which the hon. member suggests, in a protectionist spirit for the sake of their own economy.

In the case of shoes, according to the letter written by Mr. Parizeau to the shoe manufacturers, more than 60 per cent of the shoes sold in Quebec do not come from Quebec. In fact, more come from Ontario than from Quebec. But the avowed intention of the government was to protect its own economy and to try to break the so-called national common market. We have not yet made a study to determine whether their scheme is better than ours. If all the provinces were to go ahead on a selective tax basis, Ontario would probably prefer to cut sales tax on automobiles, British Columbia would go for building materials, and the maritimes, Saskatchewan and Manitoba would have chosen products appropriate to them.

The argument which I used in the west was this: even though you do not have a manufacturing base of great strength, half of the cost in the retail economy is not the cost of production but the cost of services—transportation, publicity, storage, and so on. These factors make up half the cost of all goods bought from a store. That is how I persuaded them to

join the scheme. It was designed to stimulate the retail business in the local economies. But the Quebec government has claimed over and over again that Mr. Parizeau was out to be a protectionist and did not give a damn about the Canadian market.

Mr. Ritchie: I understand from some figures given out at the conference held in Montreal that Quebec benefits more than any other province from the Canadian market in commodities because it produces goods which, by and large, have greater sales in the rest of Canada than do the goods of most of the other regions.

Mr. Chrétien: If we look at the general aspect of the Canadian economy, Quebec is not the province which benefits most from the domestic market. Ontario, which has a much larger share of the manufacturing sector, benefits more than Quebec. This is one of the criticisms directed at me during the preparation of my program—that I was helping Ontario more than Quebec. It could be true that this program is helping Ontario more than Quebec, but I would point out it is helping Quebec more than any of the other eight provinces. Some clothing is manufactured in Manitoba, but the part of it which goes into the local economy is less than in Quebec.

Mr. Elzinga: Mr. Chairman, it is obvious that this piece of legislation has created provinces with special status. It seems obvious that the minister was anxious to bring down a budget at this time because he was posturing in preparation for a July election. Earlier today the hon. gentleman told the hon. member for Nanaimo-Cowichan-The Islands that he would welcome input from a committee of this House, and that he was a great believer in the principle of participatory democracy. It is hard to believe this is the same minister who has brought in closure on two occasions in connection with the legislation before us. That is a fine way to support participatory democracy.

Mr. Chrétien: I wish to raise a point of order, Mr. Chairman. We have so far spent 19 days in debate on this measure. We are on clause 30, and at second reading this legislation was filibustered for 11 or 12 days. We could have reached clause 30 a long time ago. There is no precedent for such a long debate on a tax bill.

● (2042)

Hon. members have been rambling without dealing with the clauses. We spent two days on clause 1. There was general debate, and the hon. member is still making general comments. We had an occasion this afternoon to talk about time allocation. Hon. members opposite did not want to speak at that time; they wanted to discuss clause 30. The hon. member should ask questions and I would be happy to reply. He had 19 days in which to speak, but was not seen in the House on those days.

Mr. Elzinga: Mr. Chairman, my comments are related to clause 30. It is interesting, the degree to which the minister has been participating in this debate ever since he brought in closure. This afternoon, when he was speaking, he went on for approximately 15 minutes on one answer which could have been given in two minutes. If the minister is serious in criticizing me for going on, he should take a little advice himself.

Mr. Chrétien: Ask a question.

Mr. Elzinga: As has been said on many occasions in this House, Alberta has no sales tax and that is why Alberta originally agreed to the proposal put forward by the minister. However, when Albertans became aware that the minister was going to give an $85 rebate to Quebeckers for the 1977 taxation year, they became concerned. It is obvious that some individuals will participate twice under this proposal. If a Quebec resident moved to Ontario but filed his 1977 tax form in Quebec, would he be eligible for the $85 rebate, while at the same time being able to take advantage of the sales tax reductions in Ontario?

Mr. Chrétien: Mr. Chairman, any citizen who moves from one province to another finds himself in a different situation. If a citizen of Ontario moves to Quebec, or the reverse takes place, he will qualify because the list for 1977 is used. If somebody moves to Newfoundland, he moves to an 11 per cent sales tax rate. If he moves from Alberta, he leaves a province where there is no sales tax. It is a person's own choice. We will take the list of 1977 taxpayers. The same thing would happen if we used the 1978 list, because there is movement of people during the year.

Mr. Elzinga: It is obvious that an individual who moves out of Quebec will receive the $85 rebate. In addition, he will have the advantage of living in a province where sales tax is reduced, so in essence there will be a double benefit. Earlier this afternoon we heard from the minister about the great concessions being offered to Alberta with regard to the heavy oil industry. It should be pointed out to the minister that these concessions are not simply for Albertans; they are for all Canadians. When we review what Albertans have contributed to confederation through our oil and natural gas industries, we find that because our prices are below the world price, Alberta has saved Canadians about $10 billion. I think that is a significant contribution to confederation on the part of Albertans.

It becomes more and more obvious that this government has no concern whatsoever for the province of Alberta. This has even been stated by this government's own Minister of Industry, Trade and Commerce: he has stated that the government has no feeling for Alberta whatsoever. Just to substantiate my point, I would like to read a couple of lines from the Saskatoon *Star-Phoenix*. In a Canadian Press story headed "Horner says Post "Lonely", we find the following:

> Jack Horner says he has had a lonely first year as federal Minister of Industry, Trade and Commerce.
>
> Horner told a nominating convention recently he is frustrated because there is no one else in the cabinet "who really deeply cares about the province of Alberta."

An hon. Member: Order.

Mr. Epp: Do you want him to table it?

Mr. Elzinga: The truth seems to hurt my hon. friends. It can be documented that over and over again Alberta has been shortchanged under numerous government programs. We can read about the contract awards of the Department of Supply and Services. The former minister of national defence, the hon. member for Winnipeg South, has stated that he hopes to see equitable spending in all government departments. This matter has been pursued by numerous hon. members on this side of the House. Various government programs are not equitable as far as Alberta is concerned.

Mr. Chrétien: Clause 30, Mr. Chairman.

Mr. Elzinga: With regard to clause 30, Mr. Chairman—

Some hon. Members: Hear, hear!

Mr. Elzinga: —hon. members opposite feel that theirs is the only party to keep this country together. The leader of my party has spoken about this. The proposals in clause 30 are a fine example of the disunity the Liberal party is creating within Canada. The Minister of Finance claims that we, as federal Conservatives, are in bed with the Quebec separatists simply because we support the position which has been taken unanimously in the Quebec National Assembly. We have the Minister of Transport who says we are spreading anti-Quebec lies and hatred across the west.

I would like to share with the House what a journalist in the Montreal *Star* has said about this. He is curious as to how we can be in bed with one group while at the same time hating them. It is ironic that one minister says we hate them, and another says we are in bed with them. However, that is the kind of trickery we see far too often on the part of hon. members opposite. That concludes my remarks on clause 30.

Mr. Epp: Mr. Chairman, I would like to follow up my comments on second reading and ask whether the minister received any formal objections from the government of Alberta or a minister of the government of Alberta when the sales tax rebate for Quebec was modified to become an income tax rebate in the amount of $186 million.

Mr. Chrétien: Mr. Chairman, I spoke to Mr. Leitch about this. I informed him of my plans. I do not recall exactly what he said. He did not write me a letter or communicate any formal protest. We discussed the matter. Everyone at that time was very sorry that the Quebec government did not agree to the national scheme. Everyone understood that I was doing my best to solve a difficult problem. Hon. members can understand the frustration we all felt. Of course, I took the brunt of it. Mr. McKeough of Ontario has made two speeches about this. The others kept rather silent about it, but they understood that they were to come out on the day of the budget with a "yes" or "no". Quebec did not respect that commitment, and that put everyone in a difficult position.

I explained what I was trying to do, that I was trying to solve the problem as best I could, and before I tabled this bill I informed the provincial ministers of my intentions. I cannot say that all provincial ministers rejoiced. They were quite sorry and their reaction was, "Jean, do your best". They did not raise any formal protest, but I must recognize that they were not happy.

Mr. Epp: I am sure the minister is correct when he says he was encouraged to do his best after the difficult fiasco he got himself into. I ask him whether there were objections to the proposals contained in clause 30 long before the Quebec government made known its objections to the sales tax rebate. I am referring to the meeting of the four western premiers: they met shortly after the budget was announced in this House on April 10. The western premiers took very strong exception on two counts, not one, of intrusion into provincial jurisdiction.

● (2052)

Mr. Chrétien: It is not what they said, Mr. Chairman. I would like to correct the hon. member. He should read the letter of the Prime Minister in reply to Mr. Blakeney who wrote on behalf of the western premiers. They said they agreed with the substance of the proposition but they were not satisfied with the extent of consultation. I have explained to the House many times that when they agreed with the substance and complained about the form, they were not talking about invasion of their jurisdiction.

With regard to the extent of consultations, I have explained to the House all the limitations I have in terms of consultations. I went to all the provinces to meet their ministers of finance. I was faced with the possibility of an eventual leak, which actually occurred in a column by Dalton Camp in the Toronto *Star* the night before the budget. Everyone knows that I am not in daily communication with Dalton Camp. I never talked to him in my life. I do not know where the leak came from, but he had the full story.

They agreed with the substance of the proposal but complained about the extent of consultation. It is the kind of statement that is so easy to make. We have spent 20 days on this bill and only today did we start to move on to other clauses; yet people still rise and say that not enough time was given. We have to make a decision once in a while if we want the House to operate. When I was in England, I felt sad that we do not operate our House of Commons in the same way as the British. They would never spend 20 days on a bill.

Mr. Epp: Mr. Chairman, I should like to point out to the minister that England is a unitary state, not a federal state, and therein lies the difference when you talk about consultation. I have another question for the minister. There is a distinct difference of interpretation here. I believe he has agreed with me that the western premiers were not pleased with the consultative approach. I do not think many arguments have come forward to the minister, from any quarter, that the reduction of the direct retail sales tax is the quickest way to stimulate retail buying. You have no argument from me on that score.

The point I am trying to make—I think the minister has to concede it — is that whether we say consultations were sufficient, or not, is at this point not something with which I will agree. But the point that must be made is that the western premiers were saying that the consultations had not gone far enough in that there was an encroachment into provincial jurisdiction. That point must be made. The minister mentioned earlier that there will be federal reinbursement to these provinces for lost revenue, for the 2 per cent reduction in sales tax over a six-month period. To what extent will this increase the deficit in current accounts?

Mr. Chrétien: We have operated through an income tax cut across the board, and the calculation was that the federal share of this program would be $1.1 billion. The federal cost was about $680 million—I speak from memory—and half of it would come from a reduction in our own expenditures of, say, $340 million: the other $340 million was to be added to the deficit, or the cash requirements. So before the budget was brought down, the cash requirements were about $11.1 billion and I said that the cash requirement would be about $11.5 billion, an increase of some $350 million. So the total package was $1.1 billion and the cost in terms of our deficit would be about $350 million.

Mr. Epp: I take it from the minister's comments, to confirm what he said earlier, that the extra draw on the federal treasury will bring the projected deficit to $11.5 billion. The minister has mentioned that approximately $340 million or $350 million will be saved in the sense that expenditures will be cut back in that order. Can he indicate, in broad terms, where those savings will take place?

Mr. Chrétien: Mr. Chairman, the President of the Treasury Board is working on the program. In the letter which was circulated, the Prime Minister gave orders to the various departments to come up with plans for a reduction in expenditures. We are in the process of doing that internally. When the program is completed, the announcement will be made.

Mr. Epp: Will the reduction of approximately $340 million or $350 million be from the expenditures that were deemed to be passed on May 31? I know that some committees kept on meeting after that date. Were those the expenditures from which savings are to take place?

Mr. Chrétien: We are having to reduce expenditures in the fiscal year 1978-79.

Mr. Epp: I should like to ask the minister the following question: There has been a fair amount of discussion of the fact that the provinces had to go along with the plan, and I am not saying whether the plan was good, bad or indifferent. In the past we had what is known as a 50-cent dollar; in other words, the federal government makes cost-sharing arrangements under which the provinces, especially those with lower per capita incomes, simply must take part in the program because of the argument that it is a 50 per cent cost rather than a 100 per cent cost to the provincial treasury.

In this case, one could argue that the federal government was advancing a 66⅔-cent dollar to the provinces. Has the minister had any consultation with the provinces as to what effect the reimposition of the sales tax will have on Canada's economic situation as we go into the winter months of 1978-79? It is hypothetical in one sense, and in another it is not; but I wonder what will happen to the Canadian economy when the provinces reimpose the sales tax at its level prior to the April 10 budget.

Mr. Chrétien: We have looked into that. We felt that reintroduction of the sales tax, if the provinces decide to reintroduce it in mid-October, will come at the time of an increase in sales because of the pre-Christmas period. We have looked at the experience of Ontario which tried that two years ago; that was what started the wheels rolling. We have reason to believe there must be a difference in the economy, sometimes, between what is an investment and what is a non-investment, if production is reflected in the increase from the 83-cent dollar to the 89-cent dollar. This is the kind of push that can get the wheels rolling in the right direction; everyone has recognized that. Of course, when the time comes in the fall when the sales tax is reintroduced by the provinces who need the money, they will not be as completely happy with it as they were to join this program.

I would like to say to the hon. member, who comes from Manitoba, that sales in that province since the April 10 budget have increased substantially. I met someone from Winnipeg the other day, when I was in Toronto to make a speech, who told me that he is a good friend of the minister of finance in Manitoba, Mr. Craik, who said that sales tax revenues are increasing very satisfactorily. As I was saying this afternoon, if increases in sales are in the order of 15 per cent in that period, the province will have recaptured all the money it has invested in the program. This is not so in my case because I am not collecting the sales tax alone; I will lose the revenue completely.

● (2102)

Mr. Epp: Mr. Chairman, it has been my theory all along that excessive taxation acts as a damper rather than a generator of revenue. Very often the government takes revenue out of private hands, thus reducing spending power. Obviously, the provinces will speak on their own behalf at the end of the six-month or nine-month period. The provinces had very little choice because two-thirds of the sales tax savings was to be advanced by the federal government.

Have projections been done, based on the early part of 1979? Generally, retail sales rise in the last quarter as a result of Christmas sales. Traditionally there is a dramatic slump in the first quarter of the year. Are we selling 1979 potential sales in 1978? This could have an adverse effect on the high unemployment and high cost months of the first quarter of 1979.

Mr. Chrétien: It is not shifting the time of buying. Perhaps that will be the effect in some cases, but that is not the

intention. Perhaps a person who wants to buy a television, an automobile, or something like that, will do so right away. It is intended to be a boost to the economy. At the present time, there is a difficulty because Canadians are not spending some of their savings. For the third year in a row we have been faced with record levels of savings—11.5 per cent. I am not saying that people should not save, but perhaps they should save a little less in order to stimulate the economy.

As the hon. member indicated earlier, the fastest way to get the ball rolling is to stimulate the economy through a reduction in retail sales tax. This is the first time it has been attempted and it is unfortunate that Quebec did not agree. I should like to thank all ministers of finance, except the Quebec minister, for collaborating in this great scheme. Of course, the Quebec minister of finance is attempting to prove that confederation is not working, but I am sure that view is not shared by the hon. member.

Mr. Epp: At the present time there is an income tax rebate in the order of $85 per federal income taxpayer in the province of Quebec, for a total of approximately $186 million. The March, 1977, budget did not stimulate the economy as hoped; therefore, the route employing a reduction in sales tax was taken by the minister. In view of the fact that Canadian savings are at an all-time high, what portion of that $186 million which will be reimbursed to Quebec federal income tax payers will be savings?

Mr. Chrétien: Mr. Chairman, it is impossible to make such a calculation. We recognize that some people will save their rebates. We hope they will not, but it is impossible to arrive at an exact figure. In January and February there was an income tax cut of $100 because of the mini-budget of October 20, 1977. We realize that some of that money went into savings but we cannot measure precisely the amount; we could only make a guess.

Mr. Epp: The minister's tax cuts took place in January and February, and now taxpayers of the province of Quebec will benefit by another rebate. To what extent will the economy of Quebec be stimulated by the $186 million, as opposed to the $40 million which resulted from direct sales tax cuts on selective items?

Mr. Chrétien: As I said earlier, I would have preferred it if Quebec had joined the national scheme; there is no doubt about that. But that province did not want to participate in the same manner as the other provinces. As money was left over, we decided to reduce income taxes. That was a second best proposal. Perhaps Quebec feels its selective tax cuts were a better approach. It would have been nice if Quebec had mentioned its proposition during our three weeks of consultation. In that event, perhaps I would have joined with Quebec in believing that they had a good scheme. It was raised as a possibility 48 hours after I had given my word, on behalf of the federal government, to the other eight provincial minister of finance. Thus, we decided to take the second best route by giving a tax rebate.

Mr. Epp: I should like to return to the situation in Alberta which has been raised by other hon. members. If my understanding of per capita income is correct, Albertans enjoy the second highest in Canada, Ontario being the highest. If a person in Alberta makes "X" number of dollars and has the same family responsibilities as a person in any of the other provinces earning the same amount, what rationale is there for not providing a rebate to an Albertan? He will not receive any income tax or sales tax rebate. Of course, he could not receive a sales tax rebate because he was not required to pay one. But when the rebate was changed to an income tax rebate, a federal taxpayer in Quebec would receive two advantages. First, he would receive the income tax rebate because of his residency in Quebec. Then, if he moved to a province which received the benefit of sales tax reduction, he would receive another advantage.

How can the minister rationalize the statements of the Prime Minister indicating that that is not a special deal, particularly when one considers that residents of Alberta are left out in the cold without either a sales tax or income tax rebate?

Mr. Chrétien: That answer was given to the committee a couple of minutes ago. We were faced with a situation similar to one in which two individuals made $10,000 each. One paid sales tax and the other did not. We decided to benefit the person who was paying sales tax. I had occasion to call Mr. Merv Leitch in Alberta to indicate that we wanted to cut the sales tax of the province. He indicated that they did not have a sales tax. Thus, my proposition was not feasible. We were interested in assisting those who were required to pay sales taxes. In order to treat everyone equally it would be necessary to have a sales tax system across Canada applied uniformly in each province. One must remember that the residents of the province of Newfoundland pay 11 per cent sales tax on everything they buy, whereas Albertans are not required to pay any. They are not in the same situation. In such a scheme nobody is in exactly the same situation.

• (2112)

The government paid all the costs for the maritime provinces because we felt they could not afford to participate using their own money. We made a special case with Saskatchewan and British Columbia because they had a specific problem. In the case of Alberta, they do not have a rebate because we made money available only to the provinces where there was a sales tax. However, we are very preoccupied with the economy of Alberta; for example, we have given some stimulus to the heavy oil scheme. There is no heavy oil scheme in Nova Scotia, Prince Edward Island or Newfoundland. There is no discrimination against any of the other provinces because heavy oil is found only in Alberta, and probably will be in north Saskatchewan one day. The government wishes to help this type of economy because it is good for the country. There are different situations for different taypayers because there is not the same level across-the-board in Canada. It varies from one province to another.

Mr. Baker (Grenville-Carleton): Mr. Chairman, I listened with care to what the minister said, and I wanted to intervene between speakers rather than interrupt an hon. member. In the course of answering the hon. member for Pembina with respect to the time spent on this bill, the minister said there had been 20 days. The minister now indicates he was wrong in that respect. He was covering the budget period as well as this bill. The minister knows full well that the budget time is allotted under the Standing Orders. I do not want there to be any misrepresentation of the factual situation with respect to the time on this bill, however inadvertent it might be. I am sure, too, that the minister would not want to mislead the House in that way.

Mr. Chrétien: Mr. Chairman, I will be extremely precise: six days on the budget debate, 14 days on this bill. This amounts to about two months of the work of the government because the rest of the time is taken, more or less, by opposition days in this House. We have not yet completed debate because there are two more days to go, and we have third reading. I wish, as the hon. member said earlier, we could import some of the good, British tradition— and for a French Canadian like me to want to import British tradition is something—and have the power to say that the debate will last three or four days. The British do not spend 20 or 30 days on a tax bill. It is my hope that we will import some of the British common sense into this House.

Mr. Baker (Grenville-Carleton): Mr. Chairman, I do not know whether that is government policy or not, but it is very interesting. The government seems to be moving in this way and I am delighted to see my friend attracted to British traditions to such a great degree. I know that it has not escaped him, however, that during the course of this bill we have been in the unprecedented position, with respect to a tax bill, to have closure within two stages of the bill within days of one another, or time allocation, to be more precise: but a rose by any other name is still a rose.

I want to make it clear to the minister that he can hold his view with respect to time, as I can mine, but there is only one view with respect to the facts. I am sure it was through inadvertence that the minister was talking in terms of a 20-day debate on this bill. He has now cleared that up and I am grateful to him.

[*Translation*]

Mr. Beaudoin: Mr. Chairman since the Quebec government decided not to accept the finance minister's proposal contained in the budget, I would like to know why the minister took exception to Mr. Parizeau's proposal of giving the approximately $200 million difference from the sales tax to the Quebec government? He was to give that money to the Quebec government rather than refunding $85 to some taxpayers.

Mr. Chrétien: That is very simple, Mr. Chairman. If the hon. member followed the debate, and being a conscientious member, I am sure he did, he will remember that on budget night we reduced the income tax of taxpayers in the eight provinces party to the program. Quebec did not qualify for the program, except for an equivalent of $40 million which I am ready to pay. It left $186 million on the table. So we reduced the income tax in the other provinces. We are reducing the income tax of Quebec residents. It is as simple as that. We are rebating the federal income tax paid by the taxpayers, since we are not collecting the Quebec government's taxes because there was no collection agreement. If Mr. Parizeau has to increase his taxes tomorrow, the day after, next month or next year, that is his business. Since the time of Maurice Duplessis, it has been important for Quebec to collect its own taxes. Being of the Mauricie region, I am sure that Maurice must have turned in his grave when he saw Mr. Parizeau asking me to collect taxes for him, because that is the greatest sin against autonomy. Duplessis would never have done that. Barrette would never have done that. Sauvé would never have done that. Lesage would never have done that. Johnson would never have done that. Bertrand would never have done that, and Bourassa would never have done that.

Mr. La Salle: Neither would I!

Mr. Chrétien: Neither would he. But Mr. Parizeau did. The virginity of Quebeckers was worth $185 million. What do you want me to do about it?

Mr. Beaudoin: Quite so, but you say that you would hand over an amount of $40 million to the province of Quebec in an envelope—

Mr. Chrétien: Yes.

Mr. Beaudoin: —and they turned it down?

Mr. Chrétien: Yes.

Mr. Beaudoin: Then they agreed and you are going to hand the money over to them in an envelope?

Mr. Chrétien: We are going to send approximately $40 million in equal payments for April, May, June, July, August and September. For the rest, we are going to grant a tax cut to all taxpayers. Why have we decided on this method? Because there is no tax collection agreement with the province of Quebec. In the other provinces, the operation was painless. On budget night, I reduced the federal tax by $100. The finance ministers in Ontario or New Brunswick increased their respective taxes by $100. And with the profits they made, they will reduce their sales tax by 3 per cent on all goods for the next six months. However, Quebec refused to go along with this scheme. Quebec did what it wanted to do. When some say that I infringed upon provincial jurisdictions, that is not true. Not at all! In proof of this, Mr. Parizeau did what he wanted, exactly what he wanted, I did not stop him. It was in his jurisdiction. And as for me, I do what I want, that is I cut the taxes of Quebec taxpayers by $85 as soon as possible.

● (2122)

Mr. Beaudoin: Mr. Chairman, I would like to point out to the minister that I knew the answers to the questions I just asked, but I ask them as the man in the street would ask them now because he believes all the press reports and he says: the federal government has interfered with the provincial government's business, and so forth, he says that Mr. Parizeau is the saviour of New France. I want to know why and where?

Mr. Chrétien: That is exactly the problem, because everybody got excited as though it were a constitutional problem. Here is what I did: on the very first day I said that the sales tax came under provincial jurisdiction because I phoned the provincial finance ministers I told them: "Gentlemen, you have a so-called sales tax; could I help you to reduce it? I will pay you 2 per cent during six months. If you cut it by 3 per cent for six months, you will pay the difference". Eight ministers of finance said: "Yes, Mr. Chrétien, we agree". The discussions went on for three weeks. During those three weeks, the Quebec finance minister, Mr. Parizeau, remained silent. When the agreement was concluded with the other finance ministers, he said 48 hours later: "I do not want that, I want something else. He had missed the boat.

Mr. La Salle: The train!

Mr. Chrétien: It is quite simple. I had given my word to the other finance ministers. It is like the train, but I will not repeat the saying about watching the train go by, but it is as simple as that. It is just as if the hon. member for Richmond were going with ten others. There is a car or a small bus going to Montreal. After the bus has left, someone aboard says: No, I want to go to Quebec city." The others tell him: "Listen, this bus is going to Montreal. We cannot go to Montreal and to Quebec city at the same time." So the one who wants to go to Quebec city has to walk because the bus only goes to Montreal. It is as simple as that. If Mr. Parizeau had been willing to discuss, it would have been all so simple. But I said it before and I say it again: the Quebec government is bent on proving that everything we are doing now is wrong. Even before the paper on the renewal of the Canadian Federation was published, even before he got a copy. Mr. Lévesque said: "It is profoundly insignificant". He had not even read it yet.

Mr. Beaudoin: That is what we want to know.

Mr. Chrétien: As I said, they are bent on proving that federalism cannot work. No wonder! But when I simply proposed to help them cut their sales tax, they all took refuge behind the constitution. There is no constitutional problem at all in all this, there has never been and there will never be. The sales tax comes under provincial jurisdiction, I admitted it and said: "I will help you." It is as if I told the hon. member it is his business if he wants to go home. But if I offer to pay two-thirds of his trip, he can tell me to go to hell. Only, if he wants to pocket the money, I shall be very happy to give it to him.

Mr. Beaudoin: Mr. Chairman, I should like to tell the Minister of Finance that if he had given the very simple explanation he has just given me also to the journalists, there are still some left who are honest, things would not have been as complicated as they have been with the province of Quebec in the last three months.

Mr. Chrétien: Mr. Chairman, I agree wholeheartedly. I tried for all I am worth to give that explanation. I was given a chance to explain myself only last week, seven weeks after, when the French network of the CBC invited to me to appear on the program Téléscopie for 25 minutes. All that network did until then was to run around the halls and find people who were against the idea.

An hon. Member: Like the hon. member for Joliette.

Mr. Chrétien: They avoided the people who were for it. It is as clear as that. It is painful, but that is democracy. I am not complaining too much about it, Mr. Chairman, because it must be remembered that one has to be in good health to put up with a system like that. Let me explain: I am glad to see the hon. member understands and is asking questions so people will understand. I am not personally worried about the people from that point of view. They have a lot more judgment than they are often given credit for and the best proof of that is that in spite of the great controversy over the sales tax our rating increased according to the Gallup poll.

Mr. Roy (Laval): Mr. Speaker, I want to ask the Minister of Finance a question about the proposal he allegedly made to all provincial ministers of finance to reduce the sales tax by 3 per cent where his contribution would be 2 per cent on all products in all Canadian industries and all retail sales outlets across Canada, in face of the refusal of Mr. Parizeau who preferred a selective sales tax.

Could the minister say whether from the point of view of the collection of a selective sales tax such a collection could pose problems with respect to forecasts or lower revenues because according to what we hear, and I heard it said as recently as this past weekend, some retailers because certain products do not qualify for the sales tax cut in Quebec would want to use other products and thus the province would be deprived of revenues because this would mean a reduced tax base for the province of Quebec and then there could be a danger if the sales tax were less than anticipated that Mr. Parizeau would be tempted to increase his taxes next year and perhaps call it "Chrétien's" tax. Could the minister say whether this would make sense, that the selective sales tax cut could result in reduced revenues and an increase in taxes next year in Mr. Parizeau's budget?

Mr. Chrétien: Of course, the question is whether the implementation of a selective tax cut from 8 per cent down to nothing will result in an administrative problem to the Quebec revenue department. I do not know. Let me say the temptation is great, and I give you an example, and I say it is very complicated—if you buy furniture there is no sales tax but if you buy a television set there is a sales tax. They say that sometimes people might put down "chair" instead of "television" on a bill. I do not know about this. It is up to the Quebec revenue officials to see to it that the law is obeyed. However, there is a lot of confusion because not all textile products have been exempted: You must pay 8 per cent on drapes, carpets, sheets, pillow cases, but there is no tax on other items such as suits. I have enough problems of my own without solving theirs and deciding how they will collect their taxes.

I do know one thing. When time comes to determine the consequences of all these decisions, it will be very complicated because according to our agreement with the other provinces, we shall have to check how much this has cost them. If a province which had a sales tax of 7 per cent reduces it to 4 per cent, it is very easy to know how much this costs because we shall simply transpose the whole amount of the 4 per cent tax at 7 per cent and this will give us the exact cost. It is a simple mathematical operation. It is easy to figure out. But when you talk about going from 8 per cent down to nothing, you have no data on the amount sold because you have no invoice, no account to the government, no means of control. I am not saying that it was done intentionally, I am simply saying that we have no means of control. This is where the particular problem raised by the Ontario finance minister Mr. McKeough, and his deputy minister, arises namely that according to their own extrapolation they cannot see how a selective tax cut by the Quebec government could cost Quebec $320 or $340 million. They took their own figures and made extrapolations to come to the conclusion that it would cost $250 million. I am caught between both, and as no agreement has been reached with the government of Quebec, I cannot make a judgment, I can only reduce my income tax. The financial critics of the opposition in Quebec will have to see if the Ontario government is right on that. I do not wish to interfere in the administration of the province of Quebec.

Mr. Roy (Laval): Mr. Chairman, has the minister recognized in his statement that the selective tax cuts proposed by Mr. Parizeau could mean a reduction of his revenues, next year and an increase in his next budget?

Mr. Chrétien: I have no comments to make as the hon. member might come to the conclusion that there are some abuses. I do not know. I do not intend to look for them, but Revenue Canada will check the amount of $40 million at the end of the year. I have no judgment to make. Since the hon. member is asking me questions about the financial situation of the government of Quebec I should point out that I am not the financial critic of the opposition in Quebec, but if I were I would have fun. In the circumstances I must make my own fun here in Ottawa.

[*English*]

Mr. Towers: Mr. Chairman, it was fairly obvious that the government intended to have an election during the period this sales tax reduction was in effect. Now that we are not going to have the election, I wonder if it is the government's intention to continue the program until October 15 or 16 when it will start to expire.

Mr. Chrétien: Mr. Chairman, we have no such plan at this time. I know the maritime ministers of finance have made some public comments about that. I expect to have a discussion on the effect of the sales tax cut when I meet the ministers of finance on July 7 and 8.

Mr. Towers: Mr. Chairman, in view of the fact that this program is discriminatory toward the province of Alberta, may I ask if any consideration was given to that province as its minimum wage is about 90 cents an hour less than it was in the province of Quebec when this matter was discussed?

• (2132)

Mr. Chrétien: Mr. Chairman, would the hon. member please repeat his question? I am sorry, but I missed it.

Mr. Towers: Mr. Chairman, was any consideration given to the fact that the minimum wage for the province of Alberta is about 90 cents an hour less than it is in the province of Quebec, when the minister had discussions with regard to putting this program in place?

Mr. Chrétien: It was not under consideration. I had occasion to tell the minister of finance of Quebec at one time that having the highest minimum wage in the world was not conducive to having a very good economic situation in Quebec because having that kind of minimum wage tends to push up all the costs. This was not relative to sales tax at all; it was in another context that I raised that point.

Mr. Towers: Mr. Chairman, could the minister tell us the effect this payment to the provinces will have on equalization payments?

Mr. Chrétien: The effect on the equalization payments was one of the problems discussed during the three weeks that we debated with the provinces. We have devised a formula, that is written in the act, by which the equalization payments are isolated from this temporary scheme. This means that the scheme will have no effect on the equalization payments. Some of the maritime provinces were afraid they would lose on equalization payments if we did not to make provision for that. That is another example of the consultations that I had during the three weeks before the budget.

Mr. Clarke: Mr. Chairman, I wanted to make some remarks at the time of consideration of clause 1, but knowing the minister was nervous about general comments on clause 1 and how he wanted to proceed as quickly as possible to clause 30, I thought he would now like to hear a few of the comments I

have saved up for this occasion. I am sure the minister has heard some of these comments before.

Mr. Chrétien: Many times.

Mr. Clarke: I am hopeful I may be able to reiterate in a different way some of the concerns that have been expressed. Particularly, I am concerned about the apparent view of the public and the media who seem to think that this bill has only to do with the provincial sales tax issue. In fact, if one can believe what one hears via the media, it only has to do with the Quebec sales tax issue. It should be obvious to anyone who has been following the debate up to clause 30 that many other issues are covered in this legislation other than sales tax.

It is obvious from the speeches the minister has heard from this side of the House that the emphasis as far as the sales tax issue is concerned has been the unusual payment—which is all I can call it—of the cash refund, a refund of tax paid relative to the 1977 taxation year to the residents of Quebec. I compare that with the remarks of the Prime Minister who earlier in this debate referred many times to the so-called tax room that the federal government has been prepared to give on the 1978 taxation of individuals in Canada.

I am not quite sure how the two relate to one another. The Prime Minister was hard-pressed to explain and he could not understand why nobody else could follow what was happening. It is also obvious that the retail sales taxes affected by the measures of the Minister of Finance are provincial measures and do not have the *raison d'être* of this House in respect of their determination. The Minister of Finance has told us all about the consultations he has had with the various ministers. He has told us in a very self-righteous manner how he had almost achieved agreement with the various ministers of finance and, as well, how the province of Quebec let him down in not finally agreeing with his proposal. Not only did the province of Quebec not agree, but the minister tells us they turned around two days after he had made the announcement on his agreement with the other provinces and said they would not agree with the federal government's proposals. I find it difficult to reconcile that with the Prime Minister's great pains to explain on a number of occasions in the Houses that the treatment of all provinces was the same.

The Prime Minister went to great lengths to explain to the Leader of the New Democratic Party that he could not understand how the Leader of the New Democratic Party and other members on this side could not understand how a refund of $85 in cash against the 1977 income tax of certain taxpayers was not the same as allowing tax room—that was his expression—in the 1978 taxation year to provinces other than Quebec. One might be forgiven if he could not understand how that is not the same. But yesterday the Minister of Finance said—and I note the parliamentary secretary is nodding agreement with what I am about to say, and I am glad he is so perceptive—that he had told the minister of finance of Quebec that if he did not go along with the national scheme, the province would not qualify for the same plan as the other provinces. I do not understand—and I hope I may be forgiven—if the Prime Minister said that all provinces are being treated the same, how the Minister of Finance can tell us, the House of Commons, that the treatment he was prepared to give the province of Quebec was the same as he was prepared to give the other provinces.

The Minister of Finance says he will pay it back to the taxpayers: I think that was the expression he used—he is paying it back to the taxpayers of Quebec who have already paid the money. But he knows, and I note that he has been very careful not to say much about this in the current debate, that Quebec taxpayers who do not pay income tax because they are too poor will not receive any benefit from the refunds paid to the taxpayers of Quebec.

I hear my colleague—

[*Translation*]

—for Brome-Missisquoi and the hon. member for Joliette who have expressed their agreement with—

[*English*]

—my statement.

The minister has indicated how those in British Columbia will benefit. I recognize that the taxpayers of British Columbia will benefit because the federal government is giving tax room, in the Prime Minister's words, to the taxpayers of that province. I also recognize that there is a difference in the treatment being accorded the residents of British Columbia because everybody in the province will benefit through a reduction in sales tax. People in Quebec who are not paying the sales tax will not receive that benefit.

● (2142)

I said at the outset that there are many issues included in this bill. I draw attention to the fact that some of the other issues touch on personal income tax. Some of these questions were debated as we proceeded to clause 30; some were not. Touching on personal tax, we are dealing with matters such as employee loans, deferred profit-sharing plans, registered retirement savings plans, life insurance in more than one way—I will come back to that in a moment—and the transfer of family farms. I might say another word about that in a moment. There are also measures in this bill dealing with corporation tax, such as surplus stripping and other matters dealing with life insurance companies as opposed to life insurance and the individual.

The minister likes to assure us that everything in this bill is simple, that it will all be understood by the people and that we should have no hesitation in passing his wonderful measures. I want to refer to an article in the April, 1978, *CA Magazine*. It makes an observation on the 3 per cent inventory allowance which I questioned in some detail last time the minister presented us with a bill such as this. I quote from *CA Magazine*:

> The government therefore was introducing an annual allowance, equal to 3 per cent of the tax cost of qualifying inventory on hand at the start of the year, as a deduction in computing income from a business. That seemed simple enough,

and when the amendment was introduced and eventually passed in the fall of 1977, few people challenged the legislation in terms of whether it was workable.

Most businesses have now completed the first fiscal period for which the inventory allowance applies and the problem areas have begun to surface: basic issues such as what kinds of inventory qualify, under what circumstances and when. That these problems, and the lack of answers, did not come up earlier is undoubtedly due largely to the apparant simplicity of the provision and also to the fact that many people were focusing their attention on timing rather than substance.

I make that reference to indicate that the minister and his officials who sit waiting for something to do should be considering the real effect of that measure, and some of the measues contained in the bill before us, on the business community and individuals before so glibly assuring the House that there is no problem and these matters should be passed quite easily. To support that contention I refer to the tax letter issued on April 10, 1978, by Peat, Marwick, Mitchell and Company, an international firm of chartered accountants which makes reference to the provisions concerning insurance companies. I quote from the tax letter as follows:

An unintended result of the 1977 technical changes would have eliminated from any future deduction for certain life insurers, non-capital losses in existence as at December 31, 1977. It is proposed that such losses be restored as non-capital losses of the 1977 taxation year.

I am a chartered accountant, not a lawyer. However, I think that unintended result was dealt with by the minister in the presentation he made to the House. The point I am making is that the intentions of the minister are so unclear, when we come to clause by clause study, that it is very difficult for us to know exactly what is meant. If it is difficult for us, I am sure it is far more difficult for the average Canadian to know what is intended by the minister.

I think we will be coming to other clauses of this bill which will deal with the individual and insurance policies, in particular insurance policy loan, the difficulty parliament had, the difficulty the individual holder of a life insurance policy had, and probably what the business community and the life insurance industry had in dealing with the provisions for interest on insurance policy loans and the accounting thereof in the last budget. I thought we buried that issue the last time we had a budget debate. I again quote from the Peat, Marwick, Mitchell letter:

It is proposed that interest on policy loans made prior to April 1, 1977, would now be treated the same as interest on such loans made after March 31, 1977, i.e., deducted or added to the adjusted cost base of the policy. In addition, interest paid before 1978 on policy loans will not be included in computing the "adjusted cost base" of the policy at any time after March 31, 1978.

I hope I will be able to ask a few questions of the minister when we come to that clause. I hope the committee will agree that wording such as that, which has caused such confusion to the renowed firm of chartered accountants, Peat, Marwick, Mitchell, really has no place in the legislation we are considering. There are no fewer than two sections of the ways and means motion which deal with interest on policy loans, section 3 and section 15 which purport to deal with the adjusted cost base of a life insurance policy after March 31, 1978.

We dealt with the clauses which touch on the passing on of family farms held by corporations to the heirs. At that time I commented on the fact that these farm businesses were accorded different treatment from small businesses in a city constituency such as the one I represent. I also commented that I felt it unreasonable that less than six weeks after the Minister of Finance presented his budget dealing with this kind of transfer and the avoidance or deferment of capital gains tax on farm properties, the Minister of State (Small Business) introduced provisions to provide for the passing on and deferment of capital gains tax in the case of small businesses.

I might also say the minister alluded to this in answering my questions earlier—that the definition of "small business" is completely unclear in the mind of parliament. The minister has not given us the definition that we need. He said that farms are treated differently from other businesses. I want to put on record the fact that businesses which I and other city members might be familiar with are not to be considered small businesses unless they deal with such things as manufacturing, processing, wholesaling, retailing and one or two other restrictive items. The point is that no small business, regardless of its family history, concentration or anything else, will be considered eligible for the passing on of these benefits if it is involved in any kind of service business. Apparently this covers such businesses as real estate and insurance. We are not told why family businesses which happen to render services or be involved in real estate should be excluded from the benefits passed on by the Minister of State (Small Business). However, I recognize we are not debating this topic at the moment; no doubt there will be opportunities to do so.

• (2152)

[*Translation*]

Mr. La Salle: Mr. Chairman, of course I had a few comments to make on this clause. I think it is a very important clause for us members from Quebec. I am sure the minister is aware of that. Mr. Chairman, I would also like to take this opportunity to note that the minister seemed very relaxed during most part of the evening and the day about the answers he had to give, seemingly finding them very simple. The Quebec government, backed by a unanimous National Assembly, was entirely to blame and its proposition was totally wrong.

Even then, I think one must—

Mr. Guay: Mr. Chairman, would the hon. member for Joliette permit me to ask him a question?

An hon. Member: He is not honourable.

Mr. La Salle: Someone dared say I am not honourable, so I refuse to allow the question, Mr. Chairman.

I should like to continue my remarks. I know the hon. member for Lévis (Mr. Guay) will surely have time to put the questions he must to the Minister of Finance. Anyway, as I pointed out a while ago, Mr. Chairman, the hon. member for Lévis went to consult the Minister of Finance. I have a feeling

that some arrangement was arrived at on what questions the hon. member for Lévis could put and which would perhaps embarrass the Minister of Finance too much. The Minister of Finance would have told him—

Mr. Guay: Mr. Chairman, I rise on a point of order. The hon. member for Joliette says that I go for my information to the Minister of Finance; I feel that is the best place to go for it; he goes for his to the separatist premier of the province of Quebec instead of going to his leader or to the hon. member for York-Simcoe who is the financial critic of his party, unless he was replaced recently.

Mr. La Salle: Mr. Chairman, the hon. member for Lévis seems to have been insulted because Premier Lévesque did not invite him into his office. I had the great honour, just as the right hon. Prime Minister did of course, of meeting the Quebec premier. Mr. Chairman, for the information of the hon. member for Lévis, I should like to add that I told Mr. Lévesque that quite a long time had elapsed since I had had a cup of coffee with a provincial premier. The last time had been when I had met the late Daniel Johnson, a former premier of the province of Quebec. I do not know why, but some people are blaming me for meeting the Quebec premier, although the right hon. Prime Minister himself has met with all premiers.

Mr. Guay: He is the Prime Minister.

Mr. La Salle: Our leader has met with all Canadian premiers too. The Minister of Finance gets to meet them from time to time, and we have nothing against that, Mr. Chairman. So I wonder why the hon. member for Lévis once again criticizes the fact that I had the pleasure to meet a man who, whether you like it or not, was legally elected in the province of Quebec in spite, of course, of the efforts made by our friends opposite.

Any way, Mr. Chairman, I would still like to make a brief history of this piece of legislation and of this clause in particular. The Minister of Finance made his comments this afternoon, and I remember some of his remarks; he talked about the agreement reached with his provincial counterpart. And there, my question is specifically directed to the Minister of Finance. I do not want to repeat it. The Minister of Finance talked about an agreement with his provincial counterpart, so here is my first question: could the minister explain what kind of agreement was reached with his provincial counterpart and when?

Mr. Chrétien: What agreement?

Mr. La Salle: Mr. Chairman, I remember and noted immediately that the Minister of Finance talked about an agreement reached with his Quebec provincial counterpart because several members in his party have accused the Minister of Finance of not keeping his word and saying the minister of finance of Quebec had not replied.

I would like to ask him a second question. The Minister of Finance is a man who is surely capable of answering a second question also. I think that in the proposal that was made, in the observations—I do not call that proposals, I call that observations—it seems the minister of finance of Quebec would have hoped for a way of finding a settlement where the federal government could have dealt as between one government and another. And I wonder whether with a little effort at this point the Minister of Finance could tell us if he cannot within the prerogatives that are his come up with a formula which would preserve a very basic principle we have been fighting for for two and half months, a treaty between governments. I imagine the Minister of Finance with the prerogatives his position gives him could come up with something which would be readily acceptable to both sides of the House but would include that basic principle which we and others would also hope for and which Quebec and the National Assembly would accept, I am sure, namely a treaty between one government and another. Could the Minister of Finance clarify that for us?

Mr. Chrétien: Mr. Chairman, I cannot help laughing when the hon. member is so convinced about the separatist cause. He is already talking of treaties between two governments in Canada, of agreements between governments. When you talk of treaties, you are talking about two independent countries.

Mr. La Salle: The government concludes agreements with the provinces.

Mr. Chrétien: A treaty is between two countries.

Mr. La Salle: Let us say arrangements.

Mr. Chrétien: I would not like to give a lecture in international law but a treaty is between two countries. Very well, but that is because the hon. member's thoughts always have strong separatist overtones. Obviously he could not help using those words. Slips of the tongue like this one can happen. It is very simple. I discussed with the provincial ministers about a possible agreement between provincial governments and the federal government relating to the sales tax. All ministers had agreed that they would be in a position to tell me "yes" or "no" when I would phone them in the afternoon of budget day just before tabling my budget. When I phoned Mr. Parizeau, he said "I'm not saying either yes or no". But all other ministers had answered yes. Then I claimed, and I repeat it, that Mr. Parizeau had broken a gentlemen's agreement. Some will say it is Mr. Parizeau's word against mine. That is correct. But there is circumstancial evidence. Why would the other ministers have taken the responsibility of answering yes on the very day I tabled the budget if there had not been a previous agreement between all of us? It would be easy for me to satisfy

any court that there was an agreement between Mr. Parizeau and myself by presenting circumstancial evidence.

Mr. La Salle: He did not say either yes or no.

Mr. Chrétien: All the others said yes.

[*English*]

Progress reported.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CONSUMER AFFAIRS—REASON FOR BEEF PRICE INCREASES

Mr. Paul E. McRae (Fort William): Mr. Speaker, last week I asked a question of the Minister of Consumer and Corporate Affairs (Mr. Allmand) about rising beef prices as reflected in retail outlets. I think we all appreciate the difficulties farmers and beef farmers of this country have faced over the last three or four years. In my own community, many farmers have had to sell off their herds simply because they could not make ends meet: there just was not enough revenue to justify the expense of raising cattle.

I do not think any Canadian would object to a 35 per cent or 40 per cent increase in the price of cattle on the hoof. The price of slaughter cows in Winnipeg between early March and June 3 went up 39 per cent. The price of A1 steers increased by 38 per cent. When I see the increase in retail prices, I do not think this is the problem we are facing: I think there is a very important need for stability in the beef market across the country. I think all Canadians, farmers and consumers alike, could do nothing but gain from such stability.

There are some difficulties. The agricultural industry in this country is divided among provincial jurisdictions. The difficulties in bringing these together are very important. I think these difficulties have some effect on stability. However, there is more to it than that. Just doing some comparisons in retail outlets, I found that the price of ground beef went up from 79 cents to roughly $1.39 in about three months, an 87 per cent increase. I mentioned this figure before. But at the same time the price of cows went from $36.15 to $50.25, an increase of only 39 per cent.

I know there are some variations here, but let us look at it in another way. When the slaughter cow price was $36.15 on the Winnipeg market, ground beef cost 79 cents. That was 119 per cent higher than the price on the hoof. Some of this is explained by the fact that there are bones, loss of water, fat, and so forth. However, when the price went to $50.25 on the hoof, the price in the store for ground beef went to $1.39. That is an increase of 178 per cent. Those are the kind of differences we have to examine.

We can go through the same thing with more expensive beef. The price of T-bone steak went from $2.50 to $3.75, while the price of No. 1 steers went from $49.95 to $68.90 on the Winnipeg livestock exchange, an increase in the price of No. 1 steers of 36 per cent and an increase in the price of T-bone steaks of 50 per cent. I recognize that there may be some variations and it is always difficult when we do not have a large research group to do the kind of things we have to do; but I must say I am suspicious of these increases. We are now out of price and wage controls. In a sense, prices were controlled. Certainly, prices at the processing and retail levels were controlled; but prices at the farm gate were not.

• (2207)

Over a period of two or three years several hundred large companies had to turn money back because they made profits in excess of 90 per cent or 95 per cent of their five-year average. With the phasing-out of these controls coming at the same time as the increase in the beef price on the hoof, which I think is justified, some things have happened and we should look at them very carefully.

I would like the minister and the government to take a much closer look at this variation, the difference in an increase of, say, 39 per cent and 87 per cent. That is what I am concerned about. I think it should not only concern the consumer; it should concern the farmer; and I am sure it does because in many ways farmers are being blamed. They should not be blamed because they are getting a legitimate increase, yet the consumer is paying what I consider to be close to robbery.

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I should like to say at the outset that in a very general sense, the Minister of Consumer and Corporate Affairs (Mr. Allmand) does, indeed, share the concern of the hon. member for Fort William (Mr. McRae). This is one reason why last fall the minister, assisted by the Minister of Agriculture (Mr. Whelan), initiated the three-phase food policy conference program which took place last autumn and winter. This is just a beginning. It is the intention of the Department of Consumer and Corporate Affairs, again assisted by the Minister of Agriculture, the Minister of National Health and Welfare and others, to move from this base to work toward the further development of a desirable food policy for Canadians which will give consideration to both the production and consumption ends of the scale, bearing in mind the complexities of moving and processing produce from the time it leaves the farm gate to the point at which it may be purchased by consumers at the local level. This is a long-term program.

As I understand the specific situation at hand, there are two main factors behind the recent rapid increase in the price of cheaper beef cuts such as hamburger and blade roast, relative to the more expensive cuts such as T-bone steaks and sirloin steaks. The first, and principal, factor is the natural unfolding of the beef cycle; the second is the current high level of the export of cows to the United States. Let me explain more fully. The beef cycle has two distinct phases: an expansionary phase

and a liquidation phase. Over the past few years we have been experiencing the liquidation part of the cycle, not just in Canada but in North America as a whole. This came after a nearly uninterrupted expansion in cattle herds which started away back in the early 1950s. During this time, beef producers expanded cattle herds nearly every year in response to over-increasing consumer demand. Per capita consumption, mainly in beef, doubled over this period from about 50 pounds in 1950 to more than 100 pounds in 1975 and 1976.

The liquidation phase of the beef cycle is characterized by a high level of slaughterings and low prices for cattle and for beef at the retail counter. Also, during this time the supply of beef from which hamburger and blade roasts can be cut is greater than during the expansionary part of the beef cycle. This is because farmers tend to sell off their cows. Thus, the rapid increase in prices for the lower quality cuts relative to the high priced cuts reflects a turning point in the beef cycle: Canada is facing a tight squeeze on its low-grade beef supply and cow marketings are expected to continue to decrease through 1978. The decline of the Canadian dollar relative to the U.S. dollar has aggravated this situation by making it attractive, at times, for American buyers to purchase Canadian cows which could have been slaughtered in Canada.

AGRICULTURE—REQUESTED INCREASED MILK QUOTAS FOR ONTARIO CHEESE MANUFACTURERS

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise tonight on a matter very vital to our national economy and pursuant to my question appearing in *Hansard* of June 9, 1978, page 6230, as follows:

Following the recent meeting between the Minister of Agriculture and the Ontario minister of agriculture, has a solution been reached to provide increased milk quotas to Ontario cheese manufacturers who are experiencing a serious shortage of milk in their efforts to supply markets waiting for cheese?

The question of the above date and the S.O. 43 motion of May 31, 1978, moved by myself and seconded by the hon. member for Oxford (Mr. Halliday), arise from strong representations made to me and to my party and our agricultural critic, the hon. member for Elgin (Mr. Wise), and the agricultural committee of the PC party, by the Ontario Cheddar Cheese Association and its member manufacturers regarding the diminishing and inadequate supplies of milk available to the Ontario Cheddar cheese factories.

● (2212)

Also we have received a brief from the Ontario Cheddar Cheese Association, an organization recently formed in that industry. They total at least 32 cheese manufacturing concerns which speak with one voice in the interests of a sound economy for the dairy and cheese producing industries of Ontario. The No. 1 problem in the industrial milk field is the severe shortage of market-sharing quotas for the province of Ontario. This is widely recognized by producer and processor alike. When one couples the MSQ shortage with the specialty cheese market expanding at a high percentage every year, the Ontario Cheddar cheese processor is being placed in an unbearable situation. Cheddar cheese factories cannot begin to supply the markets which they have developed carefully over long years. Buyers are purchasing a higher percentage of their Cheddar cheese out of the province at the present time.

In 1969, the Murchie-Stewart report advised that several of the smaller plants in Ontario be phased out of operation under the plant consolidation assistance program, and that the remaining plants update their facilities to handle extra milk in a more efficient manner. Most Cheddar factories have spent large sums of money in the past to acquire a greater quota. Now they are faced with the same quota diminishing year after year to the specialty cheese market, at no cost whatsoever to them. The Cheddar processors have virtually no way of expanding their businesses or even holding them at a reasonable level because of this situation. Cheddar plants are running far below their processing capacity during peak milk periods. In the winter months, when monthly percentages go as low as 3 per cent or 4 per cent, this situation becomes critical. The rapidly diminishing milk supply, the variance of monthly milk percentages from a low of 3 per cent or 4 per cent to a high of 14 per cent in May and June, and the fixed overhead costs of these plants place a great deal of the factories in a most undesirable position. Some are facing the prospect of closing their plants for good.

The Ontario Cheddar cheese industry has had a proud and historic record ever since the dairy industry was first instituted in the province. In fact, it was the heart of the dairy industry for a number of years. Ontario has become famous throughout the world for its excellent quality of Cheddar cheese. Now we must ask ourselves whether we will let this great industry wither and die; or will we finally take steps to preserve an industry as much a part of our Ontario heritage as farming itself?

There is one more point I should like to make in the limited time I have. We have a continuing responsibility to see that the Cheddar cheese industry of Ontario obtains its proper and sufficient quota of milk supply. Over the past 20 years, the Canadian government has participated in the amalgamation of cheese factories: it has spent millions of dollars in subsidizing these factories in the succession of amalgamations. Many of the older ones which were obsolete and inefficient, closed. Amalgamation grants were given to the other successor factories which were willing to make improvements and investments in the interest of the economy of the industry. If Ontario's share of the national quota for cheesemaking milk is not increased, we are not supporting past policies; the money put into these amalgamations will go down the drain like so much whey—and perhaps the result will be a bankruptcy of the industry. I, for one, will not stand idly by and see this happen. I am sure the Minister of Agriculture (Mr. Whelan) agrees with me.

● (2217)

When I was in Britain a month ago as a delegate to the CPA conference, I asked assembled members of the British Parliament, in a question and answer forum, why our markets

for Canadian cheese in Britain were shrinking so drastically. The answers were not very optimistic: they pointed out that Britain was now a member of the EEC and every country of that common market was a cheese producer to some degree. I point out to the minister that in this regard it is our duty to watch every facet of the cheese economy in that every member country of the EEC is subsidized in the products they produce and in the export of those products. We can be—and must be—just as astute.

I am not asking that the Ontario Cheddar Cheese Association be subsidized tonight, tomorrow, or ever. All I am asking is that they be given an ample share of our national milk quota for cheese manufacturing only, to create more production for farmers, to protect the investment and the jobs of the men who make Ontario Cheddar cheese, and to supply the waiting markets with their peerless product.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, in reply to the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack), I shall say that the Minister of Agriculture is not responsible for the rules governing the distribution of quotas among the provinces but rather the Canadian supply management committee. This committee is made up of representatives of the governments and the producers of each province under the leadership of the Canadian Dairy Commission.

The control of the industrial milk production in Canada results from a national agreement whereby each province accepted as a basis the percentage of milk which it produced at that time. The same principle applies for eggs, broilers and all other commodities.

As it is a national scheme, there is no evidence that the Canadian consumers do not get the dairy products of the quality and in the quantities they want. So, there is no evidence that Cheddar cheese is scarce at the national level. The supply is adequate.

As for Ontario and specialty cheeses, the Canadian production which stood at 106.1 million pounds in 1974-75 has gone up to 160 million pounds in 1977-78, or increase of 50.8 per cent.

At the same time, in Ontario, the specialty cheese production has gone from 41.2 million pounds to 62.9 million pounds, which represents an increase of 53 per cent, practically the same as the national average.

Given the Ontario production compared with the Canadian production as a whole, it is obvious that the problem experienced by the Cheddar cheese producers is due to the fact that Ontario has reduced the quantities of milk available for this type of dairy product to the benefit of butter producers. It is therefore a problem of milk movement within the province of Ontario itself and consequently it comes under provincial jurisdiction.

The Ontario request for an increase in its marketing quotas is no different from the requests of all the other provinces. Every province from East to West is asking for increased marketing quotas and every Canadian dairy producer wants an increase in his individual marketing quota, and wonders why he does not get it. The answer is quite simple.

The Canadian government has implemented a stable dairy policy and both the producer and the manufacturer are getting a fair return on their investments and their work.

The Acting Speaker: Order, please! I regret to interrupt the hon. member, but his allotted time is now expired.

[*English*]

CANADIAN CULTURE—IMPORTATION OF U.S. EDITIONS OF CANADIAN BOOKS

Mr. David MacDonald (Egmont): Mr. Speaker, I rise tonight in pursuit of a matter that I raised about five times during the earlier part of this session with respect to a very serious problem that faces Canadian publishers and authors, particularly the two dozen or so authors of this country who are successful enough to have their books published abroad, primarily in the United States. It is a problem, really, affecting whether or not we can be masters of our own house with respect to the adequate protection of writers and publishers in this country. I suppose in some ways it is a classic Canadian dilemma, for I know of no other country that has so exposed its writers and publishers to the low-cost selling of wholesale editions of works from abroad as we do.

It is not a new problem, Mr. Speaker, as I pointed out the first time I raised this matter on November 18, 1977. As far back as 1972 the Ontario royal commission on publishing gave notification that the relevant provision of the Copyright Act was "unworkable in practice and should be reviewed and clarified. We have known of the very serious situation."

• (2222)

Subsequently, since 1975, the government has been notified directly by the Writers Union of Canada, among others, that thousands of dollars in revenue were being lost to publishers and authors and that we were rapidly destroying incentive for major authors to have their works published here. We have made successive representations to this government. I have raised the matter on a number of occasions in this session, but it has been impossible to get action from the government. I find this incredible in view of the fact that the basic solutions are not too difficult.

As a solution I have suggested repeatedly enforcement of the law through a test case or a specific amendment to the law in instances that would cover, under the Copyright Act, the kind of exposure we are getting today—this kind of threat, the undermining of the publishing industry and the authors of this country. On November 18, 1977, the Secretary of State said there would be clarification of the difficulties in the very near future. On February 27, he said he would "look into it with the

utmost dispatch." On June 6, he said they would be making some announcement about this in the very near future.

On other occasions, the Minister of Consumer and Corporate Affairs (Mr. Allmand) indicated he was also concerned about the problem and would be taking appropriate action. It is quite obvious that he is not prepared to take any action that would involve amendments. As a matter of fact, a fairly straightforward amendment was proposed to the minister by those who represent not only the writers but others involved in his problem, to make the law clear and, in effect, make it say what it is supposed to say and be workable. To this time, the minister—as I understand it—has not taken this matter up with his officials or attempted to draft an amendment. If he has done so, he has not communicated it to this side of the House.

In spite of the offers that have been made informally to pass a specific amendment with dispatch, I do not think any attempt has been made to do so. As far as the powers of seizure by Revenue Canada are concerned, which I believe the minister has indicated might be employed against the sale of remaindered issues, I think it is, at best, an imperfect solution in view of the inevitable and lengthy litigation required before the writers would know if the existing law gives them adequate protection.

We have allowed a situation to develop where the three major book chains in this country, Coles, W.H. Smith and Classic, have opened up the market to the sale of thousands of remaindered editions—American publications of Canadian authors. Initially, only Coles was involved in 1975 when the problem became more acute. By 1977, all three major booksellers who cover a substantial portion of the Canadian market were involved, and virtually nothing has happened.

My specific question tonight relates to the February 27 question I raised in the House, first with the Secretary of State (Mr. Roberts) and latterly with the Minister of Consumer and Corporate Affairs. I referred to the specific instance of one publication, a book intitled *The Book of Eve*, by Constance Beresford-Howe, published by MacMillan of Canada and on sale in Montreal and Toronto despite being listed for a year and a half under schedule C in response to complaints by both the author and the publisher. Counsel for both Revenue Canada and the Department of Consumer and Corporate Affairs stated they will not take action because they claim schedule C does not specifically encompass books.

In earlier discussions, the Secretary of State and the Minister of Consumer and Corporate Affairs said they might develop a mechanism that would reduce the effective notification period from something like six months to one month. On February 27, the Secretary of State said, "I will look into it with the utmost dispatch." If that is the kind of utmost dispatch we get from the Secretary of State (Mr. Roberts) or from any other minister of the government, these poor authors and publishers will have to wait a mighty long time. The early expression of pious hope or the use of moral suasion on the three major Canadian book chains seem, to me, to have been abandoned by this government. As yet it appears that we have received no substantial indication of action. I would hope that tonight the parliamentary secretary can give us an indication of clearcut leadership that will now be taken on this very important problem.

● (2227)

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, the minister and his officials are well aware of the position advanced by the Writers Union of Canada concerning remainders. What appears on the surface to be a simple, direct problem capable of rapid solution is, however, far more complex than would appear to the hon. member's eye. The writers have available to them the normal civil processes available in all forms of intellectual property law. For a multitude of reasons, they have not fully exploited the benefits available to them under these provisions.

If the government were able and decided to enter directly into litigation, the long-term consequences could be significant indeed. Officials of the department, in conjunction with officials of the Departments of Justice and National Revenue, have been attempting to find a solution to the problem that would permit a judicial review of the existing legislation and, at the same time, relieve the potential financial liability writers would face in bringing the matter to trial. I am pleased to say that we are now close to the solution and in a few days it may be possible to make an announcement to that effect.

One proposal put forth by the Writers Union, and supported in a statement by the hon. member, is for a quick and simple amendment to the existing statute. The minister has considered this and is reluctant to proceed on the matter. In part, this reluctance stems from the fact that the entire copyright law is undergoing comprehensive review which has recently generated more than 90 briefs on proposals made to the government last year. If the government were to make an exception for the Writers Union in this case, it would quickly be inundated with requests for special treatment in a myriad other cases. The benefits of a general and comprehensive review would be lost and the consequences to the long-term welfare of both creators and users of copyright material would be significant indeed.

A careful reading of the proposed amendment mentioned by the hon. member in an earlier communication to the minister raises some doubt as to the central purpose of the amendment. It would appear, to some at least, that the change would not only exclude remainders but the importation of any foreign editions of Canadian authors whether or not they were available in Canada. If this is, indeed, one of the possible outcomes, then Canadian readers and buyers of books could possibly experience a substantial increase in book prices and Canadian authors might expect a decline in sales since there are few, if any, products whose sales are immune to substantial price increases.

Our objective in revising the copyright legislation is to make it an act that is cognizant of current technology that will afford both users and creators and environment which offers both access and protection without undue cost to either, and this includes an effective solution to the remainder problem that is consistent with these over-all objectives.

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, the House stands adjourned until tomorrow at 2 p.m.

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 14, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

SOCIAL SECURITY

MEASURES TO INCREASE INCOMES OF PERSONS LIVING BELOW POVERTY LINE—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Winnipeg North (Mr. Orlikow), I move:

That this House views with disgust—

If I could revert to being a printer this afternoon, I would set that word in large, bold type.

—the recommendation of the Advisory Group on Executive Compensation in the Public Service for increases in executive salaries in the public service to a new maximum of $73,200 a year, and this House calls on the government to reject such a recommendation and to concentrate instead on measures to increase the incomes of pensioners and all persons and families, some 25 per cent or more of the Canadian population, who are faced with the problem of trying to live below the poverty line, it being the view of this House that our first concern should be to meet the real needs of our ordinary people.

Mr. Speaker: The introduction of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONSUMER AFFAIRS

FUNDING OF CONSUMER ASSOCIATION OF CANADA—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. I have just been informed by the Saskatchewan minister of consumer affairs, the hon. Ed Whelan, and the president of the Consumer Association of Canada, Ruth Lotzkar, that the federal Minister of Consumer and Corporate Affairs (Mr. Allmand), in a speech to the CAC in Regina earlier this week implied that federal funding may be withdrawn from that organization unless it ceases its criticism of the federal government's food policy and other policies. I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the minister to make a statement on motions explaining his remarks to the CAC in order to alleviate the fear that, in order to secure a government grant, the CAC or, indeed, any other organization, must follow a Liberal party policy line.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

SHRIMP FISHING LICENCES FOR NEWFOUNDLAND FISHERMEN—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that a new shrimp fishery resource off Labrador and the northern peninsula of Newfoundland has been discovered sufficient for at least the issuance of 11 shrimp fishing licences, and that the Minister of Fisheries and the Environment (Mr. LeBlanc) has now made a decision, without consultation with the Newfoundland government, that eight active shrimp licences should be issued for fishing off Labrador and Newfoundland but that only two will go to Newfoundland, while three go to New Brunswick, one to Nova Scotia and two to Quebec, with three licences additional to be reserved for Labrador residents who cannot yet use them because of lack of suitable fishing vessels and equipment, and in view of the fact that Fishery Products Limited has now announced it must give up plans to establish a shrimp processing operation at St. Anthony since such an operation would need four licensed shrimpers and not just the two licences reserved for Newfoundland so that heavy unemployment will continue at St. Anthony in Grand Falls-White Bay-Labrador, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House deplores the fact that the Minister of Fisheries of Canada has reserved only two shrimp fishing licences for Newfoundland of eight active licences to be issued, deplores his lack of consultation and co-operation with the government of Newfoundland, and directs the minister to change his decision so that at least four shrimp fishing licences go to Newfoundland fishermen to supply Fishery Products Limited at St. Anthony, thus creating extensive employment at St. Anthony; and that this action be taken immediately.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

UNEMPLOYMENT INSURANCE

OVERPAYMENTS TO BENEFICIARIES—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, under Standing Order 43, on a matter of urgent and pressing necessity, I move, seconded by the hon. member for Montreal-Bourassa (Mr. Trudel):

That this House views with concern the $4.3 million overpayment of unemployment insurance benefits to 15,385 claimants in the Nova Scotia, Vancouver and Montreal areas, and requests that the Minister of Employment and Immigration consider the introduction of an amendment to the unemployment insurance legislation which would give the minister discriminatory authority to nullify the obligation of the commission to collect moneys wrongly paid in cases where an incorrect coding results in the payments of extended benefits that it would not be possible for claimants to detect.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

TRANSPORT

GRAIN HANDLING—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Yesterday, Mr. Justice Emmett Hall told the Standing Committee on Transport and Communications that the special investigation into grain transportation announced by the Minister of Transport seems to be an unnecessary matter that will delay and continue the existing conditions much beyond the period in which they could be improved.

In view of the fact that the Hall royal commission made recommendations to modernize our grain handling and transportation systems and to improve the utilization of railway cars, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House requests the government to require the Minister of Transport to cancel plans for a special investigation that would waste $600,000 studying what has already been studied thoroughly by the Hall royal commission, and this House calls upon the Minister of Transport to implement immediately the recommendations of the Hall royal commission which would deal with present problems in grain movement to the Pacific coast.

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

[Mr. Speaker.]

Some hon. Members: Agreed.

Some hon. Members: No.

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CONSUMER AFFAIRS

INCREASE IN FOOD PRICES—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that the consumer price index announcement of today shows the most dramatic food price increases in many years, and in view of the fact that the Mallen report—a report done for the Food Prices Review Board—found that in the Canadian retail food trade "there is a definite correlation between high concentration and high profits" and "high concentration is associated with higher prices," I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That this House urge the government to adopt the policy options put forward by the Mallen report, including the establishment of a Crown corporation to enter into the retail food industry to compete with private firms in highly concentrated cities.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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COMMUNICATIONS

ALLEGED POLITICAL INTERFERENCE IN OPERATIONS OF CRTC—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity. Recent reported statements by Pierre Camu, chairman of the CRTC, have revealed that the governement House leader in the Senate was behind the CRTC requests for 80 hours of CJOR, Ed Murphy's Reaction Line, and this appears to be a case of partisan political interference in a regulatory body. I move, seconded by the hon. member for South Shore (Mr. Crouse):

That the government House leader be requested to make a statement in the other place, giving a full account of his actions and that the Minister of Communications make a statement on motions detailing the steps she intends to take to ensure that there is no political interference in this regulatory body.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

RATE OF INFLATION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Minister of Finance on a day when the figures indicate that for the first five months of 1978 the rate of inflation in this country was higher than before the controls program was brought in. The minister knows that when this government imposed controls, against its promise, it forecast a 4 per cent inflation rate for the fall of this year. When the minister brought in his budget, he forecast a 7 per cent inflation rate for 1978. Today's figures show that following the present trend in this country we will have an inflation rate of at least 11 per cent.

Will the Minister of Finance tell us what, in his analysis, has gone wrong? Why has the government failed to deal with inflation as they promised they could, what changes does he intend to introduce, and when will the House of Commons receive those changes?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I was disappointed to see the inflation rate was high this morning. It was mainly due to food prices, which have increased very substantially mainly due to the beef cycle. As I have said many times, food is often imported, and in the beef industry there was a very substantial increase due to normal cycles and the fact that the income of producers is rising. We are out of controls—

An hon. Member: You are out of control.

Mr. Chrétien: —in the case of food: we do not have price controls any more. We hope that this situation is temporary and will improve. I do not intend changing the policy at this time. I do not intend to reimpose wage and price controls.

• (1417)

Mr. Clark: Mr. Speaker, the job of the minister is not to come into this House and express disappointment. His job is to come here and express new policy when it is clear that his policy is failing.

Some hon. Members: Hear, hear!

Mr. Horner: Don't cheat the farmers.

Mr. Clark: He knows that this is not a temporary situation. We hear the hon. member for Crowfoot, the bold and lonely member who has so little influence here—

Some hon. Members: Oh, oh!

Mr. Clark: —on policy that even his colleagues will not accept his advice not to blame the farmers because he has been blaming the beef farmers of this country.

Some hon. Members: Hear, hear!

Mr. Clark: My question, in face of this do-nothing government, is: if they will not change their policies—and we have been told they do not intend to—will they at least be honest enough to change the inflation forecast, and will the minister tell the House the new forecast for inflation?

Mr. Chrétien: Mr. Speaker, I would like to point out to the hon. member that the inflation rate in the other sectors of the economy is 6.2 from year to year. The change has been caused by food prices. Many of these foods are imported, over which we have no price control, nor do we expect to have any control. In the beef situation, as everyone knows, because of low prices in the past there was reduction in farmers' stocks and this is the price we have to pay at the present time. We do not intend at the moment to put that price increase on the backs of the farmers. I hope the hon. member will not speak from both sides of his mouth on that subject.

Mr. Clark: Mr. Speaker, what is relevant here is that this government, when they imposed controls, forecast an inflation rate of 4 per cent for this fall. It is now likely to be three times what they forecast. Obviously, their policy has failed. We want to know what changes in policy they intend. If they do not intend to change any, what changes in forecast will they give us? Since the minister indicated yesterday that he will meet on July 7 with the provincial ministers of finance, can he tell us what specific proposals the Government of Canada intends to put before that federal-provincial conference; or is this just another conference which the minister has called so he can try to share the blame with the provinces for the failure of his federal leadership.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Chrétien: Mr. Speaker, I just said a few minutes ago that the inflation rate was 6.2 per cent in the other sectors of the economy, except in the case of food. I explained that we have no control over the price of beef and of other food products we consume in Canada, and that we do not intend to impose controls. Farmers are now asking more than before for their steers. We are in a market economy and this is a matter of supply and demand. We have eliminated controls in Canada since April 15 and prices are determined by supply and demand. The opposition had been urging us to do just that for one year and a half, to go back to a free market economy, and that is exactly what we have now.

[*English*]

Mr. Clark: Mr. Speaker, if this minister refuses to tell the House of Commons what policies he intends, will he at least tell me, without getting into any specifics—I know how much trouble specifics on economic policy give this minister—does he intend to make any concrete proposals to deal with the current serious economic problems when he meets with his provincial counterparts in early July?

Mr. Chrétien: Mr. Speaker, I point out to the hon. member that we review the general economic performance of Canada. I would like the hon. member to realize that we are creating jobs in Canada at a rate greater than experienced in the past ten years. We are confronted with a large increase in the participation rate, but I would like to tell the hon. member that all forecasters around the world at this time are predicting that only Japan will outperform the Canadian economy this year.

GOVERNMENT PLANS TO REDUCE EXPENDITURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. Instead of trying to put the blame for inflation on the food producers of this country—

Some hon. Members: Oh, oh!

An hon. Member: What a hypocrite.

Mr. Stevens: —would the minister indicate whether he would be willing to bring in a budget or, if he cares to, at least make an economic statement showing new spending plans for the government for fiscal 1979 and fiscal 1980, with the earnest hope that they will narrow the $11.5 billion deficit which they have run up that is contributing to inflation? Hopefully, they will bring that down to a manageable level by fiscal 1980. Will he do that for the Canadian public?

● (1422)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not know the usefulness of having a new budget. The hon. member does not yet understand the last one: we are still debating it after two months. We are not about to have a budget every month. The Canadian economy is basically healthy. We are having a problem this month with food prices. I recognize that it is difficult. We do not intend to freeze the prices of farmers. Members opposite are very good at speaking loudly and looking angry, but they never come up with propositions which make any sense at all.

Mr. Stevens: Mr. Speaker, only yesterday the same minister was taking credit for stealing some of our ideas. Even if you accept his 6.2 per cent underlying inflation level, the minister fails to point out that that is 2.2 per cent higher than their target of October, 1975. In his refusal to give spending and deficit estimates for 1980 and ensuing years, does the minister realize that he is going directly against the recommendations of the OECD nations which asked all industrialized countries first to better control their spending and, second, to show forecasts for two to five years as to where they are going?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the Leader of the Opposition supports the idea of an additional $2 billion in deficit at this time because he would propose to cut further the taxes of the citizens, which would mean that we would have a deficit of $13.5 billion. I think the financial critic and the Leader of the Opposition should meet to try to put their ideas together because they are both moving in completely opposite directions.

* * *

[*English*]

CONSUMER AFFAIRS

REASON FOR INCREASES IN PRICE OF BEEF AND CHICKEN

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs: it concerns recent increases in the price of beef. We realize the farmer is just now catching up to what he should have received for beef over the last four or five years. I am interested in knowing whether the minister has completed the inquiry as to whether there is profiteering at the wholesale, packing and retail levels, or are the wholesalers and retailers taking advantage of the increase that has been given to the farmer? If he has finished that inquiry, what are the recommendations? Will he set up a special agency to roll back the prices which retailers are charging?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, we have not completed our examination of that problem. The preliminary report indicates there has not been undue profiteering.

An hon. Member: Undue?

Mr. Allmand: Well, profiteering. I do not want to nit-pick on those words. The initial report is that there has been none. However, I am continuing to look at this situation very closely. If there is any evidence of that, we will act. I remind hon. members that we have before this House Bill C-13 to deal with concentration and mergers. If the opposition would help us get that bill through, we will be glad.

Mr. Nystrom: On Monday of this week, the Ontario Federation of Agriculture issued a statement saying that the retail price of chicken has gone up by some 28 per cent in the last five months, while the price to the farmer has gone up by only 8.9 per cent. In other words, the middleman is once again making the profit. There has been a 27 per cent increase at the retail level, and a 20 per cent increase at the processing level. Has the minister investigated the reason for such a tremendous spread? If so, what is he going to do about it?

Mr. Allmand: Mr. Speaker, I brought the question of chicken prices to the attention of my officials several days ago. I noticed the same statistics which the hon. member has brought to the attention of the House. I have asked for answers with regard to that spread, and I hope to get them soon.

● (1427)

AGRICULTURE

INCREASE IN PRICE OF VEGETABLES

Mr. Lorne Nystrom (Yorkton-Melville): My final supplementary question is to the Prime Minister, in the absence of the Minister of Agriculture. I am sure the right hon. gentleman has noticed that the price of vegetables has gone up by some 39 per cent in the last year. He knows we are not self-sufficient in the production of vegetables, beef, chicken and hogs; indeed, in almost all the foods in respect of which prices have risen so sharply.

I would ask the Prime Minister what he intends to do to make this country more self-sufficient in the production of food. If you exclude grain and oilseeds, last year, according to the government's own figures, we were a net importer of food to the tune of $1.8 billion. What does the right hon. gentleman intend to do to ensure that we produce more food, which would give a better income to farmers, a stable price to consumers and more jobs to Canadians?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I understand this question was dealt with in part before my arrival in the House. I can only repeat what has already been said, that the hon. member is right, we are not self-sufficient in food, and that some 30 per cent of what we consume is imported, a circumstance which is in large part due to the seasonal nature of our production. We import food because in many instances we cannot grow it in Canada during the season when it is required for consumption here.

In the case of beef, the single factor most responsible for the increase in the food price index, the beef cycle as predicted has caught up with us and we are now paying a high price because for the last two years beef producers have been receiving a very low price. Now that they are getting a higher price—a more reasonable one—we are sympathetic to the consumer, but we cannot blame the beef producer or attempt to take it out on him.

* * *

[*Translation*]

NATIONAL UNITY

REQUEST FOR MEASURES TO INFORM PUBLIC OF SEPARATIST MOVEMENT

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to put a question to the Prime Minister.

While governments and constitutional experts are discussing the main issues of our collective future, political conditions are deteriorating. The Pepin-Robarts Commission on Canadian unity has yet to publish its report. The Prime Minister has recently tabled a white paper on proposals for discussion.

I would like to ask the Prime Minister whether he intends to distribute some kind of publication to let ordinary people know—since I feel that newspapers do not give accurate reports on what is going on here—what is going on in Quebec especially about the separatist movement now at work in Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I share the concern of the hon. member and I can say to him that the federal government and surely the members on this side of the House consider that it is their essential responsibility to speak about those problems to the people. However, I would refer the hon. member to a group established within the civil service, one of the main duties of which is to inform the population about the reality of Canadian federalism and to underline its extensive benefits for the entire country, especially Quebec. I will be pleased to make sure that the hon. member obtains the address of those offices and that the many publications issued by them are made available to the hon. member if they are not already.

Mr. Beaudoin: According to some experts, on November 15, 1976 the voters wanted to get rid of the Bourassa government. Now a recent survey made in Quebec shows a clear rise of separatist feelings among Quebeckers. If the duty of senior officials is to warn or wake up people to the fact that national unity is in danger, what does the right hon. Prime Minister intend to do to improve a situation which, in my opinion, is alarming, this rise of separatism in Quebec?

Mr. Trudeau: Mr. Speaker, I am not aware of the survey mentioned by the hon. member. Those that have been brought to my attention tend to show, on the contrary, that the influence of separatism among voters has long since peaked and that indeed the percentage has not varied much over the last ten years. I also suggest that the Parti Québécois shares this view and that it probably did not see the figures the hon. member is talking about either, because I see that they take offence whenever somebody says they are separatists. They claim not to be, they are not even "independentists" any more. Now they are for a confederation. What that means, I am not very sure, but they reject the word separatist itself, so I would be surprised if they would do so because people are becoming favourable to that movement.

Mr. Beaudoin: One last supplementary question, Mr. Speaker. I should like to demonstrate to the Prime Minister that Canadians generally and especially English Canadians in Toronto and in a number of English-speaking capitals in Canada are saying vocally and in print that Quebec's separation would not mean a blow more violent than the unforgettable deportation of the Acadians. On the other hand, it is a fact that many countries which were not yet ready for independence have fallen flat on their faces, made a terrible mistake, and joined the Communist bloc. Under these circumstances, I should like to ask the Prime Minister whether he will take steps to set up a non-political organization—which might include hon. members of this house—to travel everywhere in

Canada and inform the man on the street of what is going in Canada.

Mr. Trudeau As a matter of fact, Mr. Speaker, one of the reasons why the Pepin-Robarts Commission was set up by the House and the government a year ago was to travel everywhere in Canada and contact the man in the street and all those who wanted to appear at its hearings to discuss these matters. As to the part hon. members may play, I should like to advise the hon. member that soon after we introduce the bill in the House before the end of this month, we intend to propose the establishment of a parliamentary committee to consider this bill. I am aware of the fact that parliamentarians—both members of the House of Commons and the Senate—are in contact with the public and that they will be able to voice the preoccupations and aspirations of the man in the street.

* * *

● (1432)

[*English*]

CONSUMER AFFAIRS

PROTECTION AGAINST PROFITEERING

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is to the Minister of Consumer and Corporate Affairs, who shows even less willingness to carry out his statutory responsibilities on behalf of consumers than his predecessor. I ask the minister if he was quoted correctly when he was reported in the press of May 27 as having said:

> Consumers can expect less federal government protection in the future, according to Warren Allmand, Minister of Consumer and Corporate Affairs.

If the minister was quoted correctly, can he tell the House exactly where consumers are to find protection? In the face of charges by the Ontario Federation of Agriculture with respect to price-gouging and profiteering on chicken, and charges by the Canadian Cattlemen's Association of profiteering on beef, where can consumers find protection if they cannot get it from the one who has statutory responsibility; or does the minister subscribe to the view just expressed by the Prime Minister that all consumers can expect from this government is sympathy?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to have an opportunity to correct the very erroneous story which came out of a meeting I had in Harrison Hot Springs, British Columbia. The story was completely false.

Mr. Hnatyshyn: We heard your voice.

Mr. Allmand: As a matter of fact, I indicated to the meeting that it was my intention to go ahead with several measures to help consumers, and I was asking for support. I do not know how the reporter could come up with that kind of story. I could mention to the hon. member many measures we have brought forward, including the recent bill with regard to which the hon. member co-operated very much, to protect consumers against tax rebate discounting.

Mr. McGrath: Mr. Speaker, the House and the country will be glad to know that the minister is alive and well. Given the very serious charges of profiteering and price-gouging in the marketplace during this current wave of food inflation, and given the fact that there is no agency within the Government of Canada to monitor this situation apart from what we can expect from the Economic Council of Canada, has the minister in keeping with his statutory responsibilities to protect consumers, met with the chairman of the Economic Council of Canada with respect to forming some kind of alliance to ensure that that agency, which does not have statutory responsibility, will be able to adequately monitor the marketplace to ensure that this kind of gouging and price-fixing does not continue?

Mr. Allmand: Mr. Speaker, I did not meet with the chairman of the Economic Council of Canada because, as the hon. member says, the Economic Council does not have the power now to deal with this problem. However, there is an officer, contrary to what the hon. member says, who does have that power, and that is the director of investigation and research who has certain powers to investigate abuses of concentration, monopolies, and so forth. I have spoken to him. He has investigated, and is investigating these situations.

Mr. McGrath: Mr. Speaker, is the minister aware of the fact that the Prime Minister wrote a letter to the chairman of the Economic Council of Canada asking the council to discharge this monitoring responsibility in the post-controls period? If so, is the minister now telling the House that this role has been taken away from the Economic Council of Canada? If that is so, who is going to discharge this role?

Mr. Allmand: Mr. Speaker, of course I am aware of that direction by the Prime Minister, but that is not in place now. The Economic Council of Canada is in the process of setting up a system of monitoring prices which will go into effect once the Anti-Inflation Board is phased out. As the hon. member knows, the Anti-Inflation Board still has jurisdiction and will continue to have jurisdiction until the end of the fiscal year of the corporations which are now operating, which will be later this year.

INCREASE IN PRICE OF BEEF

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Live cattle market prices have dropped by about $7 in the United States, and by a little less here in Canada, due partly to the impact of President Carter's recent announcement about a 16 per cent increase in the American import beef quota and partly because of a too rapid increase in live cattle prices over the last two months.

In view of the fact that most cattle producers in Canada will not receive a nickel's worth of benefit from this recent increase

until they market their grass cattle some time next October or November, does the minister not feel that the middleman's take in this whole operation should be questioned either by his office or the AIB?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, as I answered earlier in the question period, we are examining that question. However, up until now I have been told by the people who are doing the examination that there is no evidence of infractions of the Combines Investigation Act or of profiteering as defined therein. I might say that if the House is not satisfied, as I am not satisfied, with our present Combines Investigation Act, we have a bill before the House which will greatly improve things. I would be quite willing to discuss with opposition members their willingness to pass that bill quickly.

Mr. Clark: That is not MacEachen's priority.

Mr. Allmand: Yesterday, I met with the Canadian Cattlemen's Association. We had a very good meeting. They put to me their points of view on this subject. The Minister of Industry, Trade and Commerce was also there, and we had a very good exchange.

An hon. Member: Now we know what happened.

Mr. Allmand: We are presently looking at some proposals to deal with the price situation in Canada.

Mr. Hargrave: Mr. Speaker, I thank the minister for his remarks. I ask if he is aware that in Toronto, retail beef marks-ups have jumped from 30 per cent last year to over 40 per cent in recent weeks and that the supermarket share of the consumer's beef dollar has jumped from 30 cents a pound in January to as high as 74 cents a pound now. Does the minister not feel that action is necessary now?

Mr. Allmand: Mr. Speaker, I already said that before these questions were even raised in the House I referred those mark-ups to my officials for examination. The mark-ups are continually under examination. Some of them are relatively recent, but they will be given very close attention and if there is an abuse of market power, we will deal with it.

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PUBLIC WORKS

UTILIZATION OF SOLAR ENERGY

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is to the Minister of State for Science and Technology: it relates to the fact that on May 3 this House unanimously agreed to a motion in favour of the utilization of solar energy. In view of the recently announced measures by the Minister of State for Science and Technology to increase the level of research and development by using the procurement practices of the federal government to support industrial research and development in Canada, would the minister inform this House whether he intends to ensure that from now on federal procurement contracts for the construction of new federal buildings will be used to provide a dependable and continuing market source for Canadian solar equipment, thereby encouraging the industrial development of solar equipment and the growth of a competitive solar equipment industry?

● (1442)

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I can assure the hon. member that my colleagues, the Minister of Energy, Mines and Resources and the Minister of Supply and Services, and myself, wearing both hats as Minister of Public Works and Minister of State for Science and Technology, share the concern raised by the hon. member. We are now discussing and looking at some options. It is my expectation that announcements will be forthcoming on this matter within the next few days.

* * *

ADMINISTRATION OF JUSTICE

REVIEW OF TRIAL OF ALEXANDER PETER TREU

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister having regard to the statements he made yesterday in which he said that parliament is not supreme and there is a division of power. He went on to indicate that there was no right on the part of the Government of Canada to grant a new trial. That is what he said.

The Hon. John Turner introduced an amendment to section 617 of the Criminal Code which allows the attorney general of Canada to order a new trial: that was done on December 19, 1968. The Prime Minister became leader in April, 1968. Thus, one can safely assume that the Department of Justice was preparing this amendment when he was minister of justice. I refer to this matter because he was all wrong yesterday.

Some hon. Members: Order.

Mr. Speaker: Order, please. I must ask the right hon. member to put a question.

Mr. Diefenbaker: Mr. Speaker, I appear to be the only member of the House who cannot ask a question properly.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I have no idea whether the right hon. member wishes to simply challenge my authority in this respect. The right hon. member has already put a considerable preamble and I think I have extended considerable leniency. Yesterday, I extended the same kind of leniency when the right hon. member was putting his question. However, there are other hon. members who want to share the question period and I must ask the right hon. member, if not in consideration of others—a precedent which we follow—at least in consider-

ation of his colleagues, to put a question rather than a long preamble.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I did not raise the question as to the words the Prime Minister used yesterday, "absolute bunk," as reported in *Hansard*. All across this nation Canadians heard the Prime Minister say what he thought.

Some hon. Members: Question.

Mr. Diefenbaker: It starts with "bull" and ends with another four letter word. Those are the words he used yesterday and they were translated into the word "bunk."

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I have today received several letters and wires from across the country in this connection.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: The Minister of Justice made a statement to the press—

Some hon. Members: Order.

Mr. Speaker: Order, please. I must insist that the right hon. member use the question period as it is intended, and put a question.

Mr. Diefenbaker: Mr. Speaker, if Your Honour had been as fast on the draw yesterday, when the Prime Minister used those words, things would have been better in *Hansard*.

Some hon. Members: Shame.

Mr. Diefenbaker: There is nothing shameful about what I am saying. In connection with the Morgentaler case, on January 22, 1976, the Minister of Justice—

Some hon. Members: Order.

Mr. Speaker: Order, please. The hon. member for Winnipeg North.

Mr. Trudeau: Mr. Speaker, I want to rise later on a question of privilege.

Mr. Speaker: Order, please. The hon. member for Winnipeg North.

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HOUSING

CO-OPERATIVE HOUSING PROGRAM

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. Will he confirm the correctness of the statement made in Toronto yesterday at a meeting arranged by the co-operative housing organizations, which indicated that the date of implementation of new co-operative housing programs has been set back to January 1, 1979, and that in the intervening months a real exchange of views will take place with those organizations?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, I can confirm that, Mr. Speaker.

Mr. Orlikow: Mr. Speaker, is it correct to assume, since the minister has agreed to continue the present policy for co-operative housing until a new policy has been agreed upon, that the present policy and the present system for determining rents in respect of non-profit housing—that is, those established by provincial and municipal governments and private, non-profit organizations—will continue until a new policy has evolved?

Mr. Ouellet: No, Mr. Speaker.

* * *

FINANCE

INCREASE IN PRICE OF VEGETABLES

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Minister of Finance. The rise in the price of fresh vegetables last month alone was a staggering 22.2 per cent which, incidentally, is four times the rise in the price of meat during the same period. For the minister's information, vegetables are absolutely necessary for a balanced Canadian diet. Will he tell the House why the government allowed this to happen?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I have said, there is no control on prices in Canada. If the hon. member is proposing control of the price of food and vegetables in Canada, perhaps we can consider that. I do not think that is the type of policy they advocate, as they were complaining only a few months ago that we had too much control.

Mrs. Pigott: Mr. Speaker, the minister is really saying that the deep devaluation of the Canadian dollar, which his government promoted, is responsible for this situation. At the time he was devaluing the dollar, did the minister have an estimate of the impact of devaluation on food prices? If he did, why did he go ahead, knowing that millions of Canadian housewives who see their income falling below the rate of inflation every time they go through a check-out counter would have to bear the consequences of his action?

Mr. Chrétien: Mr. Speaker, I have already said that there is not only value in the devaluation of the dollar; there is also a price to pay. Of course, we have to pay more for the food we are importing because the Canadian dollar has a lower value. At the same time, there are a lot of positive elements in a dollar which is weaker than the American dollar. Many Canadian industries have benefited enormously, such as those involved in exports, the paper industry, the wood industry and the aluminum industry. Many industries which export prod-

ucts outside of Canada are benefiting by the weaker dollar. As I have indicated, there are advantages and disadvantages. If we compare the two, I think so far the 90-cent dollar has been very good for the Canadian economy.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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[*Translation*]

AGRICULTURE

INQUIRY WHETHER GOVERNMENT INTENDS TO RE-ESTABLISH SUBSIDY ON SKIM MILK POWDER

Mr. Roch La Salle (Joliette): Mr. Speaker, in the absence of the Minister of Agriculture, I will direct this very simple question to the Minister of Finance.

A few months ago, the Minister of Agriculture decided that consumers could pay 50 per cent more for skim milk powder. In the light of that decision which affects low income families whose income happens to increase at a rate of 3 per cent slower than the rate of inflation, and given the considerable increase in food prices last month, would the Minister of Finance be ready to re-establish that subsidy?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not listen to the question carefully because I thought it was directed to one of my colleagues. I will listen to it again or answer it tomorrow after reading the official report.

Mr. La Salle: Mr. Speaker, I am simply asking the Minister of Finance, in the absence of the Minister of Agriculture, whether he would be willing to re-establish the subsidy on skim milk powder which was removed by the minister some time ago, in view of the increase in food prices?

Mr. Chrétien: Mr. Speaker, I will convey the hon. member's representations to my colleague, the Minister of Agriculture, who is responsible for this program.

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THE CANADIAN ECONOMY

INQUIRY AS TO MEASURES TO IMPROVE ECONOMIC SITUATION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is for the Prime Minister.

Given yesterday's announcement that the unemployment rate had reached 11.5 per cent in the province of Quebec and that it was said today that the inflation rate is now 9 per cent for all Canada, and considering that there are 60 hon. members from the province of Quebec on the government side, without putting the blame on the Parti Québécois, I should like to ask the Prime Minister whether he will explain this situation to Quebeckers and what immediate steps he will advocate to settle the situation as quickly as possible?

Right Hon. P. E. Trudeau (Prime Minister): Well, Mr. Speaker, as far as the unemployment rate is concerned, I have to repeat what has been said earlier today in the House, that all factors contributing to inflation in all sectors except food are doing down. So, except in this particular sector, in all others which have been subject to controls and in some which will continue to be controlled until the end of December, inflation is going down. The sector where inflation is rising both in the province of Quebec and in other provinces, is the food sector. As the Minister of Finance has stated, we believe this creates a real problem for consumers. However, it remains that farm income, both in Quebec and elsewhere, is not excessive and the price increases in this sector are largely due to external causes, particularly the frost in California and the fact that 30 per cent of our food products are imported.

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SOCIAL SECURITY

MEASURES TO ASSIST FAMILIES MOST AFFECTED BY INFLATION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I would like to direct my supplementary question to the Minister of National Health and Welfare.

In view the fact that yesterday's reports concerning unemployment and today's reports concerning inflation seriously affect poor families and senior citizens receiving a pension here in Canada, what immediate action can we expect from the minister to remedy the situation of those families?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, inflation obviously affects disadvantaged Canadians and that is why this House has voted the indexing of family allowances, which now stand at $25.68 per child per month. This is in addition to social benefits, to which all Canadian taxpayers contribute, in a proportion of 50 per cent, through the provinces; some of which are also to be indexed every three months. This may not be ideal but it is the best method currently available to ensure that old age security pensions and related programs for needy people stay in line with the value of the dollar.

● (1452)

[*English*]

THE CANADIAN ECONOMY

CURBING OF INFLATION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, it has become customary for this government, whenever

attempting to defend its inability to deal with inflation, to blame matters on international trends, yet over the last six months the rate of inflation in Great Britain, for example, was 6.8 per cent, on an annual basis, while in the same six-month period ours was 9 per cent. Could the minister tell us—if, indeed, inflation is an international trend—why the British government, without controls, managed to do so much better than he did with controls, to say nothing of West Germany and Japan?

* * *

ENERGY

SURVEY OF HEAVY WATER NEEDS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. There seems to be concern in the country that we are heading for an oversupply of heavy water if facilities presently under construction are completed. Did the minister's department or Atomic Energy of Canada Limited carry out a survey of future needs of heavy water before the $1.5 billion plant at La Prade was put under construction?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the decision in respect of the building at La Prade was taken some years ago when the Quebec government had put forward a plan which I think involved some 10,000 megawatts of power. At that time there were discussions with Ontario Hydro about heavy water requirements for the Ontario Hydro system. It was agreed that Ontario Hydro would build heavy water plants to supply its requirements for nuclear reactors and the federal government would build a plant at La Prade which would look after the heavy water requirements of Quebec and other provinces, as well as for export.

Recently, Ontario Hydro scaled down its forecast in respect of power needs for the province. Indeed, we have seen them stretching out their thermal stations and cancelling some. I believe they have also been cancelling some of their orders for residual oil. The result of all this is that they may well end up with a surplus of heavy water. I believe that is the reason they are considering moth-balling the Bruce "D" heavy water plant.

Mr. McKinley: Mr. Speaker, is the minister telling us that in respect of future needs for export, Canada might be able to supply—I believe the minister told us this in committee—the heavy water for plants now under construction in Argentina and South Korea? Is the minister telling us that no federal export permits will be given to Ontario Hydro to supply heavy water to meet any export needs?

Mr. Gillespie: Mr. Speaker, recently, as a result of the error in forecasting on the part of Ontario Hydro, there was an indication that Ontario Hydro would like to discuss with us some participation in export sales. They have created a problem for themselves as a result of over-forecasting their needs. I believe they have even made the suggestion that because they have made an error in forecasting, the federal government should reduce in some way the program which is well advanced and committed at La Prade.

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ADMINISTRATION OF JUSTICE

ALLEGED HARASSMENT OF ONTARIO RESIDENTS WORKING IN QUEBEC

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Prime Minister: it stems from a recent story in a Toronto newspaper about a Toronto carpenter, David Grier, who has been ordered to appear in court in Hull, Quebec, on September 6. Mr. Grier has been charged with the crime of working in Quebec earlier this year, a charge that has been levelled at many other Ontario residents who have worked on construction jobs in the province of Quebec. I ask the Prime Minister whether he will direct the appropriate minister of the Crown to intercede on behalf of Mr. Grier and other Ontario workers who are being harassed by the PQ government of Quebec?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member may be attempting to be helpful to Mr. Grier, but I can assure him that he is not. The two provincial ministers of labour—that is, of Quebec and Ontario—are meeting and discussing this general matter. It is a matter of provincial jurisdiction which has to do not only with labour legislation and contracts but the administration of justice. Though I understand the hon. member's concern, which I share to a certain degree, I do not think he is being helpful by intervening in this way at this time.

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[*Translation*]

CANADIAN BROADCASTING CORPORATION

CELEBRATION OF CANADA WEEK

Mr. Marcel Roy (Laval): Mr. Speaker, my question is directed to the Secretary of State. Yesterday, an important press conference designed to inform the media of the Canada Week celebration was held in Montreal. Of course, the journalists, technicians and cameramen of the CBC, a Crown corporation subsidized to the tune of $486 million dollars by all Canadian taxpayers, were there. Unfortunately, they were not seen or heard on the French news report. Would the minister responsible for the CBC remind this corporation of the importance for all Canadians of the Canada Week festivities?

Hon. John Roberts (Secretary of State): Mr. Speaker, I fully agree with the hon. member on the importance of Canada Week, and I shall certainly raise the question with and convey his representations to the CBC president.

* * *

[*English*]

THE CANADIAN ECONOMY

CURBING OF INFLATION

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Finance, if he will resume his seat: he is like the reluctant debutante. The Minister of Finance has stated that there is a steady decline in the underlying rates of inflation, despite the figures we have seen. The minister has reached that conclusion by eliminating food, energy and imports. Could the minister tell us where he is going to find a Canadian who does not eat, who does not need heat or ventilation and does not use anything that is imported? Also, when this mythical Canadian is found, how will the underlying inflation rates help him?

● (1502)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is not the first time we have used the underlying rate of inflation to describe the real inflation cause within the country. As I said earlier, the food problem always has a very different cycle in the operation of inflation. This was a very bad month and we have given an explanation for it. Part of the cause is the fact that much of our food is imported, there have been poor crops in the United States and beef prices are at a point in the cycle that is not advantageous for consumers at this time. We do not intend to penalize meat producers for that reason.

Mr. Crosbie: Mr. Speaker, there is a steady decline in the minister's credibility because of the nonsense he is spouting in answer to our questions. The minister has agreed that the question of increasing costs of imports due to decline in the price of the dollar is a factor. Is it still the government's policy, despite the effect of the declining value of the Canadian dollar, on inflation to follow the advice of the Minister of Industry, Trade and Commerce that the Canadian dollar should be 90 cents all the time and that par is 90 cents? Is that the Canadian government's policy? Does the Minister of Finance agree that par is 90 cents, no matter what effect it has on inflation?

Mr. Chrétien: Mr. Speaker, we have said that the lower value of the dollar has advantages and disadvantages. One of the advantages is that it is helping, for example, the export of fish taken in Newfoundland. There is a price to pay for the declining dollar; one is that imported foods are more expensive. So we have a balance between the two. We do not have a fixed price for the Canadian dollar because it is floating: at this time it is between 89 cents and 90 cents.

HOUSE OF COMMONS

TABLING OF SCHEDULE OF CLASSIFICATIONS OF SUPPORT STAFF

Mr. Speaker: Hon. members will be aware that the matter of support staff positions for all members of the House of Commons have been under consideration for some time. I will be tabling a document today in that regard.

Before going on to routine proceedings, I thought that all hon. members would want to be informed of some rather important and significant steps that have been taken with respect to the staff of members' offices, particularly described as support staff for members of the House of Commons. In light of comments that have been made somehow a number of negotiations and efforts that have been taking place over the last 12 months regarding the support staff of members have managed to be either overlooked or ignored in discussions that have taken place with respect to the positions of staff of the House of Commons.

I should like to report to the House that the study is an excellent piece of work which has been done in the Standing Committee on Management and Members' Services in respect particularly to the staff of members of the House of Commons. I say that in this way because, with respect to the provisions which we have recently enacted in regard to salaries of personnel of the House of Commons, we have always endeavoured to establish a balance which would seem to be just and reasonable between those who work for the House of Commons and the taxpayers who pay all of the bills for the operation of the House of Commons by trying to find out whether or not all of the members of the personnel of the House of Commons have been paid in such a way as to reflect favourably on their counterparts in the public service and in the private sector. By endeavouring to negotiate increases annually which keep employees of the House of Commons slightly ahead of their counterparts in the public service and the private sector, we feel certain that, without collective bargaining, they are enjoying the benefits of the best of both worlds.

In respect, however, to support staff for members of the House of Commons, who constitute a substantial aspect of the personnel of the House of Commons, it has long been recognized that this effort to tie support staff positions in the offices of the members of the House of Commons to some equivalent positions in the public service has not been a satisfactory arrangement because, obviously, many members have personnel and support staff who fulfil functions which cannot be described in the public service. By attempting to correlate those positions to positions in the public service, we have met with the rather legitimate concern on behalf of the support staff of the members of the House of Commons that, while the salary ranges may reflect favourably in respect to the secretarial positions in the public service, their responsibilities do not correlate accurately. Therefore, the objective of the very excellent and thorough work in the standing committee has been to find a regime which would liberate the support staff from this correlation to positions in the public service which are primarily secretarial in nature.

The Standing Committee on Management and Members' Services has done a very excellent review of this situation, and after careful consideration and several studies they came forward with recommendations which were recently reviewed by the commissioners of internal economy. As I say, the object was to establish a new and special classification for the support staff for members of the House of Commons. After the commissioners of internal economy reviewed the recommendations, it was agreed that effective at the beginning of the next parliament they would become operative.

Since this parliament is now continuing for some time, it was recently asked by the members' services committee whether that implementation date could be fixed in a different way, and the commissioners of internal economy reviewed the matter and agreed that it would be appropriate to make the recommendations effective September 1 of this year. Accordingly, I am now able to table a schedule on classifications of support staff for members which we feel reflects the unique responsibilities of persons who work in the offices of the members of the House of Commons as support staff, and gives an option of several different formulae that may be adopted by a member of the House, depending on the particular needs that he or she may have. This is all within a fixed budget that is attributable to the support staff for the member.

I table this schedule today simply to indicate that the matter has been under review for almost a year and has been the subject of very careful and very extensive study. I would also say that between now and the implementation date members will find, upon tabling of this minute of the commissioners of internal economy, that they will now enjoy a number of options in terms of employment as of September 1 and positions and salary ranges which are freed from any correlation in the public service.

In addition to that, by the implementation date of September 1 it is hoped that a further option may be arrived at in co-operation with the management and members' services committee and the commissioners of internal economy, both of whom have expressed agreement in principle with this further option, and that is an option which may release some of the constraints that are upon the constituency offices in terms of the over-all staff requirements for members. That is to say simply that a further option will be studied to see whether or not one of the senior positions in the scheme which I am now tabling may be utilized in the constituency office. That, of course, bears with it a number of other consequences in terms of salary and other allowances in the constituency office, and it is worthy of very careful exploration and more precise definition. I merely wanted to indicate to members of the House that that matter will be further studied in the hope that that option can also be achieved in time for the implementation date of September 1.

[Mr. Speaker.]

PRIVILEGE

MR. TRUDEAU—REPLY TO REMARKS OF RIGHT HON. MEMBER FOR PRINCE ALBERT

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, because the intervention by the right hon. gentleman for Prince Albert (Mr. Diefenbaker) did not end in a question, I was not afforded an opportunity to answer the erroneous allegations he made, and that is why I am raising it on a point of privilege at this time.

There are two matters I want to draw to the attention of the House. The first is that the right hon. gentleman alleged that I said there was no right on the part of the government or the Minister of Justice (Mr. Basford) to order a new trial. I did not say that. I was arguing that, in the case before us, in these circumstances it was not the proper procedure to order a new trial. As I argued, the case was before the courts, and in the very section quoted by the right hon. gentleman, section 617 of the Criminal Code, it does say "upon application on behalf or by a person." I know of no such application having been made.

Mr. Baldwin: I made it in this House.

Mr. Trudeau: I would like to know what mandate the hon. member has to make such an application on behalf of the courts in this House.

Mr. Baker (Grenville-Carleton): He has a perfect mandate, a membership in this House.

Mr. Trudeau: Mr. Speaker, this is a perversion of the Criminal Code. If any lawyer in this House could stand up and make on behalf of somebody before the courts an application in the name of the Criminal Code, we are really confounding the two orders.

Mr. Baldwin: I made it to the Minister of Justice.

Mr. Trudeau: Be that as it may, Mr. Speaker, one of the remedies in the Criminal Code in this very section is to refer the matter to the court of appeal. That is where the matter is now, and it would seem to me that that is where it best lay for the moment.

Mr. Hnatyshyn: You do not even understand the problem.

Mr. Trudeau: The second point, Mr. Speaker, is that the right hon. gentleman suggests that in some way the record of *Hansard* was tampered with and that the word which appears in *Hansard*, the word "bunk", is not the word I actually used; and he rather deliberately indicated that I had used some other expression which was, presumably, less parliamentary in usage.

The record in *Hansard*, Mr. Speaker, is the record of the word I used, and hon. members of this House and those who watch the proceedings on television know that that is the word I used. If the hon. member wants to challenge that, then I will formally ask him to make it a point of privilege and we will refer you to the record, Mr. Speaker, and we will refer to the

witnesses. I understand that a morning paper from Toronto has also perverted the words I used and invented some others. The word I used is "bunk", the word I think should have been used is "bunk", and that is what it was.

● (1512)

Mr. G. W. Baldwin (Peace River): Mr. Speaker, having in mind what the Prime Minister (Mr. Trudeau) has said, let me now respond to that allegation on a point of privilege. Section 617 of the Criminal Code reads:

The Minister of Justice may, upon an application for the mercy of the Crown by or on behalf of a person who has been convicted in proceedings by indictment—

On behalf of Dr. Treu I made application to the Minister of Justice (Mr. Basford) in this House for a new trial which can be construed according to the provisions of this act. It was rejected by the Minister of Justice; it was rejected by the Prime Minister. This is the Prime Minister and this is the Minister of Justice who gave effect to the provisions of the Criminal Code by ordering a new trial for Dr. Morgentaler who had been convicted twice.

Mr. Trudeau: He made application.

Mr. Baldwin: Although I have my views on the question of capital punishment, this is the same government as its predecessor which, over a period of 15 years, has on a great many occasions interfered with the processes of the court by ordering commutation of sentences. They have no right in this instance to say that the government have not intervened in issues between citizens and the court.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, having been dragged into this, I should just like to make a short comment. First of all, I would refer to section 617 of the Criminal Code and my action with regard to Dr. Morgentaler. I exercised my right under section 617 to order a new trial after all appeals had expired and on the basis of a very formal and documented application from the counsel of record for Dr. Morgentaler. There is no such application in front of me with regard to Dr. Treu.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, on the second point of privilege referred to by the Prime Minister (Mr. Trudeau), it is with sorrow that I rise. I was in the House yesterday afternoon, as I think you and a number of other members were, at the time the Prime Minister got into a rather heated exchange with another member of the House. As I understand it now, the Prime Minister has indicated that if any member challenges the interpretation he put on his words yesterday afternoon, he would like to see the matter referred to a committee.

Sir, with due regret and with sorrow in my voice—

Some hon. Members: Oh, oh!

Mr. Lawrence: I heard what the Prime Minister said yesterday. He did not say "bunk". I therefore challenge the Prime Minister that this matter should be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Hear, hear!

Mr. Speaker: If any application is to be made on procedural grounds in respect of what may or may not have been said by any member at any time, it will have to be upon proper notice under our rules. It will have to be a notice of motion with which I can deal. I have no motion in front of me now respecting the words spoken yesterday by the Prime Minister (Mr. Trudeau) or by any other member. When I have such an application in front of me, I will be only too happy to deal with it, but it will have to be on proper procedural grounds. I have no application in respect of that.

In addition, it may be that even what is now being alleged to have been said will or will not constitute disorder, privilege, or any other ground. I am obviously going to have to see it as a subject of formal application before I can deal with it. I have no formal application in front of me.

The right hon. Prime Minister indicated in his question of privilege that he felt he had a point to respond to, which is often the practice during the question period. He made other observations which drew a response from the hon. member for Peace River (Mr. Baldwin) and in turn from the Minister of Justice (Mr. Basford).

The matter still resolves itself into a dispute, however, or a disagreement between members and does not constitute a question of privilege. The matter now raised by the right hon. Prime Minister on procedural grounds is therefore finalized.

Mr. Lawrence: On a point of order, sir, maybe my understanding of what happened this afternoon is incorrect and you will quickly slap me down. I understood that the Prime Minister rose on two questions of privilege. They were the Prime Minister's questions of privilege, not mine.

With a great deal of bravado on the second point the Prime Minister indicated that, if any of us disagreed with his interpretation of what he said yesterday, then he was challenging us to rise in our place. I have risen in my place. I am indicating from what my memory is of what happened yesterday that the Prime Minister is absolutely wrong and in effect, perhaps unintentionally, is attempting to mislead the people of this country, if not the—

Some hon. Members: Oh, oh!

Mr. Lawrence: He did not say "bunk".

Mr. Speaker: I will tell it to the hon. member one more time. The hon. member for Northumberland-Durham (Mr. Lawrence) has decided to participate in this discussion. I have not set aside his point. I have simply said that if he has a point to raise it will have to be done on proper procedural grounds. I am not interested in whether challenges have been issued or taken up. If matters are to be raised in this House they will have to be raised on proper procedural grounds.

If the substance of the matter is a remark made by any member at any time yesterday, if it constitutes a question of privilege it will have to be on the basis of the proper notice

within our rules. When I hear the question of privilege argued and see the ultimate motion, then I can make a ruling. Without that there is nothing upon which I can make a ruling.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have already had three messages from those who listened to the TV last night. One is from a professor at Lakehead University who wrote:

I want you to know that there is public resentment at the language Mr. Trudeau used in replying to you yesterday. It is so offensive that it cannot be tolerated.

I told him he should write to the Prime Minister and tell him how outraged he is, and to please forward a copy of the letter to you, Mr. Speaker. I remember "fuddle-duddle" on another occasion. The Prime Minister said he used the expression "fuddle-duddle". I heard what he used—a four letter word beginning with "f" and ending with "k" followed by "you". You cannot make "fuddle-duddle" out of that.

It was very obvious yesterday when he was talking so blatantly and with such certainty that he did not realize the amendment had been made to section 617. I would remind him that the Criminal Code contains a special provision, section 617, which provides that the federal Minister of Justice may, upon an application for the mercy of the Crown by or on behalf of a person who has been convicted in proceedings by indictment, direct by order in writing a new trial if after inquiry he is satisfied that in the circumstances a new trial should be directed. This is a special remedy to provide in the Criminal Code at least one safeguard in the whole judicial process. It should be used carefully, sparingly and only in extraordinary circumstances.

If ever there were extraordinary circumstances, they obtain in the present case. He did not know about this and gave these opinions on the law yesterday. He was all wrong and today he has to say that of course he knew of the existence of this section—which he did not know of or he would not have made the statements he made. Your Honour has already directed that I may not refer to what was said and I will not. I will simply say that the Prime Minister yesterday decided he could get away with that and he got caught by an intimate organ. I am not going to identify it.

Mr. Trudeau: Mr. Speaker, the right hon. member for Prince Albert (Mr. Diefenbaker) and the hon. member for Northumberland-Durham (Mr. Lawrence) say they heard something that I did not say. Mr. Speaker, I will make a motion if it is necessary. I just ask you to do what is done in such cases—to listen to the audio tape, if such is within your power, and report to the House tomorrow.

Mr. Baker (Grenville-Carleton): Oh, no.

● (1522)

Mr. Trudeau: Mr. Speaker, it is quite clear that the two hon. members who said this are misleading the House. I am not saying they did this deliberately, but I am saying they are.

Mr. Diefenbaker: Mr. Speaker—

Mr. Trudeau: Shut up, George.

[Mr. Speaker.]

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The long established practice of parliament is very clear. That is to say, when an hon. member of this House rises in his place and puts a matter on the record, it is accepted by the House. The right hon. Prime Minister (Mr. Trudeau) has said today that he did not speak the words yesterday of which he is accused. There is a very long established practice that the word of any member of this House is accepted.

Some hon. Members: Hear, hear!

Mr. Speaker: If at any time any hon. member of this House does not wish to pursue that course and wishes to pursue a separate course based on any allegations contrary to the word of an hon. member in this House, there are well established procedures for doing that. I simply say that that will have to be done formally and in accordance with correct procedure. However, at the moment the right hon. Prime Minister has given his word to this House and the practice is, of course, that that word is accepted.

ROUTINE PROCEEDINGS

[*English*]

THE CONSTITUTION

TABLING OF CORRESPONDENCE TO PREMIERS CONCERNING WHITE PAPER "A TIME FOR ACTION"

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would like to table under Standing Order 41(2) copies of correspondence in both official languages from myself to all of the provincial premiers concerning the government's white paper entitled, "A Time for Action".

* * *

PRIVILEGE

MR. DINSDALE—DELAY IN TABLING POST OFFICE ANNUAL REPORT

Mr. Speaker: Before proceeding any further with the introduction of new business, two questions of privilege are outstanding. First of all, there is one raised by the hon. member for Brandon-Souris (Mr. Dinsdale) with respect to the tabling by the Postmaster General (Mr. Lamontagne) of his report and other related matters, and second, a question of privilege raised by the hon. member for Calgary Centre (Mr. Andre) in respect to the Minister of State for Science and Technology (Mr. Buchanan). I have had an indication from both ministers of their willingness to respond to the questions of privilege, the Postmaster General today and the Minister of State for Science and Technology hopefully either tomorrow or Friday.

Perhaps this will be the appropriate time to recognize the Postmaster General.

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I should like to speak to the question of privilege raised by the hon. member for Brandon-Souris (Mr. Dinsdale) on Thursday, June 8, 1978. I should like to indicate that I was absent from the House when it was raised. Whenever I am absent from the House, it is always for very good reasons. An international philatelic exhibition was being held in Toronto, and I had to be there to welcome the general director of the Universal Postal Union and the new postmaster general of the United States. I can say, therefore, that I had excellent reasons not to be present in the House, because I was fulfilling the duties of my office.

The question of privilege which the hon. member for Brandon-Souris raised had several parts, the first one dealing with his appearance before the Standing Committee on Transport. Mr. Speaker, I am not the one who decides what the procedures of a committee are going to be. It is the chairman of the committee who decides and who must defend his position. I do not believe that there is a question of privilege in this case.

In second place, I will deal with the tabling of the annual report of the Post Office. It was quite normal, as I was appointed Postmaster General at the beginning of February and knew that the annual report should have been tabled at that time, that I should, as minister responsible for the Post Office, look at what was written in this report before tabling it; the report was tabled in both official languages within 14 weeks. After checking the records at the National Library and according to my information, I must say that since 1956, the Post Office annual report has never been tabled on time. I do not believe that I can be accused of starting a new trend. The 1977-78 report will be tabled on time.

A third point mentioned in the question of privilege is that during a meeting of the Standing Committee on Transport and Communications, the hon. member obtained from myself and my officials four copies of the annual report, two in French and two in English. He complains that he was left with the two reports in French and that these were of no use to him since he does not understand this language. Mr. Speaker, I am sorry about this, but one of his colleagues, the hon. member for Parry Sound-Muskoka (Mr. Darling), who was next to him, laid hands on both English copies. That is why the hon. member for Brandon-Souris was left with both French copies.

I should also like to note, Mr. Speaker, that in 1956-57, as several members on the other side will recall, the English version of the Post Office report was tabled on October 18, 1957, and the French version on June 22, eight months later. I believe that we were right to hand the report in both official languages to the hon. member for Brandon-Souris. I am very sorry that he cannot read French, but he still had the report.

Mr. Speaker, the fourth point mentioned in his question of privilege concerned the Crown corporation. I suggest that he read the minutes of the committee on transport on this subject. A committee made up of representatives of three departments is looking into this matter and the report will be made public in due time.

The fifth and last point concerns the postal rates increases and the allegation that the government illegally increased those rates. Mr. Speaker, I believe that even if we feel that the method used to increase the rates was quite legal, the matter is now sub judice and it is wiser to leave the decision to the judges. So, Mr. Speaker, I think that in the five points I have made, I do not see any grounds for a question of privilege, but obviously the decision is in the hands of the Chair.

[*English*]

Mr. Speaker: As I indicated to the hon. member for Brandon-Souris, I would welcome the intervention of the minister, after which I would have the opportunity to study both arguments put forward by the hon. member and by the Postmaster General in order to make a determination. I will do this as soon as possible to see whether a question of privilege exists.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,288, and 1,537 to 1,548 inclusive.

[*Text*]

ST. PIERRE AND MIQUELON

Question No. 1,288—**Mr. Jones:**

1. To the knowledge of the government, what French military and para-military forces are now stationed on St. Pierre and Miquelon?

2. What is the origin and racial extraction of these forces and how long have they been there?

3. Are any of these persons known to be Marxist activists?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms citation No. 171 (aa).

ABORTIONS

Question No. 1,537—**Mr. Jones:**

1. How many hospitals are located in the province of Manitoba?

2. How many of the hospitals in Manitoba have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Manitoba?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in Manitoba as of April 1, 1977 was 113.

2. The number of hospitals with therapeutic abortion committees in Manitoba as of January 1, 1978 was eight.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,538—**Mr. Jones:**

1. How many hospitals are located in the province of Saskatchewan?

2. How many of the hospitals in Saskatchewan have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Saskatchewan?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in Saskatchewan of April 1, 1977 was 147.

2. The number of hospitals with therapeutic abortion committees in Saskatchewan as of January 1, 1978 was ten.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,539—**Mr. Jones:**

1. How many hospitals are located in the Northwest Territories?

2. How many of the hospitals in the Northwest Territories have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for the Northwest Territories?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

[Mr. Jones.]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in the Northwest Territories as of April 1, 1977 was 46.

2. The number of hospitals with therapeutic abortion committees in the Northwest Territories as of January 1, 1978 was two.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,540—**Mr. Jones:**

1. How many hospitals are located in the Yukon?

2. How many of the hospitals in the Yukon have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for the Yukon?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in the Yukon as of April 1, 1977 was seven.

2. The number of hospitals with therapeutic abortion committees in the Yukon as of January 1, 1978 was one.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,541—**Mr. Jones:**

1. How many hospitals are located in the province of Newfoundland?

2. How many of the hospitals in Newfoundland have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Newfoundland?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in the province of Newfoundland as of April 1, 1977 was 48.

2. The number of hospitals with therapeutic abortion committees in Newfoundland as of January 1, 1978 was five.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,542—**Mr. Jones:**

1. How many hospitals are located in the province of British Columbia?

2. How many of the hospitals in British Columbia have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for British Columbia?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in British Columbia as of April 1, 1977 was 137.

2. The number of hospitals with therapeutic abortion committees in British Columbia as of January 1, 1978 was 55.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,543—**Mr. Jones:**

1. How many hospitals are located in the province of Alberta?

2. How many of the hospitals in Alberta have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Alberta?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in Alberta as of April 1, 1977 was 167.

2. The number of hospitals with therapeutic abortion committees in Alberta as of January 1, 1978 was 26.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,544—**Mr. Jones:**

1. How many hospitals are located in the province of Ontario?

2. How many of the hospitals in Ontario have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Ontario?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in Ontario as of April 1, 1977 was 352.

2. The number of hospitals with therapeutic abortion committees in Ontario as of January 1, 1978 was 109.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,545—**Mr. Jones:**

1. How many hospitals are located in the province of Quebec?

2. How many of the hospitals in Quebec have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Quebec?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in Quebec as of April 1, 1977 was 262.

2. The number of hospitals with therapeutic abortion committees in Quebec as of January 1, 1978 was 24.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one

therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,546—**Mr. Jones:**

1. How many hospitals are located in the province of Prince Edward Island?

2. How many of the hospitals in Prince Edward Island have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Prince Edward Island?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in the province of Prince Edward Island as of April 1, 1977 was 13.

2. The number of hospitals with therapeutic abortion committees in the province of Prince Edward Island as of January 1, 1978 was two.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,547—**Mr. Jones:**

1. How many hospitals are located in the province of Nova Scotia?

2. How many of the hospitals in Nova Scotia have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for Nova Scotia?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in the province of Nova Scotia as of April 1, 1977 was 58.

2. The number of hospitals with therapeutic abortion committees in the province of Nova Scotia as of January 1, 1978 was 11.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

Question No. 1,548—**Mr. Jones:**

1. How many hospitals are located in the New Brunswick?

2. How many of the hospitals in New Brunswick have therapeutic committees under the provisions of the Criminal Code of Canada for the approval of abortions?

3. What are the tests and criteria for approval of abortions by each therapeutic committee in each hospital for New Brunswick?

4. How many applications have been approved and how many rejected by each such therapeutic committee for each of the years since the appointment of each such committee to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Statistics Canada and the Department of National Health and Welfare as follows: 1. The total number of hospitals in New Brunswick as of April 1, 1977 was 39.

2. The number of hospitals with therapeutic abortion committees in New Brunswick as of January 1, 1978 was eight.

3. The federal government does not maintain information regarding the tests and criteria for approval of an abortion by any one therapeutic abortion committee at any hospital in any province or territory.

4. The federal government does not maintain information on the number of applications approved or rejected by any one therapeutic abortion committee at any hospital for any year in any province or territory.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question no. 786 could be made an order for return, this return would be tabled immediately.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 786 shall be deemed to have been an order for return?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Text*]

PAPER SHREDDERS

Question No. 786—**Mr. MacKay:**

How many paper shredders does the government own or lease and, in each case (a) in what office, department, agency or Crown corporation is it located (b) what was its value when new?

[*English*]

Return tabled.

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

Some hon. Members: Agreed.

* * *

POINT OF ORDER

MR. ELZINGA—DELAY IN ANSWERING QUESTION NO. 423

Mr. Peter Elzinga (Pembina): Mr. Speaker, I rise again on a point of order. I rose on this point of order approximately two weeks ago in regard to question No. 423. I had it listed in the last session of the House of Commons. I wonder if I might be given an answer. It pertains to special travel privileges available to individuals in Crown corporations.

● (1532)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as of June 13 we had answered 1,310 questions out of 1,836 and although 125 new questions were put on the order paper last week, we now have an excellent average of 71 per cent.

* * *

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, notice of motion No. 64 for the production of papers is acceptable to the government.

Mr. Speaker: Is it the pleasure of the House that notice of motion No. 64 be deemed to have been agreed to?

Some hon. Members: Agreed.

COPY OF LATEST ACCOUNTING BY GOVERNMENT OF QUEBEC OF FUNDS FOR SECOND LANGUAGE INSTRUCTION

Motion No. 64—**Mr. Herbert:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the latest accounting by the government of Quebec of the federal funds provided for minority and second language instruction.

(Motion agreed to.)

Mr. Pinard: I ask, Mr. Speaker, that the remaining notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ALLEGED GOVERNMENT WASTE AND INCOMPETENCE

Mr. Ron Huntington (Capilano) moved:

That, in the opinion of this House, the present government is the most wasteful in Canadian history and has established an unmatchable standard of incompetence, leading to today's high inflation and record high unemployment.

Mr. Speaker: Hon. members will note that, in accordance with subsection (11) of Standing Order 58, proceedings on this motion will expire later this day at the ordinary hour of adjournment.

Mr. Huntington: Mr. Speaker, I sincerely believe that in this motion today there is a warning that all of us here at the seat of the federal government in Ottawa should heed. I sincerely believe that the present form of parliamentary democracy in Canada will become unstuck and will fail in the next decade if we do not return this federal system of government to a standard of accountability and morality acceptable to the Canadian people.

Anyone engaged in productive work, being accountable at all times to the tax collector, has to be not only outraged but actually frightened at the standard of incompetence and indifference with which this government manages our tax resources. We are now at the point where, for every dollar we earn, we collect only 80 cents. A person lucky enough to have a job must work from nine o'clock in the morning until two o'clock in the afternoon to pay his tax. Only after two o'clock in the afternoon is he working for his own spending money.

We are at the point where the rules of the game in the private sector are now so uncertain and confused that there is little incentive to expand and to risk savings which on an after tax basis are too expensive to risk. We are at the point where entrepreneurial talent and capital, aware of what has happened in England and seeing that the "English disease" is now well upon us in Canada, have left the country for a form of government which nurtures that aspect of man that reacts to incentives.

At the root of one of the problems this government faces is the disastrous situation within the federal system where mandarin status is measured by man-years and by the size of budget and expenditure control. Nowhere today does one find that old fashioned concern for the taxpayers' dollar. Nowhere within the system can one find a top level concern for what the tax resource is spent on for the value received in return for an expenditure of our tax resource.

Our work in the committees of this House allows us to meet some very bright and able people in our public service. Coming from the street, as I do, and from the world of productive work—and by that I mean adding to the value of goods in a competitive marketplace—what I see as a very basic problem is a legislation drafting environment, a resource allocation and

management process that has absolutely isolated itself from the world of productive work and the value system of the taxpayer.

To people like myself, Ottawa is an "Alice in Wonderland", a fairyland where accountability in terms fundamental to a taxpayer is completely lacking. When I say that the present government is the most wasteful in Canadian history with a standard of incompetence, and yes, morality that threatens the very concept of peace, order and good government, I owe the House some examples to back up that statement.

Some years ago when the late Arthur Laing, a former minister of public works, retired he made a statement in Vancouver to the effect that, if the Canadian people really knew what was going on, there would be a revolt. Although never a supporter of Arthur Laing, I knew the man well and his statement troubled me. Therefore, when elected in 1974 I started to look around the Department of Public Works to see what his remark was all about.

In the late 1960s, I guess about the year 1968, a successful history of Crown construction with a system of checks and balances and accountability came to an end. We saw the evolution of politically well-connected developers moving in on the domain of the Department of Public Works to the point where, in the next decade, that department was reduced to little more than a real estate management function with the National Capital Commission acting as its agent in the capital region.

For example, in the 1960s there were three major building projects being undertaken by the Department of Public Works. One was the Department of External Affairs building which was a $69 million project. There was a building to house the Ministry of Transport, a $68 million project. They were planning and had even expropriated land in LeBreton flats for a $100 million building to house the Department of National Defence.

The story, as I understand it, goes something like this. The external affairs building, as we know it today in all its beauty on Sussex Drive, was completed. The building designed for the Ministry of Transport was completed, but into it was moved the Department of National Defence. The Place de Ville tower, moving up through all height restrictions in place in the city of Ottawa to protect the aesthetic features of the Peace Tower, was built to house the Department of Transport.

That left us with LeBreton flats, 122 acres, which has cost the people of Canada a little over $53 million; in other words $434,426 per acre. Remember that this land was expropriated from 258 owners for a national building in 1962. When we now see property of this cost being used for another purpose, such as subsidized public housing, we really have to wonder where all our marbles have gone. How can the Minister of State for Urban Affairs (Mr. Ouellet) expect us to believe that the story that the eight public housing units built on one quarter of an acre of this land at a stated cost of $40,000 to $46,000 is true when the land value per unit is over $13,000? If Central Mortgage and Housing Corporation claims that the land cost is only $25,000 for the one quarter acre on which these eight units are built, who is going to pay for the difference of $83,000 for that one quarter acre which has a real book value of $108,600? Where in public accounts will this difference show up? What department of government will subsidize this difference? The Minister of State for Urban Affairs is talking about 425 public housing units at 30 units per acre on land that has a value and a direct cost of over $434,000 per acre. That land ends up costing $15,000 per subsidized public housing unit.

Another example to explain the rationale behind this motion is the CN recapitalization bill which we have finished debating in committee and in this House. We allowed CN a debt cancellation and capitalization program so that they can go into the private money markets, which are very disciplined, for more of their borrowing to meet those needs. This is the third recapitalization in which the Crown corporation has been involved, and some of us are very concerned lest the same thing happen as happened after the 1952 recapitalization when the CNR went on a spending spree and spent $1.8 billion.

● (1542)

In talking about waste and incompetence let me draw attention to the ferry crossing which the CNR has been asked to provide between Matane, Baie Comeau and Quebec city. Originally Canadian Pacific had carried out a feasibility study on the Baie Comeau-Quebec city project. They found that with a $10 million capital investment they could provide a completely workable service which could earn them a profit upon which they would have the privilege of paying taxes to both the provincial and the federal governments.

Then the politicians got into the act. They asked for a triangular run between Matane, Baie Comeau and Quebec city. Further feasibility studies were carried out and the CPR concluded that the project was not feasible. So the CNR entered the scene. Mr. Speaker, the CNR is in for $100 million and feasibility studies show there is no way in which the company can ever turn a profit. This is the kind of waste and decisionmaking which illustrate the need for a system which will give the people some voice in the decisionmaking process followed by these corporations.

I turn now to the operations of the National Capital Commission in Hull, Quebec. They have led to empty office towers in Ottawa, to space left unoccupied to the financial detriment of the whole community. This is waste without equal in the peacetime history of Canada. Les Terrasses de la Chaudière project, the nature of which insults every working taxpayer in Canada, has yet to be explained in believable terms by the Minister of Public Works (Mr. Buchanan).

Some hon. Members: Hear, hear!

Mr. Huntington: But over and above this new assault on the public purse, we now learn that the National Capital Commission and the government have spent $150 million on roads in the city of Hull. Where else in Canada, including Ottawa, has such a level of federal assistance been given to any town or city? Why cannot the productivity of the port of Vancouver be

increased immeasurably by the use of $150 million in grants from the federal government to create the multi-level crossings which are needed to serve this port, a port which is in an obsolete condition? This amount of money would enable the port to be restored to a high state of productivity and reduce the amount of energy and time lost in coping with single level crossings such as are presently in place.

For a further example of the waste that concerns me I turn to the Department of Indian Affairs and Northern Development. It is a small matter, some might say, but we uncovered an appropriation for a million dollars to enable the Indian arts and crafts fund to begin to buy and put together a collection of Indian art and offer some work and social services to the Indian bands. It is bad enough that the department should go $400,000 beyond the appropriation. It is serious enough that no discipline should have been exercised other than moving to another job the officer who was responsible so that he could not continue to overspend appropriations which had been voted. But when I find that money voted for a social service within the Indian communities has been used to purchase $44,000 worth of stamped out metal from a works in Vancouver, and that most of it has ended up as junk which cannot be sold, I am incensed.

How can any of us believe that the expenditure of this $44,000 ever benefited any Indian band or any Indian artist? Who has enough influence with the government to obtain a $44,000 order for stamped out Indian artifacts which are not even genuine? This is the kind of waste and incompetence which sets up a fury in my mind and which I want to stop before I cease to be a member of parliament.

Some hon. Members: Hear, hear!

Mr. Huntington: I could give many further examples but I will use the example of the Ehettasaht Co-op. The Department of Indian Affairs rushed in and in a period of eight months went through some $5.5 million, leaving behind an unbelievable tale of waste and woe in the private sector. And then the organization went bankrupt. Where is the planning, the heart, the sensitivity to the use of public funds when it comes to examples like this? There were two or three similar cases in Alberta.

This is the type of misuse of the tax resource which will cause the system to become unstuck. We cannot allow it to continue at its present level. Within the Department of Indian Affairs we have seen rip-off after rip-off, innocent disaster after innocent disaster. In trying to give Indian bands independence, allowing them to spend sums of money more or less unsupervised, the department has left them without any training or ability to account for the funds granted to them. We are not doing these bands a favour by leaving them alone in this situation, part of the spill-over of carelessness in utilizing tax revenue.

The Canadian Broadcasting Corporation troubles me. Section 3 of the Broadcasting Act reads as follows:

Government Waste

The Canadian Broadcasting Corporation should be owned and controlled by Canadians to safeguard, enrich and strengthen the cultural, political and social fabric of Canada.

In the last decade this Crown corporation has cost us more than $2.5 billion. In this past year of restraint the number of employees increased from 11,293 to 12,222, and spending increased by $55 million compared with the previous year. When one recalls the words of section 3 of the Broadcasting Act, can one honestly say that the corporation is fulfilling the purposes for which it was brought into being?

An hon. Member: No!

Mr. Huntington: I cannot. I think the corporation has failed and that somehow or other we must strengthen the act so as to bring it under control, or else sell it to the private sector with a stronger broadcasting act in order to serve the people of Canada better.

I should like to turn for a few minutes to the bilingualism program which has been voted more than one billion dollars since the inception of the program. Has this program served the country well? Has it given us a sense of community from coast to coast? Has it produced a generation of young people coming out of our school system with a basic knowledge of a second language? The answers to these questions are obvious. It has not. When one reflects on what could have been done through the last decade with wise application of this resource in view of such an important national need, one can only cry with anguish.

• (1552)

Our Post Office will cost some $568 million in 1978 over and above revenues received. When we compare this to the $700 million cost for the postal system in the United States which serves ten times our population, again one has to question the competence of the management of the Canadian Post Office. Anarchy exists in our Post Office. Bad management and incompetence are facts of life which must be corrected.

In the last 15 years federal government spending has risen from $7 billion to $45 billion. In this period taxes have increased 239 per cent and personal incomes 142 per cent. I believe that we are very close to taxpayer resistance in Canada, and is it any wonder? During the last three years of restraint operating costs have risen 56 per cent, and total federal spending is up 45 per cent.

Last year the Unemployment Insurance Commission cost us $4.4 billion, and the 1979 main estimates show that the commission will need a further $5.3 billion next year.

In my opinion all of this is a negative weight on the taxpaying work force of the country. In 1978 the prediction for inflation, according to the Conference Board, is 7.4 per cent. According to the Bank of Montreal it is 8 per cent. The Bank of Canada says 7.8 per cent, yet the Minister of Finance (Mr. Chrétien) says 7 per cent. The present rate is 9 per cent, and even if the consumer price index did not increase at all between May and December of this year, we will still have a

rate of inflation well over that stated by the Minister of Finance. We are into an area of consumer price index increases as a result of our 90-cent dollar, and there are serious consequences for national consumer purchasing power. I would like to remind the House of that now famous quote, which is as follows:

I am confident we have got a grip on the problem and . . . will wrestle inflation to the ground. We are going to bring inflation under control—that I pledge to you.

Mr. Alexander: Who said that?

Mr. Huntington: The Prime Minister (Mr. Trudeau), on May 27, 1974. Here is another famous quote:

You can never spend more than you have; otherwise you have endless inflation.

The Prime Minister was reported to have said that in the October 20, 1975 *Maclean's* magazine.

The fact is that the government is able to pay for only 80 per cent of what it is spending today and we are not told what value we are receiving for that spending. One has to be watchful of the true direction and destination of this ship of state with this present Prime Minister on the bridge. As a direct result of this waste, incompetence and inflation we have a national nightmare for some 933,000 Canadians who today cannot find work in a nation with unbelievable wealth in its resources and potential wealth in its people. No single factor has caused more anxiety nor brought more shame to this country than the figure of one million jobless last winter. We did not experience an unemployment rate below 8 per cent in the first five months of 1978, yet eleven years ago the jobless figure was 3.8 per cent. Today it is 8.6 per cent. We stand to lose all that this country once stood for. The glue will yield if we do not act responsibly.

Believe me, hon. members opposite are so close to the malaise that they cannot see the facts. Waste exists not just in the management of government but also out in the private sector. The waste in the private sector is caused by a taxation system which encourages waste and gives incentive to waste, and I think that this is one of the major challenges any federal government has ahead of it in bringing about a taxation system which will tax cost, not profit, which is the incentive which makes the system work.

Credit must go where credit is due. The present government is the most wasteful in Canadian history. It has established an unmatchable standard of incompetence which has led to today's higher inflation and record high unemployment.

Mr. Lefebvre: You don't believe that.

Mr. Huntington: I certainly do.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first of all I want to thank my colleague, the hon. member for Capilano (Mr. Huntington), for his motion.

[Mr. Huntington.]

Mr. Speaker, we will never debate enough the disastrous economic situation in which the government has precipitated us. The ministers seem to be sitting on their hands, waiting for the situation to work itself out on its own. But statistics prove that the economic situation, instead of improving, is worsening. If we examine the latest statistics on unemployment, though unemployment usually decreases when summer comes, we note that in May 14,000 more persons were without work, that is 8.6 per cent, and realize that unemployment is much too severe in a country with so many possibilities for development. Unemployment rates of 17.9 per cent in Newfoundland, 12.9 per cent in New Brunswick and 11.5 per cent in Quebec are totally unacceptable. And in the face of that state of affairs, we have no program to stir the economy. Urgent steps must be taken right now. We cannot wash our hands of the situation and hope it will improve by itself. In such circumstances, no one would dream of acting that way; yet, our government proves the contrary.

So today we have almost one million unemployed. Such a situation has serious consequences from the economic and human points of view. Lives are wasted, opportunities lost; there is bitterness, shame and even suicides. Economically, the consequences are severe. Almost $4 billion are spent each year in unemployment insurance benefits. There was a loss of 224 million work days last year, not to mention the spectacular drop of the dollar as a direct consequence of the economic mess in which we find ourselves. Let us not forget that the statistics took in a significant number of unemployed. There are the unemployed on Indian reserves. There are those being trained by manpower centres. There are the thousands of people who gave up looking for work because they cannot find any and who are excluded from Statistics Canada. We can talk of a real unemployment of 11 per cent to 12 per cent in future.

Yesterday in the House I heard my colleague for St. John's East (Mr. McGrath) talk of a real rate of unemployment of 30 per cent in his province. I know for a fact that in the region I represent the rate is not much lower. That is the saddest consequence of that economic catastrophe. The Maritimes and Quebec have the highest rates of unemployment, Alberta and the western provinces the lowest. The economically weak regions are suffering unfairly and the situation gets worse with every release on unemployment statistics. The rich becomes increasingly richer and the poor increasingly poorer. Governments usually cut taxes or interest rates in periods of high unemployment to promote business expansion and job creation. I must confess that the sales tax cut is likely to stimulate the economy. Everybody agrees on that. But the government insisted on unilaterally imposing its will on the provinces which often have different priorities because some are in a worse economic mess than others. The government refusal to allow Quebec to reduce its sales tax according to the priorities of that province resulted in our losing a month in sterile debates.

Our balance of payments is also an indication of the failure toward which we are headed. Last year we had a deficit of $4.2 billion in our balance of payments. Even though we had a surplus in raw material and farm products, we incurred a deficit of $7.5 billion mainly in the service sector and, I want to stress this, in interests and dividends on the $50 billion borrowed abroad. We also had a $1.6 billion deficit in tourism. We recorded an unbelievable deficit of $11 billion with respect to manufactured goods.

Mr. Speaker, the premier of Ontario recently estimated that by balancing our current payment account with respect to finished products, we could generate some 170,000 additional jobs. Our economy is really suffering from a chronic illness. Our productivity and our competitive position is faltering. Many of our industries are threatened, namely textiles, shipyards, auto parts, television sets and other electronic equipment. No other province suffers as much as Quebec where 24 per cent of the labour force works in the manufacturing sector. Even though these industries are protected by tariffs, the fact remains that 36,000 Quebeckers have been laid off last year in the soft sectors which are the textile, clothing, footwear and furniture industries. The government of Quebec did take certain steps to help these sectors and among other things it has abolished the sales tax on these products. Yet the federal government has naturally hampered its efforts by refusing to grant the government of Quebec a fiscal transfer which would have enabled it to be on the same footing as the other provinces.

Mr. Speaker, because of the different priorities in each region, it is inconceivable to try and impose uniform solutions throughout the country. These solutions come late, much too late unfortunately, from a government which has run out of imagination.

We are not concerned about prevention or cure and, if we are we do not prescribe the proper medication—unless it is the drugstores that do not fill the correct prescriptions.

We have just been given a document entitled "A Time for Action". When I consider the economic situation I think it is not only time for action but time for a fast action. Of course, we are offered several answers but they come really late. For instance, the project announced by DREE to invest in touristic developments in the Gaspé Peninsula and the Lower St. Lawrence comes after years and years of representations and supplications. The Gaspé Peninsula is undoubtedly tourism-oriented, but that is nothing new, Mr. Speaker, yet only today do we decide to develop that industry. And we need to develop it if we want to balance our payment deficit in that sector.

As I was born in the Gaspé Peninsula where I lived for many years, I know much about fishing. It is an important sector of the economy of my region and this is why, Mr. Speaker, I participate with interest in the fisheries committee. I even have the opportunity to make interventions in the House like my colleagues from Newfoundland and the Maritimes to ask for improvements in maritime fisheries even if it does not always please my colleague for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) who would rather have me keep silent. But I am too much concerned by the development of eastern Quebec to keep silent. With the advent of the 200-mile limit, the government suddenly realized that there is a fishing industry in Canada. So much so that after the demise of the fisheries department we shall see the birth of a new one called the Department of Fisheries and Oceans. We had the opportunity to discuss the lack of foresight of the government in that sector during the presentation of an opposition motion by my colleague for South Shore (Mr. Crouse).

And what about the mining sector. There have been lay-offs at Falconbridge and Inco in Sudbury. And in Gaspé there has been the closure of Madeleine Mines in Ste. Anne des Monts and the slowing down of production in Murdochville. However, little if not nothing has been done to encourage our mining industry. Mr. Speaker, I would like to make a small digression. A Liberal government had to be defeated and a PQ government elected before shelved projects like the salt mines in the Îles-de-la-Madeleine and limestone deposits in Madeleine and Port Daniel in Gaspé could be dusted off and revived.

To conclude, I suggest that we can no longer continue to ignore the weak sectors of our economy and the poorer regions. The Canadian problem is one of regional disparity. As long as we do not make any effort to develop our country more equally I am afraid that social pressures will increase and that our economic problems will only perpetrate the division process.

● (1602)

[*English*]

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I am pleased to have been provided with an opportunity to participate in this debate. At the outset, I should like to indicate that I concur in the motion before the House accusing this government of being the most wasteful in Canadian history.

I do not want to deal specifically with the projects which exemplify government wastefulness, as the hon. member for Capilano (Mr. Huntington) has so aptly done. I want to deal specifically with the area of unemployment. The government has been wasteful in handling the economy, to such an extent that at the present time there are over 900,000 people unemployed in Canada. That is a waste and drain in human terms as well as in economic terms.

Recently the treasury of the province of Ontario indicated that one out of every three graduates from now until the 1980s can hope to obtain employment. That should not ease the minds of all hon. members.

We have heard a lot about the number of man-days lost due to strikes and lockouts. The figures for 1978 released by the Department of Labour show that 278,200 man-days were lost in the month of February. I agree that is a lot of lost man-days; but for every man-day lost due to industrial disputes, whether lockouts or strikes, there are 30.5 man-days lost

due to unemployment. I calculated for the month of February, with 278,200 man-days lost due to lockouts and strikes, and extrapolating the man-days lost because of unemployment, that 9,730,000 man-days were lost due to unemployment. That is lost productivity to the nation as a whole. The estimated yearly financial loss to Canada amounts to $12 billion in income and output, or about $520 for every Canadian, man, woman and child. Unemployment affects both the working people and the victims of unemployment.

● (1612)

Another piece of interesting information came from some calculations done by the Canadian Labour Congress. Since 1974 unemployment has cost every Canadian family $11,000. Last year alone unemployment insurance payouts amounted to over $4 billion. What was the productivity in respect of that $4 billion? There was no productivity at all. This government should be ashamed of itself for showing in its estimates that unemployment insurance payouts are $4 billion, with not one iota of productivity to show for that $4 billion. Indeed, Mr. Speaker, people can sit on their asses and collect unemployment insurance with not one stitch of productivity to show for it. It is a shameful record that this government stands in its place trying to defend this this afternoon. It is projected that unemployment insurance this fiscal year will exceed $5 billion. That is a shameful record.

I cannot understand for the life of me the kind of decision-making and unplanned approach of which this government is guilty. I recently attended a committee meeting studying the bill dealing with the Export Development Corporation. We found consistently that government agencies were prepared to finance unemployment in this country. They used taxpayers dollars to create competitive industries abroad, not necessarily in third world countries but in countries such as the United States, when in fact they will not spend that sort of money in Canada to modernize those aspects of the economy that need modernization in order that they can be productive and compete for the sale of our products abroad.

We had a perfect example of that in respect of the layoffs by Inco and Falconbridge in the Sudbury Basin. We urged this government that in place of allowing these workers to go on unemployment insurance it ought to stockpile nickel, because it is more important for the workers to be productive and the value would be in the nickel produced. We felt this was better than allowing the companies to put 2,000 or 3,000 workers on unemployment insurance, and certainly better than getting into the whole process of transporting workers from the Sudbury Basin to Alberta, or wherever, at more cost to the taxpayers. We suggested, not only for the welfare of the worker in terms of his productivity but also in terms of his standard of living, that it was much better for a worker to be productive, working and receiving a pay cheque than being unemployed and receiving an unemployment insurance cheque. This party has consistently urged that approach on the government.

[Mr. Rodriguez.]

The government must involve itself in creating full employment in this country. We cannot afford to carry on, as we are at present, without a policy of full employment. We require a commitment to full employment rather than a policy of riding on the backs of the workers with 8.6 per cent unemployment, amounting to over 900,000 people unemployed.

The warning came in September of 1977. This is not something new to this government; it received warning in 1977. The warning went out to all industrial nations of the world. It went out from the chief of the International Monetary Fund, managing director Johannes Witteveen. He said that a continuation of anti-inflation programs would keep unemployment at record levels and slow economic growth to recession levels. He went on to say that it was the international responsibility of nations to pursue markedly higher rates of economic expansion if we are to get out of our current economic slump.

The effects of the government's anti-inflation program on the economy have been quite spectacular. As a matter of fact, writing for the Toronto *Globe and Mail* an economist, Arthur Donner, estimated that in the period from 1974 to the end of 1976 the Canadian economy lost $25 billion in real growth and 600,000 man-years of employment. This was a result of the government's anti-inflation program. If restraint continues, by the end of 1978, he estimates, we will have lost $49 billion worth of production and 1.3 million man-years of employment, and all this for a marginal effect on the inflation rate.

That prediction is coming true. The latest statistics on our productivity were published in the *Globe and Mail* this morning in the business section. It was pointed out there that the Canadian manufacturing sector of the economy operated at 82.7 per cent of capacity .n the first quarter, down from 88.3 per cent in the fourth quarter, the lowest level since the 82.5 per cent in the 1975 fourth quarter.

Obviously mismanagement of the economy has resulted in the cutback of our productivity as a nation, and that cutback in productivity manifests itself in the 900,000 people unemployed at the present time. The government knows well, and its own statistics department has given the figures, that even being very generous there are about 45,000 available jobs at any given time and 900,000 persons looking for employment in this country.

Time and again we have seen this government look for scapegoats. We have seen ads by the Unemployment Insurance Commission moving the blame away from the government. This government never accepts responsibility for mismanagement of the economy. It finds a scapegoat and diverts the attention of the Canadian public. The UIC has spent in excess of $1 million for advertisements suggesting very surreptitiously that there are people on unemployment insurance who have their hands in our pockets. Following that, it spent another $100,000 or $200,000 on a survey intended to show, in effect, that its advertising program was satisfying a large sector of the Canadian public. If that in itself is not a waste of taxpayers' money, I do not know what is.

This government refuses to move or interfere directly in the economy in a way that would establish full employment as a policy for this nation. For example, I have mentioned the capacity at which the Canadian economy is operating; at the present time it is 82.7 per cent. What did we see in the third last budget? We saw the government stimulating the corporate sector to the tune of $1.1 billion. That was a stimulation directed toward expansion. That $1.1 billion has been paid out, but where are the employment opportunities? Why do we expand an operation that is not operating at full capacity? Where is the logic in that? It seems to me that what the government has to do is stimulate consumption, especially among low income Canadians in order that they can improve their standard of living, and that money should have been spent for that purpose. It seems to me that that would have stimulated the productive capacity of the nation.

● (1622)

That lack of productivity indicates that we are not building enough houses in the nation. It is fairly obvious that the government is not providing the services which are essential to a modern economy. For example, there is the case of transportation where the government should have spent money directly to create employment in the service sector.

There are needs in our communities across the country. There are parts of my riding which still have one well in the centre of the town, and everybody goes down with a bucket to get water for the day's usage. There are still those communities that have outhouses in my riding, and this is 1978. This is not a Third World country, it is Canada. Some 42 per cent of the urban housing in my riding is still substandard. The government is still not building the kind of accommodation that bespeaks an industrially developed nation.

There was a PCB spill by the CPR that leaked into the water table, and the community has been unable to afford a water system so that the residents could be assured that they would not be drinking the polluted water. There are some facilities and services which are needed, and there are municipalities which have set their priorities, but because of a lack of capital they are unable to move forward with those particular programs. All of those programs are labour intensive, but what does the government do? It spends hundreds of millions of dollars on one-shot approaches such as Canada Works and Young Canada Works. These programs are fine so far as they go, but they do not get at the problem of unemployment in the nation.

The government has a responsibility to make sure that there is work for every Canadian who wants to work. It is their responsibility so to arrange the economy, so to manage the economy that it does produce the jobs. I consistently hear that the post-war baby boom has created this great surge of unemployment. Listening to the government, one would think that there is no registration of births, that suddenly all of these young people who are now coming into the work force suddenly appeared as though they were springing out of the ground, from dragon's teeth. The way the government talks, one would assume that births are not registered in this country and that we are not able to project the number of young people who will be coming into the work force down the line and, therefore, so arrange the economy. This government does not plan. There is no economic planning by this government.

I mentioned the situation of the Export Development Corporation. Here we have the EDC lending large multinational corporations long-term loan money to develop their overseas operations in direct competition with the operations they have in Canada.

While they are trading off the jobs in the mining sector in the long term for short term, high technology jobs, we have the government funding DREE. What is DREE trying to do? DREE is trying to attract industry to go into areas like mine. It is obvious that one is nullifying the other. If an industry receives an order from Inco in Guatemala to build whatever it is they are going to build, then, obviously, they expand the plant in southern Ontario. They are not going to build a plant in northern Ontario to produce that stuff. So, in effect, you have the one nullifying the other. There is no cohesive or meshed plan with respect to how to go about creating employment and how the EDC and the DREE program relate to each other. What is the interface of those two programs?

These branches of government are completely in isolation. The president of the EDC rubs his grubby little hands and says, "We made $18 million last year, we are here to make a profit." That is not good enough for the people, for example, who work in the mining sector, the pulp and paper industry or in the steel industry. They see that, in effect, Canada through its Crown corporation, the Export Development Corporation, is putting them out of business and contributing to their unemployment.

It seems to me that the workers who come through my riding office are not in the least bit interested in the $155 unemployment insurance cheque they get every week. They are interested in a pay cheque because in a pay cheque there is human dignity. This way they can keep their families without having to depend on the state or on the bureaucracy which keeps growing and growing.

As a matter of fact, I do not know why the government thinks it has to use its departments to fight the unemployment situation alone. The unemployment insurance office in Sudbury had to hire 11 people last week to deal with the increase in unemployment insurance cases. I do not know where the sense is in that at all.

The workers who go through the unemployment office and who are now unemployed are mostly the young, because they are the first ones to go there. But they are more interested in having a job; they are not interested in the unemployment insurance program. Yet the government runs its advertising program to suggest, very surreptitiously, that anyone who is collecting unemployment insurance is somehow or other ripping off the system. Anyone who is unfortunate enough to be caught in the unemployment insurance fiasco somehow or other gets the feeling he is stealing from the government or stealing from those who are working. It is a very inhuman

system, and I repeat to the minister and the government that they must stop the waste and the high unemployment that we have in the country. The government has to involve itself directly through municipalities and public programs in creating employment in those periods in the economy when certain forces beyond our control affect unemployment.

Mr. Deputy Speaker: Order. I interrupt the hon. member at this time to inform him that his time has expired.

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, in joining in this debate this afternoon I would like to refer to one or two of the points raised by the hon. member for Nickel Belt (Mr. Rodriguez) wherein he refers to an article he was reading in today's edition of the *Globe and Mail*. I think he was using some of those extracts to indicate what he considers to be real problems in the Canadian economy, lack of activity in the private sector, inadequate government direction, et cetera.

I would like to draw to his attention—I am not sure that we were reading the same article, presumably not—a front page article in this same *Globe and Mail* wherein there was very positive indication of some very substantial progress that seems to have occurred in the Canadian economy in the first five months of this year. This article was referring to reports that jobs are being created at the present time at a historically rapid rate. It refers particularly to the first five months of 1978, primarily in the manufacturing, transportation, communication, retail and wholesale areas. There is reference to 180,000 jobs having been created in the Canadian economy in the period January 1 to May 31, 1978. That 180,000 job figure would give an annual rate, if it was to continue at the present pace, of some 434,000 jobs per year. If that rate is achieved for the balance of 1978, it would be the highest rate since 1973.

● (1632)

In fact, 180,000 jobs, Mr. Speaker, created in the first five months is equivalent to the total number of jobs created during all of 1977. If that is not progress, Mr. Speaker, if that is not some indication of the kind of leadership that is being shown by this government, the kind of things that are happening in the Canadian economy at the present time, then I am not sure what sort of positive signs the member for Nickel Belt (Mr. Rodriguez) is seeking.

Mr. Speaker, I think these figures are interesting enough that I would like to mention a few more of them from the same paper that the member for Nickel Belt was quoting. There has been an increase in the labour force—the highest ever—in the same five-month period of 525,000 people, whereas the increase was 308,000 for all of 1977. This, of course, is where the problem comes in, Mr. Speaker. Our labour force continues to grow at a rate higher than the Canadian economy is able to absorb. Nevertheless, the record figures on both sides, I think, are important to state because it is some indication of the extreme degree of activity that is going on.

At the present time, 57.1 per cent of the population of Canada is employed, which is up from 56.5 per cent as of last December; 71.8 per cent of all men are employed and 42.8 per cent of all women. These increases, Mr. Speaker—and again I emphasize this—came from the private sector. This refers back to the motion we have before us today, by the member for Capilano (Mr. Huntingdon) regarding what he claims is the incompetence of the government in its handling of expenditures, and, presumably, of the economy. Yet we are told that the employment ratios in this country today are at the highest point they have ever been, and this is occurring mainly in the private sector.

Noted economists have stated that there is indeed strength in the Canadian economy at the present time. As I said in a speech in this House recently, that kind of news is not the kind of news that the official opposition in this country wants to see. It is not the kind of news that the unofficial opposition, the NDP, wants to see. But it is positive news, Mr. Speaker. It is important to state over and over again that while there are problems in the Canadian economy, problems that are being addressed by this government, there exist also very significant indicators of strength, and I think it is important that those go on the record. In fact, one prestigious investment firm, Wood Gundy and Company, because of recent news on the economic front, Mr. Speaker, is already revising its forecasts of job creation for 1978.

Coming back to the motion, Mr. Speaker, I have worked with my colleague, the hon. member for Capilano, on public accounts committees over recent years and I think we have both been conscious of concerns that the Auditor General has brought before the public accounts committee. In some cases Crown corporations, agencies or even departments of government, have perhaps adopted too enthusiastically the kind of direction that emanated from the Glassco commission of many years ago that encouraged less central controls and more expenditure initiatives at the departmental level. That gave the government some problems and, Mr. Speaker, as over-all expenditure levels of the government have increased, these problems have obviously become of a more acute nature.

The important thing to note is that the President of the Treasury Board, (Mr. Andras) and the government have faced these problems and have done two very important things in the last two years. The position of Comptroller General of Canada has now been firmly established. The first incumbent is now on board as of April 1, and I think this development is something my colleague the hon. member for Capilano, myself and others on the public accounts committee and other members in this House welcome enthusiastically.

In addition, the government has appointed the Lambert commission to look into all aspects of government expenditures and financial control. When the member for Capilano refers to incompetence, surely that must indicate that in his mind the government is doing nothing about these kinds of things. I think the record clearly shows that some very concrete and positive steps have been taken on every issue that the Auditor General has placed before this House of Commons and before the public accounts committee. That, Mr. Speaker, in my mind, is the kind of responsiveness that the Canadian public

want to see in their federal government, and it is the kind of responsiveness that this government has indeed shown over and over again.

I realize, Mr. Speaker, that when the member opposite formulated his motion he made it so encompassing that one could probably discuss everything from sour cherry production in Ontario to energy conservation, all within the context of government competence. I would like to refer to one or two of the points that perhaps are included in his indication of incompetence, such as growth in the public service.

There is, Mr. Speaker, an allegation of waste in this area, and there is an allegation of irresponsibility on the part of the government. Yet, the man-year growth in the public service and the program of performance measurement that is now under way is something with which I think all members in this House should become more familiar, particularly the member for Capilano who I know is intensely interested in what is happening with the public purse.

The administration committed itself to restricting growth in the public service at the same time as it announced its program of fiscal restraint. It should come as no surprise when I say that the program has met with the same kind of success as the fiscal program has achieved.

The main estimates that the President of the Treasury Board introduced in February marked the second consecutive year that growth in the public service was held to six-tenths of one per cent. I mention those figures, Mr. Speaker, as against the figures I quoted a little earlier, to show the dramatic increase that is occurring in the labour force in the number of people working in this country. In the public service, the federal public service, the growth has been held to six-tenths of one per cent, which is a little over half of one per cent.

To record such a marginal increase, Mr. Speaker, it means that 18 departments had their man-year allocation reduced and 18 were permitted no increase. Thirty-six departments and agencies, generally service-oriented agencies such as the RCMP, the Post Office and national defence, were allowed more man-years to cope with specific problems confronting them.

Whenever we talk about cutting back government expenditures or not increasing government expenditures where new services are needed, some very basic questions come up. For instance, I see the Postmaster General (Mr. Lamontagne) in the House this afternoon. He has to decide which new homes in which cities are to be denied mail service in order to cut man-years. Should certain areas of the RCMP be cut and should the military be held in check? These are questions the administration has to wrestle with in order to maintain this near zero expansion of the public service in a country which is growing and developing.

In the same year as we have held manpower growth down to six-tenths of one per cent, the labour force in Canada increased by 2.5 per cent in 1977-78 and is projected to grow by a very significant amount. As I indicated earlier, no increases have been permitted for the year in the number of senior personnel man-years for four consecutive years. That is an area that has come under attack from hon. members opposite at different times.

If further evidence is needed to demonstrate the responsibility of government, let me turn to the administration of some programs. The government has acted to enhance the efficiency and effectiveness of its operations through the measurement of program performance. There has been considerable progress in this area since the experimental projects of the early 1970s. Departments now are required to have adequate and reliable means for measuring all programs in place by 1980.

Since government operations do not have readily identifiable indicators, such as profit or return on investment—the simple indicator that the private sector always has—many different kinds of indicators have been developed in the federal system. They use example indicators that relate results achieved to resources used and to planned results. They describe the service aspects of performance and focus on production-type measures. All of these help managers develop systems to assist them in assessing how well their programs are running.

● (1642)

This approach to program management is operating so well that it is fast becoming a tool on which decisions can be based and is an integral part of the management process. The monitoring of this process enables departments to evaluate whether changes or improvements can be made in the method by which a program is delivered; whether programs have outlived their usefulness and can be eliminated; or, whether priorities have shifted, making it more or less important.

Members of this House were given a copy of a report on "Performance Measurement" last fall. In light of this motion I commend this report to the hon. member for Capilano and to his colleagues on that side of the House. It denies, in practical working environment evidence, the allegations that prompted this debate today.

I might just mention in closing that the kinds of things we are saying and the effectiveness of government cutbacks are being recognized in various publications and articles, and by such writers as Dian Cohen who is never hesitant in criticizing the government on those aspects of the management of the economy where she considers the government is doing a poor job. In a recent article in a leading business publication headed "Ottawa Trying", Dian Cohen did indeed make reference to the fact that this time the government seems to be really talking business in its efforts to maintain a control over spending. That is one example. There are others by leading writers of the day.

When the hon. member for Capilano recommends we rework the whole tax system, as he did, and move to taxes based on costs, he has to understand what it would do to companies which are starting out in business that have losses for a number of years. This is getting into a system where profits are no longer taxed but where expenditures are taxed.

An hon. Member: Make them efficient.

Mr. Martin: Well, some companies in the development stage cannot turn a profit for a good number of years. We prefer doing positive things to stimulate capital investment in the small and medium business area—

An hon. Member: That is junk.

Mr. Martin: Programs have been announced recently by the Minister of State (Small Business) (Mr. Abbott) and by the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan) in the R and D area. These are some of the things that have been done recently. To turn around now and follow the suggestion of the spokesman for the official opposition that we completely junk the existing tax system, which not long ago went through a very trying and lengthy examination before a royal commission, and move to a new and untested system that is only theoretical at this point, is less than a responsible suggestion to the Canadian people.

There are many other statistics that can be quoted to indicate the positive things that are happening in Canada at the present time.

Mr. Alexander: People are smartening up.

Mr. Martin: I want to say that it seems to be in the immediate interests of the official opposition to become, one and all, prophets of doom and gloom. I am little surprised at the hon. member for Capilano because I know his business background. I am sure there are not many businessmen in his own riding who would support this kind of doom and gloom approach.

An hon. Member: Why do you think I am here?

Mr. Martin: These businessmen are looking at what their plans will be for the next several years. This kind of talk does not behoove an official opposition party that somewhere in its fondest imagination assumes one day it might form the government of this country. As I say, it is nothing but a fond hope and probably stretches very far into the future. Canadians are simply not going to buy this type of negative attitude. They will not buy the approach that says "Look, I am being told I am far worse off than I think I am". That is the kind of approach the official opposition is pushing across this country at the present time. I think this is less than responsible at a time when there are real problems in the Canadian economy, problems which can be tackled and are being tackled in a positive way and not in the negative way the member for Capilano and others on the opposition side have been approaching the question today.

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, every time we have one of these motions I listen to the parliamentary secretary and he gives the usual government pitch. If things were so great, why did the Prime Minister (Mr. Trudeau) not go to the people? Why did he not go and get another mandate? I will tell you why. It is because the people are finally catching up to this incompetent group.

Mrs. Holt: He has a mandate. Why does he have to go and get one?

Mr. Alexander: The government do not like these motions because it gives the opposition an opportunity to tell the Canadian people the truth, the whole truth and nothing but the truth.

An hon. Member: Soap opera.

Mr. Alexander: I watched and listened to the parliamentary secretary and he was deceptive, he was less than honest and he was not complete. He was selling the same old garbage about how great this government is and will be. Since he said something about behooving, I say I do not think it behooves a party to destroy a country. That is what this government has done over the last ten years as far as I am concerned. Certainly we have real problems in this country. The most important thing I can say about this is that this government has created most of them. The government does not tell us anything like that.

I want to congratulate the hon. member for Capilano (Mr. Huntington) on placing this motion before the House, a motion which the parliamentary secretary did not read. This is typical of parliamentary secretaries. They get a little speech that some bureaucrat prepared for them and they do not know what they are talking about. Let me read the motion so we can all understand what it is we are talking about . It reads:

> That, in the opinion of this House, the present government is the most wasteful in Canadian history and has established an unmatchable standard of incompetence, leading to today's high inflation and record high unemployment.

An hon. Member: Very well done.

Mr. Alexander: Congratulations to the hon. member for Capilano. That statement is a fact, sir. This government epitomizes incompetence, indifference and arrogance at their worst. The Liberal record is the most disastrous thing that has happened to this country in a decade.

The part I like in terms of the record is the advent of television. Before television this government was able to bamboozle and flim-flam the people. I say to the people there is no need to read the papers; just turn on the television set. The government's incompetence, indecision, bungling and ineptness, as well as the flim-flam that forms the whole history of this particular administration, and in particular its front bench, can be seen via television.

I notice that the President of the Treasury Board (Mr. Andras) has a book on his table. He is probably going to blast away at poor Ed Murphy. Thank goodness we have him. He is president of CJOR Radio. He prepared a book entitled "A Legacy of Spending". If I was rich enough I would buy this book and send it to every voter in the country, because it gives a history of waste. I want to read a few statements from this book—

An hon. Member: What is the foreword?

Mr. Alexander: In the foreword, brochure or pamphlet it just spells out Liberal incompetence and waste—

An hon. Member: Smear.

Mr. Alexander: The hon. member calls it a smear. It is documented by quotes from newspapers, statements from *Hansard* and replies to questions on the order paper. And he calls it a smear! No wonder the government does not want anyone to read this book. Let me just read the foreword. I do not even know who wrote it. It is some chap by the name of Lindsay B. Semple. It reads:

● (1652)

There have been many instances throughout history where there emerged a ruling elite with enormous control over the material resources and products of their subjects. One of two things normally occurred—either they continued to grow until they impoverished the producers in the nation state and of course themselves, or they were thrown out by revolution.

In Canada there has emerged a monstrous bureaucracy and state spending mechanism. As this resume clearly demonstrates it has exploded in recent years. It is uncontrolled and uncontrollable. The implications for the future of this country and you are awesome.

Ed Murphy should be highly commended for documenting this national tragedy. Read this resume carefully, copy it, and pass it on to your neighbours. It could be the beginning of a new awareness and perhaps even a movement to halt the insidious disease that infects this great nation. Lindsay B. Semple, M.A. (Econ.)

I do not know who he is, but he is certainly telling it as it is. Let me read another quotation. This is why the Liberals do not want anybody to read "A Legacy of Spending." I know the President of the Treasury Board has a copy. Here is a quote that really focuses attention on where the problem is:

"There is only one place where inflation is made in Canada and that is Ottawa. The unions don't make inflation for a very simple reason; the unions do not own a printing press on which they can turn out those multi-coloured pieces of paper called money. The reason you have inflation is because the government has been printing too much and spending too much." Milton Friedman, Nobel Prize Laureate in Economics, CBC Radio, Feb. 20, 1977.

Let me read another quote. This is the way the government operates. I quote from page 5:

As the spending becomes larger and larger every year, less and less disclosure exists.

I do not want to single out the President of the Treasury Board. Sometimes I wonder why all the cover-up. Why not tell the people the truth? We had a little get together here in terms of over-classification. If it had not been for the opposition, the Canadian people would not know there are a number of public servants over-classified because of this government's ineptness. As a result, we are losing some $19 million per year. That is only as a result of a study in the Ottawa-Hull area. Would we ever have known about that? No. We have to get these things flushed out somehow. Thank goodness there are people prepared to put their jobs on the line and pass a little brown envelope under somebody's door so that we know what is going on and can tell the Canadian people the truth, the whole truth and nothing but the truth.

The record breaking feats of this government are nerve shattering and unbelievable. I want to put something on the record in terms of incompetency. I look at the smiling face of the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Martin). There is another dead issue. They have not done anything. They did not start to think about the small businessman until we pushed them into it.

What about the 89 cent dollar? Did you ever see such indecision, not knowing what to do, until now we have a dollar which has been totally destroyed? This has led to a position where our imports have been adversely affected as well as confidence in this country. That is part of this government's record in terms of a "great feat."

What about government spending? Ten years ago it was $10 billion. Today it is $50 billion. Talk about restraint! What is going on in this country? Why the flim-flam? Why the dishonesty? By feeding inflation we have a deficit of $11 billion. We spend more than we take in. That is another part of this government's great record.

What about the one million unemployed? That is another great record for this government, breaking the one million mark in terms of unemployment. That is something which will go down in history.

Talking about records, what about this government's tremendous record in fragmenting the country? As a result of Bill C-56, some will get cheques and others will get deductions or tax cuts. It is blackmailing the provinces. Has anyone here ever seen the likes of it?

What about the all-time record of selfishness? Make the worker take 6 per cent in terms of a pay increase while this government sits idly by and watches inflation reach 9 per cent. The yearly total will be about 11 per cent. In October, 1978 this government said it would be 4 per cent. What kind of dishonesty are we experiencing here?

What about another all-time record in deceit? If we attack or question this government in terms of its policies vis-à-vis the province of Quebec, what do they call us? We are either a separatist or we are helping the separatist cause. In other words, this government believes it is God, that you dare not attack it; you are wrong if you do and you are helping the separatist cause. What a lot of nonsense. I wish I could swear like the Prime Minister!

Some hon. Members: Oh, oh!

Mr. Alexander: Did you see him try to defend the indefensible here this afternoon? I will not get involved in that. However, I watched television the other night and I am still trying to figure out what he said.

Mr. Lefebvre: He said "bunk".

Mr. Alexander: I hear another parliamentary secretary. I do not want to get involved in that. I was involved in "fuddle-duddle" and I saw what he said in that regard. What about the Minister of Transport (Mr. Lang), slandering the opposition?

Mr. Mazankowski: Smearing.

Mr. Lefebvre: What are you doing?

Mr. Alexander: I am telling people the truth.

Mr. Lefebvre: That's a lot of bunk.

Mr. Alexander: That minister stood there and deliberately slandered and smeared the opposition. It was less than nice. He said we were going across the country lying. Boy, you can always tell when this government is in trouble!

What about another record in terms of unforgettable feats, a record in arrogance? I want to pick out two or three statements made by the Prime Minister of this country, a man who is supposed to show some compassion to one million unemployed. He says it is not up to the government to find jobs. Am I telling a lie in that regard? I do not hear as much as a mumble from across the way. They know the hon. member for Hamilton West tells the truth. The people of Canada want the truth. Do you remember, Mr. Speaker, when the Prime Minister or one of his ministers, it does not matter which one because they are all in the same group—

Mr. Philbrook: You are wrong.

Mr. Alexander: I hear "Dr. Philpott".

The Acting Speaker (Mr. Turner): Order please. Will the hon. member please address another member of the House of Commons by his constituency and not by his name.

Mr. Alexander: It is the hon. member for Halton (Mr. Philbrook), who will not be here after the next election. The Prime Minister knows that and that is why he is delaying.

Countless hundreds of thousands of our youth are looking for direction and leadership from this government. What do they get? This is another sad day. I see the hon. member for Vancouver-Kingsway (Mrs. Holt) hiding her head in shame. Do you know what the Prime Minister said? He said: "If you want a job, go out of the country."

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

Mr. Alexander: I only have three or four minutes left. If the hon. member can't stand the heat, let her get out of the kitchen.

Mrs. Holt: The hon. member has suggested that I, as a member of this House, feel ashamed or am hiding my head. My head is upright. I am proud of what the government is doing. The hon. member has absolutely no right to suggest that I am hiding my head in shame.

Mr. Alexander: My time is running on. All I know is that the conclusion is clear and undisputed. The Liberals, particularly those in government, are no longer looked upon as being best able to unify this country, the most competent or best able to deal with the economy. Those things are now myths.

Mr. Lefebvre: Who said that?

Mr. Alexander: I just went over the record. Do you think the Canadian people are stupid? Do you think they do not know what the score is? Talk about unity! We have disunity. We have a separatist government. The Prime Minister was less than honest when he said that separatism is dead. Do you have national unity today? We do not. I do not want to say the government would lie to the Canadian people because I might get into trouble. However, that is no longer the party which can unify this country.

• (1702)

What about competence? Heaven knows, this is the most incompetent administration this country has ever seen.

As for the economy, I have given the House seven or eight cases to show that the government has destroyed any credibility it might have possessed. Today, ministers opposite are being questioned as never before. With every week that passes more and more people believe that the Prime Minister and his cabinet have proven themselves totally incapable of running the country. Take a look at those responsible for economic and financial affairs over there on that side. I will leave out the parliamentary secretary to the Minister of Consumer and Corporate Affairs because he is not quite "somebody" yet. There is the Minister of Finance (Mr. Chretien). We know who he is. How about the Minister of Industry, Trade and Commerce (Mr. Horner)?

An hon. Member: A very able parliamentarian.

Mr. Alexander: How about the Minister of Consumer and Corporate Affairs (Mr. Allmand)?

Mr. Philbrook: A great fellow.

Mr. Alexander: How about the Minister of National Revenue?

An hon. Member: Who is he?

Mr. Alexander: There you have a key as to what is going on in this country. I will leave the President of the Treasury Board out of it for a moment. There is something about him that I find attractive for the time being.

Mr. Andras: Be careful!

Mr. Alexander: If that is the kind of competence they can show over there, the situation can only get worse. As a matter of fact, there is not enough talent there to enable the Prime Minister to make a switch, even; the ship is sinking and they are all going. The Minister of Justice (Mr. Basford) is going. The former minister of finance has gone. Mitchell Sharp has gone. A few have gone to the Senate. What about those who are left? Mr. Speaker, could you take any member of that group over there behind the President of the Treasury Board and put them on the front bench? There is no one.

Some hon. Members: Oh!

Mr. Alexander: Look at today's headlines. Items like this make the Canadian people wonder where the country is going. Here is one item: "Highest Food Price Jump in 25 Years".

Here is another: "May Living Costs hit New Three-Year Record". Yet all the time the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs and his friends are telling us things are great. Does he not read the newspapers? How these parliamentary secretaries ever got appointed I shall never understand. It must be the result of influence or good looks or regional considerations; it cannot be for brains, with all due respect.

Do they not recall the Prime Minister, back in 1975, introducing his great controls program and saying, along with the minister of finance at that time, that by 1978, in October, inflation would be running at 4 per cent? What went wrong? Was it blind stupidity or incompetence, or both? The Canadian people want to know because they are now facing inflation running at 9 per cent and all the economic indicators show we are heading for even more trouble.

People do not want to hear any more bland assurance from parliamentary secretaries that everything is all right. Hon. members opposite say: "Put us back in power. We understand; we will work these things out". Mr. Speaker, the record of the party opposite is one of complete disaster. They have almost succeeded in destroying this country.

Members opposite may describe what I am saying as "doom and gloom", but the people understand my sentiments. I am speaking today so as to be of some assistance to the Liberal backbenchers who appear to live in another world. I do not think they listen to their constituents at all. On second thoughts, I believe they are beginning to do so because they are asking the Prime Minister now why he did not go to the people—

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

Mr. Alexander: I was just getting started, Mr. Speaker.

Hon. Robert K. Andras (President of the Treasury Board): Well, Mr. Speaker, after reading the motion before us and listening to the comments made so far I can only say I am appalled by the extravagance, the bias, the naivete and the lack of balance in both the motion itself and in the remarks of most of the hon. members who have taken part in this debate.

The hon. member for Hamilton West (Mr. Alexander)—my good friend on a personal basis—has been in his usual good voice. Two or three years ago I was tempted to describe his comments as bombast and rhetoric. We have had a double dose today in a speech which contained very little substance, very little by way of constructive suggestions.

The hon. member for Capilano (Mr. Huntington) told us that when he came here from the business world he got the impression that this institution was an "Alice in Wonderland" creation. The hon. member for Hamilton West made a similar comment. After listening to the observations of members opposite I have to say they are living in a dream world. They have no sense of proportion.

Of course Canada is experiencing economic problems. Of course there are ways by which the efficiency of government can be improved, as is the case in every country. But their performance would be more credible if only occasionally they would acknowledge that we do not live upon an isolated island totally detached from the rest of the world. We do not. We are a leading trading nation; one in four of our jobs depends on our ability to export. But those exports are influenced by economic conditions throughout the world and we cannot escape that fact. Hon. members opposite would have far more credibility if they admitted, just on occasion, that there were other factors affecting our economy. Because if they ever became really responsible, instead of being merely critical—a state of affairs which I personally believe would be disastrous—they would have to take these things into account.

The hon. member for Nickel Belt (Mr. Rodriguez) talked, for instance, about the Export Development Corporation. He talked about the export of jobs. Mr. Speaker, that corporation exists in order to assist Canadians to produce goods and sell them abroad. The goods being sold are Canadian goods and it is Canadian jobs which are associated with their production. Does the hon. member suggest we can stand idly back from the kind of competition which goes on around the world and let other people handle these opportunities? I can assure him it would be somebody else's goods which would be sold and other people whose jobs would be involved. He should recognize that the corporation is serving a good purpose and performing a good function.

I wish to concentrate in my speech today on more specific points relating to my responsibility in the portfolio I hold and into the allegations of waste made so bluntly and extravagantly in the motion. Where have members opposite been in the last several months? Where were they when I introduced the main estimates which showed that for the third consecutive year a restraint program unparalleled in recent history had been undertaken?

Where were they when a few days later I placed in the hands of every member, whether they read it or not, a document called "The Impact of Administrative Restraint" which talked about a saving of $100 million annually by administrative action alone?

• (1712)

Where is there recognition that the office of Comptroller General has been created? Where is there recognition that the Auditor General Act has been passed and that it enhances his powers and gives him powers which I think are second to none for that kind of parliamentary officer anywhere in the world? I say again that I am appalled, in the light of that record, that hon. members opposite would bring forward such an ill-conceived and irresponsible motion as the one which is being debated today. It is ill-conceived and irresponsible because it lacks substance. I have to say that it is long on politics but devoid of substance.

Let me review the record of this government since we announced our restraint program. Hon. members will recall that we announced that the growth of spending over time would not be permitted to exceed the growth in the gross national product. We tried to balance that comment. That

comment was a candid acknowledgement that expenditures had been rising too quickly in the past under all governments in this country and, frankly, nearly all the governments of the western world.

It was a candid acknowledgement that something had to be done, that government spending could not go on rising at the rate it had been and that it had to be checked or else the economic well-being of the country would be jeopardized. Never before had a Canadian government made such a commitment in advance to such a policy, and while the commitment was dramatic, I can tell the House now that it is my view that the results have been even more dramatic. We have been setting targets consistently which have been below gross national product growth forecasts. We have been holding spending below those targets.

I will not claim that it has been easy. Some important proposals have had to go down the drain. Some very ambitious projects had to be scaled down from their first presentations. In the first year I recall that more than $1 billion had to be trimmed from departmental forecasts shortly before the estimates were tabled.

Without going into all the details I hope the House will allow me to delve briefly into the past and to highlight the spending estimates for this year. In 1976-77, which was the first full fiscal year under the restraint program, we held spending to more than $1 billion below our target. That gave us a 10.2 per cent increase over the previous year, while the current dollar g.n.p. for that same period grew by about 13.4 per cent.

The 1977-78 fiscal year, which just ended March 31, was even tougher. When main estimates were tabled a year ago, I announced that total spending would be $45.120 billion. It was subsequently reduced. First, we reduced the publicly stated target by $670 million to make room for the tax cuts announced in the March, 1977 budget.

Following that we faced some unforeseen and rather extraordinary requirements for economic spending and for transfer payments to the provinces. For example, we decided we needed another $200 million for various job creation programs. We had to find another $440 million for cash payments to the provinces because the income tax points we transferred to them the previous fall under the agreement covering hospital insurance, medicare and post-secondary education did not produce as much revenue as had been expected. So we had to find another $440 million and stay within these reduced ceilings.

We did, despite those pressures, keep the lid on, and I was really quite pleased to be able to inform the Minister of Finance (Mr. Chrétien), in the preparation of his April 10 budget, that we now expected total spending for fiscal year 1977-78 to be at least $200 million below the final target we had set; in other words, about $44.250 billion. That was a full $870 million less that the target set when I tabled the main estimates in February of 1977.

Coming to fiscal year 1978-79, in February I tabled the main estimates, as hon. members will recall. They included a statement of a maximum total spending target of $48.8 billion, which was an increase of about 9.8 per cent over the 1977-78 expenditure forecast, which was then $44.45 billion. So for the third consecutive year we are well within the forecast growth of the gross national product.

That was the figure I tabled in February, but here again history is repeating itself. In conversation with the Minister of Finance in trying to make as much room as possible in terms of the deficit for the tax cuts he announced on April 10, we further reduced our spending plans by another $350 million. So the 1978-79 growth pattern will be within about 9.5 per cent over the previous year, not the 9.8 per cent predicted in the main estimates.

I think the figures speak for themselves. In 1974-75, the mid-seventies, that responsive and expensive period of minority government, spending increased 28.3 per cent over the previous year. In 1975-76 it dropped to 18.4 per cent. It went down to 10.2 per cent in 1976-77 and, taking into account the one-time only changes in our budgetary system, to about 10 per cent in 1977-78, and we have a forecast percentage increase this year of 9.5 per cent.

I do not think that is a litany of incompentence and wastefulness. What that sounds like to me is a record of financial management which is responsible and responsive because we have slowed down the rate of government spending. We have brought it into line with the growth of the economy, and we are trying to do that without going in the other direction and undermining the economic development and requirements of this nation.

I was interested in a comment by the C.D. Howe Research institute in its "Policy Review and Outlook" for 1978, published by that responsible and respected organization. Judith Maxwell said that it was evident that the country had made a good deal of progress in eliminating the excesses which were so alarming on previous occasions, particularly back in the 1972, 1973, 1974 period.

Mr. Andre: Was that a Liberal government then?

Mr. Andras: She was referring to all governments of all political stripes in this country.

Mr. Andre: It was a Liberal government, though, was it?

Mr. Andras: Yes, with Conservative governments in Ontario and some other places, unfortunately, and governments of other flavours in other provinces of this country.

Judith Maxwell also said that on fiscal policy governments have moved a long way toward controlling the rate of growth in their spending, and that restraint has occurred at all levels of government. However, I want to put a balance into this. She wrote also—and I agree, in spite of the fact that my own inclination would be to want to see our expenditures going down even more rapidly than they are—that it is also important to keep in mind that constraints on government spending,

as necessary as they may be in the long run, act as a constraint on economic recovery and, given the balance of the economy in 1977, governments must try to find a balance between their desires to get their finances in order and their responsibility to stabilize economic activity.

While members of the official opposition particularly want to decry the rate of reduction in government spending and boast about $2 billion tax cuts and that sort of thing, the fact is that ours is a responsible approach to ratcheting down and getting our spending in better order; but perhaps it does not have the dramatic and assumed political appeal of the Draconian measures I have heard suggested. Those suggested measures have never been backed up by indications as to how those changes will be accomplished. In any event, the rate of growth in government spending has been slowed down.

● (1722)

Perhaps the telling argument to that effect was the show put on by honorable members opposite during consideration of the main estimates in February. At that time, the spokesman for the official opposition accused me of being and continuing to be a spendthrift. He indicated that no progress has been made. Yet the spokesman for the New Democratic Party took the opposite view and suggested that we were being far too niggardly and should continue to increase our spending.

I have a rather comforting feeling that perhaps we are on the right course. If either one had agreed, I am afraid I would have been somewhat nervous, returned to the drawing board and rechecked my thinking. I do not want to argue political philosophy in this debate. I am attempting to assemble some of the facts in order to demonstrate, in my view, the questionable value of the motion before us.

I have put the following question before the House during similar debates in consideration of main estimates and budget debates in the past: What really prevents us from making greater inroads in the growth of government spending? I have indicated that I would like to see the growth rate drop even faster than it has so far, with one caution or proviso which I illustrated by quoting the C. D. Howe Research Institute.

One of the major reasons, of course, is the statutory obligations and commitments approved by the House to share in the financing of provincial activities and many, many other programs mainly of a social nature. The increases in such programs are unquestionably built in and difficult to control. Approximately 60 per cent of the budgetary estimates for 1978-79 fall into this category.

Reductions in these statutory programs, or even cuts in their rates of growth, are made much more difficult by the fact that the majority of them involve transfers to individuals or to other levels of government. I am referring to old age security payments, fiscal transfers to the provinces, family allowances, the Canada Assistance Plan, unemployment insurance, post-secondary education, medicare and extended health care.

These few programs to which I have referred account for approximately 40 per cent of the budgetary estimates for this year. When one adds to the statutory 60 per cent of estimates requirements for other contractual programs or formula payments, such as those for CMHC housing programs where we have agreements with the provinces, occupational and manpower training, fiscal transfers to the territories, veterans' pensions and allowances, and many more, there is obviously not much room left to cut back on government spending without very deep and sober thought.

To put it another way, approximately $10 billion of the $48.8 billion target for 1978-79 will be transferred to the provinces. Another $10 billion plus will go to individual Canadians. These payments supplement the incomes of millions of Canadians—senior citizens, growing families, workers temporarily unemployed, people undergoing new training, native people and veterans. In an economic fashion, these payments are used largely for shelter, food, clothing and other basic necessities.

Major reallocations of resources have been taking place constantly in order to accommodate increases in statutory programs. They have been taking place during every fiscal year without our limit on total spending being exceeded. While the final accounts are not available for 1977-78, I am confident spending will be held to approximately $44,250 million, which is $870 million below the ceiling I announced before that fiscal year began. That was accomplished in the face of some very large, unforeseeable demands of almost $1 billion for programs such as job creation and payments to the provinces. Without the increases in the payments to individuals and to the provinces, many of which programs are indexed, our rate of increase in spending would have been less than 3 per cent this year.

I would have liked to have the time to deal with some of the other comments made during the course of this debate, particularly those which apply to my portfolio. I enhance the comments of the Parliamentary Secretary to the Minister of Consumer and Corporate Affairs (Mr. Martin) and his references to the control on public service man-year growth. I would have liked to elaborate more on the administrative restraint program which is ongoing. Not only does that program save over $100 million a year now, but it is reducing—

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

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, at the outset of my remarks, I should like to correct something which the President of the Treasury Board (Mr. Andras) said. He said, when the estimates came down last March, that I accused him of being a spendthrift. I should like to correct that statement. I do not think he is a spendthrift. I am convinced his government is a spendthrift. I accused him of peddling flim-flam in terms of explaining government spending patterns. If one requires any other evidence of flim-flam on the part of this minister, he only has to read his speech of today. Again his speech was full of inexcusable flim-flam.

The minister is President of the Treasury Board. That organization has three areas of responsibility. One is to manage government spending—the estimates—examine the

budgets of various departments, approve such budgets, estimate government spending annually, and supervise government departments to ensure that they are effective and efficient. The second is the responsibility for the public service. The third is the management of the public service bilingual program.

Dealing with the first responsibility, let us look at how well it has been fulfilled by the Treasury Board. Turning to the 1976 report of the Auditor General on managing government spending, the Auditor General said the following:

I am deeply concerned that parliament—and indeed the government—has lost or is close to losing, effective control of the public purse.

In terms of that aspect of its mandate, the Auditor General, who is not a party hack for the Progressive Conservative or New Democratic parties, but is an officer of parliament, said that the Treasury Board had failed in that regard. How does the Treasury Board look after the public service? Through the proverbial brown envelope route and as a result of an audit, we have found out that approximately 16 per cent of public service positions are misclassified. That means of any seven public servants performing the same task, six are classified properly and the seventh is classified too high. In other words, the seventh is being paid more than the other six for doing the same job.

● (1732)

Is this going to build up the morale of those six doing the same job as the seventh but getting paid less? Is it going to soothe the Canadian public which has to pay more than it ought for the services of that seventh individual? If you use that example to measure the success of Treasury Board in fulfilling its responsibilities in terms of the public service, it has failed miserably.

Surely no one in this country has the gall to claim the bilingual program has been administered properly when examples of abuse, misuse and mismanagement in that program are too legion to enumerate. In all three areas of responsibility the Treasury Board has failed miserably.

The present minister has not been in that position for long and cannot be expected to carry the entire blame. Those who preceded him are now in even higher positions of authority. We can understand why the Treasury Board has been so poorly run when we look at the records of the previous ministers. For example, a previous minister of the Treasury Board is now Minister of Finance (Mr. Chrétien). When we consider what he is doing with his responsibilities in that area we can clearly understand why the Treasury Board is in such poor shape.

The minister opened his remarks today by saying it is time we faced up to the facts. He said that we do not live on an island, and admitted we had some problems. It was very gracious of him today to admit that we have problems. I guess his admission that he is trying to do something about cutting back on spending is an admission of the accuracy of the motion of my colleague, the hon. member for Capilano (Mr. Huntington). If he did not tacitly agree that there was tremendous waste and incompetence in the way things were being handled, he would not be engaged in this program about which he has been bragging. In this way he has as much as admitted failure in terms of the incompetency of that program.

The minister indicated we are on the right path now. He said that this government is on the path toward fiscal responsibility. He said the government is going to bring spending under control. He mentioned some figures which I will get to in a minute, because they were really nothing more than flimflam.

Not long ago, on April 13, 1969, the Prime Minister (Mr. Trudeau) said on national television that we would be on the way to financial disaster if nothing were done to bring spending under control, that spending vast sums on welfare, education and other programs while allowing inflation to continue would merely place hundreds of thousands of Canadians on a treadmill they could not escape.

The Prime Minister then dedicated himself to fiscal responsibility and to bringing government spending under control. That was in 1969. Since then spending has increased by 240 per cent. Why in the world would any sound Canadian believe this minister today when he says things will be different as a result of some new program? We had the clear example of the Prime Minister dedicating himself on national television to restraint, and we all know what happened as a result of that dedication. The fact of the matter is that no one should trust what that Prime Minister or that government has to say. There is an old expression that when a con man catches you once, that is his fault; but if he catches you twice, it is your own fault. I do not think the people of Canada will be fooled twice by this less than honest government.

The minister is proud of the fact that he has controlled expenditures by keeping growth to less than 10 per cent. I believe he referred to 9.8 per cent, or possibly even 9.5 per cent, and he was patting himself on the back. How did he do that? The implication was that he accomplished this by being very frugal and by cutting out waste and the misappropriate spending of money.

The fact of the matter is that the way he did this was by disguising spending. Until the estimates were placed before us last year, Crown corporation loans formed part of government spending. They recognized that when the EDC made a loan as an agent of Her Majesty it was exactly the same as the government making a loan, and it was included in the estimates. All loans by EDC or any other Crown corporation, such as CMHC, were included. Such loans are excluded from the estimates this year.

When you take from the estimates $1 billion in Crown corporation loans, it looks as though government spending is $1 billion less. If that is not flim-flam, what is it? I suggest it is pure, unadulterated flim-flam, and certainly it is being less than honest with the Canadian people.

The minister had the gall to stand in the House and pat himself on the back, so much so that his arm must be sore claiming he has been effective in cutting back. But what he really has done is to disguise and hide spending from the

people of Canada. That really is intolerable and I do not think the people of Canada will be fooled by it.

That is not the only way large expenditures were disguised. This government pushed $1 billion in spending on the provinces which had formerly been shown in the estimates. Again that makes it look as though the government has reduced the level of expenditure by $1 billion. By subtracting loan payments from expenditures you engage in flim-flam. All you are doing is disguising the spending which actually occurs.

Let me give another classic example of this procedure. Whenever a Crown corporation runs up a tremendous debt, this government turns it into equity. All of a sudden the debt disappears, as do the interest payments associated with the debt. All of a sudden by magic the Canadian public no longer has the obligation to pay the interest on the debt, because the debt through transfer has been turned into equity. That is a marvellous scheme, but it is nothing more than flim-flam. This is the type of thing that medicine show snake oil salesmen use, and the public will not fall for it again.

The other thing I want to take the minister to task for is his statement that the government has appointed a Comptroller General with unlimited powers to police government spending. His words were unfounded because the Comptroller General has in fact no such powers. He occupies the position of a deputy minister and no more. We hope and pray his efforts will be effective; do not get us wrong in terms of motivation. However, the claim that, through creation of the position of another deputy minister, the government will cure all the problems is simply inaccurate.

It would take more than 20 minutes, more than 40 minutes, more than a week and more than a month, to list and describe just a few of the examples of waste and extravagance on the part of this government. Let me talk about one additional example in view of the presence in the House today of the Postmaster General (Mr. Lamontagne).

I am prompted to speak of this example because of a memo that came over my desk a couple of weeks back in which the Postmaster General had the colossal gall to say that Canadians could post a letter more cheaply than the citizens of any other country in the world. He had the colossal gall to propose that complete fabrication, and it is a complete fabrication. He completely and conveniently dismissed the fact that the Post Office is operating with a deficit this year of $571 million.

An hon. Member: Where is the mail cheaper?

Mr. Andre: If the parliamentary secretary will allow me to explain, he will then understand. The Postmaster General completely neglected to include in this calculation the Post Office deficit of $571 million this year. You and I, Mr. Speaker, have to pay for that deficit, and the fact that we do not have to pay for it by buying stamps valued at more than 14 cents for a first class letter does not mean we do not pay for it. Of course we pay for this deficit. The fact of the matter is that in a family of four, that expenditure amounts to the mailing of 700 letters a year. In other words, we are being charged for 700 letters a year that we do not mail to cover the deficit of the Post Office, that superbly run organization.

● (1742)

The Post Office in the last decade, the Liberal decade under this present administration, has increased the amount of mail it carries by 18 per cent. It has gone from some five billion to six billion pieces of mail each year. In that same time postal employees have increased by 43 per cent, from 46,000 to 66,000. In other words, every employee in the Post Office now handles 60 per cent of the mail that he handled ten years ago. This is what automation has brought us, that great new introduction of this government. That automation has, in fact reduced the productivity of every postal worker by 40 per cent, plus it has given us collectively a bill of $571 million to cover its losses.

I wish to cite one other example at this point, and that is with regard to Atomic Energy of Canada Limited. I mention it because of this hassle with Petro-Canada, and because I had to go back and look at the debates on Petro-Canada. The then minister of energy, mines and resources, Donald Macdonald, stood up in the House and said that Petro-Canada will be a marvel and will bring in all kinds of energy, and that Crown corporations in energy do very well.

Well, Mr. Speaker, Atomic Energy of Canada is an outstanding example of how effective a Crown corporation can be in improving Canada's energy situation. It was just two or three months later that the people of Canada found out that Atomic Energy had lost something like $300 million in Argentina, that we had given untold millions to Shaul Eisenberg and who knows how much to Korea and Japan. We found out that that organization could build reactors and give them away. They have cost Canadians hundreds of millions of dollars, and there is plenty of evidence that in fact some of that money may not only have been wasted but used in a corrupt manner. As I indicated, I could go on and on, but thanks to Mr. Ed Murphy a lot more people know about the waste of this government.

It is important to realize the consequences of all this waste upon this country, and this is something that we as responsible parliamentarians have to be concerned about. An example is "Proposition 13" in California which was voted on by the taxpayers a couple of weeks ago. That could not happen here because we do not have as democratic a system, but there was a message there. Anybody in this House who deludes himself or herself into thinking that Canadians do not share some of the same views as those California taxpayers is not being of service to this country or their constituents. The fact is there is a growing resentment in this country toward taxes and taxation, not just in terms of the level, but because of how much the public see wasted and how much incompetence they see.

I had an accountant tell me the other day that he has clients asking him to do things in terms of claiming tax deductions for which, if he had suggested them ten years ago, they would have fired him. He gave this by way of an example. Ten years ago there was a willingness on the part of people to pay taxes. They felt obliged to pay as responsible citizens, that they were

fortunate to be part of this country and to be able to pay their share. They certainly did not resist it. Although I do not think anybody voluntarily pays, they did not resist or resent it. This is not true today, for there is great resentment and concern about the misspending of the government.

Another thing that happens, and which is equally important, is a general discrediting of government and parliament. There is a feeling among the public that the government cannot be trusted. The public feel that they have been lied to too often in the past. The result of this is that we as parliamentarians get painted by the same brush. There is a cynicism with regard to parliament and government. There is the feeling of them and us, an adversary mood of parliament versus the people. It is not government of the people for the people. We are going back to the old days of when the state was a tyrant and the people were its subjects, and that feeling is increasing in this country.

This, Mr. Speaker, is a very serious situation because if it is not arrested and turned around we will have a much less democratic country than you and I, and I am sure anybody in this House, plan for. Cutting that waste is important in terms of the funds and dollars involved, but I think it is even more important in terms of the confidence of the people. When governments waste, spill and misuse public funds, they bring upon themselves the discredit of the people and as a result weaken our society and the democratic fabric of our nation.

I know there are others who wish to speak. I could go on for hours on this subject, but I will sit down and allow some time for the remaining speakers.

[*Translation*]

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, it seems obvious from reading that motion and listening to hon. members of the official opposition that nobody on the other side of this House took the trouble of reading the last report of the Auditor General of Canada. For their information I feel I have to bring to their attention what everyone has known for several months. On page 9 of his report of March 31, 1977, the Auditor General writes:

> Other positive, constructive and important actions by the government since the tabling of my 1976 report, some of which will be referred to in subsequent paragraphs of this part and all of which have significant impact on financial control, include:
>
> the announcement on December 16, 1976, by the President of the Treasury Board of new government policy and guidelines concerning the commercial practices of Crown corporations;
>
> the enactment by Parliament of the new Auditor General Act and its proclamation by the Governor General effective August 1, 1977;
>
> the granting by Parliament on the advice of the government of a significant increase in resources to the Audit Office through main estimates for 1976-77; and
>
> the release on August 18, 1977, by the President of Privy Council of a paper setting out Government Proposals on the Control, Direction and Accountability of Crown Corporations.

[Mr. Andre.]

Still on page 9, paragraph 2.10 says, and I quote:

> Taken together, these actions by the government and Parliament comprise, in the phraseology I used in my 1976 report, "strong, appropriate and effective measures" to achieve ultimately a satisfactory system of financial management and control within the federal government and the restoration to Parliament of an appropriate degree of control over the public purse.

Those are the words, Mr. Speaker, of a very competent person, namely the Auditor General of Canada.

● (1752)

[*English*]

I should like to come back now to some of the claims made by the opposition. Where do they want to start in achieving these greater economies? Will they start with payments to individuals which went up by $926 million this year, or with payments to pensioners, the unemployed, young families, or will they attack all three groups? I forgot the veterans, which is a small group. Perhaps they want to start their savings there.

If this hits too close to their constituents, maybe they would like to take on the provinces since 46 per cent of the increase in our spending this year resulted from increased transfer payments. Before they do that I should remind them that equalization payments for 1978-79 alone account for 26 per cent of the total revenue for Newfoundland, 29 per cent for Prince Edward Island, 27 per cent for Nova Scotia, 24 per cent for New Brunswick, 10 per cent for Quebec, 13 per cent for Manitoba and slightly more than 2 per cent for Saskatchewan. That is one of the questions that has not been answered today.

In his speech the President of the Treasury Board (Mr. Andras) pointed out that this government made further advances in the reduction of waste and the improvement of control. One of the most obvious measures that the opposition does not mention very often is the legislation which created the position of Comptroller General. When the appointment was made the Auditor General said that he was more than pleased, and in reply to questions in the public accounts committee on several occasions he indicated his approval. No one on the other side has mentioned that.

Aside from the legislative changes there is also progress in the field of financial administration, some of which I would now like to detail. On November 8, 1977, Treasury Board issued a circular to revise the policy on grants and contributions. Principal features included revised definitions of a "grant" and a "contribution" and clarification of the requirements for Treasury Board approval of terms and conditions for all payments of contributions.

A significant change, restricting advance payments to three months, will prevent long-term financing of projects at an interest cost to the federal government. It will discourage the payment of contributions without progress reports and without an accounting for the amount claimed by the recipient.

All departments and agencies are reviewing their grants and contribution programs against the new policy, and where they do not meet the requirements will seek approval of revised terms and conditions from the Treasury Board.

The financial administration branch has also completed a review of cash control procedures in departments and agencies resulting in a new policy directive. The directive provided for proper physical security of cash, an adequate division of duties, periodic verification of advances, and the manner in which funds will be transferred from one responsible officer to another. All departments and agencies were required to report on the manner in which this policy was implemented.

A policy directive has also been issued to govern the use of departmental credit cards. The general policy is that credit cards will not be issued to employees. Recognizing that certain departments have a need for such cards, they may be issued on the written authorization of the deputy head who is not permitted to delegate this authority. Conditions of use and payment must be agreed to by the employee. Monitoring of credit cards accounts takes place monthly by a departmental financial officer.

At present the financial administration branch is doing a study of practices and alternatives for the deposit and transfer of public money. The study includes various methods in use by other organizations in Canada and abroad. The objective of the project is to develop a policy, and a method for the deposit and transfer of public money which will reduce the amount of money in transit at any point in time and improve internal control over funds deposited and transferred. A major revision to the guide on financial administration issued in 1973 is also under way.

We are also developing a policy on interdepartmental charging to classify the types of interdepartmental services provided, various methods of charging for such services and the conditions to be considered in deciding whether or not these methods should be applied.

To ensure accuracy and timeliness of financial reports, the branch is completing the development of a policy and related system to ensure that payables at the end of a fiscal year are reported in the accounts of Canada. This policy will give effect to the implementation of recommendation 24 of the report on the study of the accounts of Canada.

The branch is also preparing a draft of a concise guide to the estimates and public accounts, which was requested by the Standing Committee on Public accounts.

Another group within the financial policy development division is responsible for the development of policy and standards for financial systems employed by departments and the approval of departmental systems proposals to ensure that they meet established policy and standards. Work of the group includes completion of a study to determine the most appropriate methods of achieving timely and accurate financial reports for government departments and agencies. A policy on departmental financial reporting systems and related standards has been drafted, and several studies are currently being done on specific proposals for improving the departmental financial reporting system of the Department of Supply and Services.

For several years the Public Service Commission has been offering an accelerated series of courses in professional accounting and other related subjects necessary for accreditation by one of the professional accounting bodies.

In closing, Mr. Speaker, I would just say that this motion provided an opportunity for the President of the Treasury Board, the parliamentary secretary and myself to reply to these unfounded charges made by the opposition.

The Acting Speaker (Mr. Turner): Order, please. It being six o'clock, it is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired.

This House stands adjourned until tomorrow at two o'clock, pursuant to Standing Order 2(1).

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

HOUSE OF COMMONS

Thursday, June 15, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

THE CANADIAN ECONOMY

RATE OF INFLATION—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the disheartening response of the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien) to the question of the government's plans to combat record inflation prospects facing our country, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That this House reject the only stated government policy, namely, that Canadians should henceforth cease eating, drinking, lighting, heating or cooling their homes in order to bring down the rate of inflation to the level projected in the last budget of the Minister of Finance.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AIR TRANSPORT

AIR SERVICE TO WESTERN CANADA—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I request permission to move a motion under Standing Order 43 on a matter of urgent and pressing necessity. In view of the promise made by the Prime Minister during the 1974 election of early action to provide a first-class air service to western Manitoba and eastern Saskatchewan in the interests of economic growth, and in view of the press release of the Minister of Transport (Mr. Lang) on January 31, 1977, requesting applications from carriers to provide commuter air service and jet service to these areas, and the application of Great Lakes Airlines to provide the necessary jet service now before the air transport committee, I move, seconded by the hon. member for Dauphin (Mr. Ritchie):

That the minister use his good offices to urge the air transport committee to reach a decision on the application at the earliest possible date, particularly in light of the air transportation requirements of the Canada Winter Games to be held in Brandon next February.

Mr. Speaker: Presentation of such a motion for discussion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

BEEF IMPORTS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. Last Friday, the U.S. announced that beef imports to that country will be increased by 16 per cent. As a result of the American move, Canadian beef markets have already fallen by 10 per cent. Therefore, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That the Minister of Agriculture assure this House that the government will not increase beef imports but, rather, will adopt measures to bring about self-sufficiency in the Canadian beef industry.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

PRODUCTION OF STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, pursuant to Standing Order 43 I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity. As Canadian steel mills are unable to supply the current demand for wide-flange beams in Canada, in view of the fact that Canadian steel mills are on controlled bookings allocation and, as a result, the British Columbia industry is unable to purchase wide-flange requirements from Canadian mills within practical time-frames, and because importers are unwilling to import wide-flange steel beams before the determination of dumping duty, thus causing hardship and injury to the B.C. steel industry, with unnecessary lay-offs involved, I

move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That nominal dumping duties be announced immediately so that the steel industry can import wide-flange steel beams that Canadians mills are unable to supply.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

ECOLOGICAL DAMAGE OF GARRISON RIVER DIVERSION—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the letter that the Premier of Manitoba sent to the leaders of the United States Congress requesting that they not continue funding the Garrison project. In view of the immense harm the project could do to the ecology of Manitoba water systems, I move, seconded by the hon. member for Brandon-Souris (Mr. Dinsdale):

That this House expresses its complete support for the letter sent by the Premier of Manitoba.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

TRANSPORT

ESTABLISHMENT OF PRAIRIE RAIL AUTHORITY—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. On Tuesday last, Mr. Justice Emmett Hall told the Standing Committee on Transport and Communications, "The task that was committed to the Prairie Rail Action Committee was premature and impossible of fulfilment within the time-frame given that committee". He also said PRAC recommendation to abandon the portion of the rail line from Liberty to Dilke was "a serious mistake". Therefore, before the Prairie Rail Action Committee can do any more damage to the grain handling system, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House request the government to require the Minister of Transport to reject PRAC abandonment recommendations to date, to disband the PRAC, and to bring forward legislation to set up the prairie rail authority as recommended by the Hall royal commission.

[Mr. Huntington.]

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

OPERATION OF SAINT JOHN, N.B., BRIDGE—MOTION UNDER S.O. 43

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. In view of the fact that the report of the Auditor General in 1976, and again in 1977, describes loans to the Saint John harbour bridge authority as being uncollectable, and in view of the fact that a write-off of these loans would be in accordance with standard accounting practices, I move, seconded by the hon. member for Restigouche (Mr. Harquail):

That the Government of Canada commence negotiations with the province of New Brunswick in the near future, with the ultimate goal in mind of the write-off of the $25 million in loans to the Saint John harbour bridge authority and toll-free passage for all vehicular traffic, with operating costs to be assumed by the province of New Brunswick.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

STATUS OF MIKHAIL KVATOV—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent necessity concerning evidence presented by the Crown at the preliminary trial of Peter Worthington under the Official Secrets Act several years ago; specifically, a statement by RCMP witness Spooner that Soviet diplomat Mikhail Kvatov was a KGB agent involved in certain activities from 1975 to 1976, the revelation of which by Mr. Worthington in the Toronto *Sun* allegedly prejudiced the security of the state. I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the Solicitor General explain to the House the complete inconsistency between the RCMP testimony and information given on request to the member for Leeds by the RCMP during the week of June 3, 1975, with regard to the same Mikhail Kvatov stating that he was a bona fide diplomat and was not engaged in KGB activities and, finally, that the minister confirm whether or not the court was lied to by the RCMP or whether the member for Leeds was lied to.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

OUTFLOW OF CAPITAL

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. It is based on very unhappy statistics brought out by Statistics Canada last week indicating that the exodus of capital from Canada continues, $335 million having been invested by Canadians abroad in that quarter alone, resulting in an outflow of capital in the 90-day period of over $3 million a day. Is the Minister of Finance aware of these figures? Does he find this exodus of capital alarming and, if so, would he give some explanation to the House and the people of Canada as to why this is occurring? I might add that over $1 billion has gone out in the last 12 months.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as the policy of the government is to let capital flow inside and outside of the country, we do not want to impose exchange controls. In order to have a lot of foreign capital in our economy, we must allow Canadians to make their own decisions about their investments. However, we are looking at the situation and watching it very carefully.

Mr. Stevens: Mr. Speaker, my question is, again, to the Minister of Finance. It is obvious from the figures, which the minister does not deny, that the international community is now judging Canada as an unprofitable place in which to invest. Would the minister indicate whether he plans any steps to make the Canadian investment climate a little more attractive, so that needed capital for this country's development might start flowing in, instead of going out as has been the case?

• (1417)

[*Translation*]

Mr. Chrétien: Mr. Speaker, Canada has always been recognized as a good place for investment. A tremendous amount of money enters the country regularly, and we have the best illustration in the articles published last week which indicated that U.S. bankers who established a $3 billion line of credit for Canada said that if we had wanted more it would have been possible to obtain it.

[*English*]

Mr. Stevens: Mr. Speaker, the Minister of Finance does not see the difference between raising debt funds to cover current account expenses of his government and needed capital that is not coming into the country. Is there an industrial strategy in place in this country to which the minister can refer us, and is there an industrial strategy that the world can see because, frankly, it is a very confusing picture? We have the Export Development Corporation financing pulp mills and steel mills to compete with Canada's in future years. We even have Petro-Can planning a $500 million investment to heighten the outflow of capital still further. Do we have an industrial strategy?

Mr. Chrétien: Mr. Speaker, we are working very intensely on that. I do not know if the hon. member is aware, but I discussed that matter very thoroughly last February with the premiers of the provinces. As a result of the February conference, studies are being made in order to elaborate the strategy in every sector of the Canadian economy. We have made a lot of progress in that regard. In terms of the difference between debt and equity investment in Canada, a lot of people in Canada were complaining for a hell of a long time that there was too much equity coming in and not enough debt financing.

INVESTMENT IN UNITED STATES INDUSTRY

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Finance. There is a grand total, including bonds, short and long-term investment, of $18 million in investment capital leaving Canada daily. The Conference Board recently reported that 26 Canadian firms have made major investments in the United States. That is a clear indication that the Minister of Industry, Trade and Commerce has completely failed in his portfolio: he cannot attract business here and he does nothing to keep in Canada those already here. Can the minister explain to the House why these 26 Canadian firms are investing in the United States?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if you look at the figures, you will see that since the beginning of 1978 the balance of payments in trade in Canada is in favour of Canada: it is increasing from year to year. Three years ago we had a deficit in trade balance; with the trend this year, we will have a trade balance in favour of Canada of more than $5 billion. That means we must be doing something right. We are one of the few nations which can claim such a favourable trade balance in favour of its own economy.

Mr. McKenzie: Perhaps the minister can explain why they are not consulting firms such as John Labatt Limited, which has announced plans for a wheat-starch and gluten facility in South Carolina, and the St. Laurence Steel and Wire Company which has leased facilities in New York state and will produce hockey masks. Will the Minister of Finance make inquiries, as the Minister of Industry, Trade and Commerce is obviously not doing anything to keep these firms here. Why can these hockey masks not be made in Canada?

Mr. Chrétien: Mr. Speaker, I do not have to defend the Minister of Industry, Trade and Commerce: he can defend himself very well. I just pointed out the great balance in terms

of trade for Canada. It is improving from month to month. That is certainly due to the fact that we have a very good Minister of Industry, Trade and Commerce.

* * *

ENERGY

TAKEOVER OF HUSKY OIL COMPANY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources regarding the struggle which is going on between Petro-Can and Occidental Petroleum Company of Los Angeles, each seeking to acquire a controlling interest in Husky Oil Company of Calgary. If the government follows its previous practice, this matter will not be referred to parliament but dealt with by FIRA and then by cabinet. Members of this House may find some day that this great asset has been transferred to the control of a foreign company. I ask the minister whether he is prepared, either today or on motions tomorrow, to make a statement to the House concerning the negotiations which are in progress and the intentions of the government with respect to a matter which he himself said in the House the other day was of national interest.

● (1422)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): I am sure there will be opportunities during the question period from day to day to answer questions such as those put forward by the hon. member today and on previous occasions. I shall be pleased to bring hon. members up to date on events as they may unfold. With respect to making any more formal or lengthy statement, I am not planning one at the present time—it might be premature—but, as I say, I would be pleased to answer specific questions.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I think the House is entitled to a statement of the government's intentions. The minister knows perfectly well that Husky controls more than 1.5 million acres of proven oil reserves on the Alberta-Saskatchewan border and that by using new technology it has a possibility of recovering 16 billion barrels of heavy crude oil. This is of great importance to Canada in a period when our light oil is being phased out.

Is the minister prepared to give specific assurances to the House that the government will take whatever steps are necessary to ensure that the control of Husky Oil Company and of its assets will continue to be maintained in Canada either by Petro-Canada or by Petro-Canada in partnership with the governments of Alberta and Saskatchewan?

Mr. Gillespie: As I have said in the House in the last few days and on many occasions in the past, development of the heavy oils of western Canada, particularly those of Saskatchewan, is very much a national priority. Indeed, at a meeting of first ministers, the Premier of Saskatchewan and the Prime Minister addressed themselves to this question. One of the results of that meeting was a commitment to move forward with the development of this heavy oil. We have regarded the takeover bid by Petro-Canada as being fully consistent with the priority we have assigned for the development of this heavy oil. Petro-Canada decided on the takeover route because its officials had reached the conclusion, as a result of negotiations and discussions with Husky Oil in the preceding months, that they would not be able to bring this oil-rich land into production for the benefit of Canada and Canadians. That is why Petro-Canada has gone forward with the blessing of the federal government.

If, as a result of the offer by the Occidental group, development of this heavy oil would be in every way guaranteed, one would have to come to the conclusion, it seems to me, that a Canadian objective had been secured. For this reason, I do not wish to prejudge either offer at the present time. The offer has been put forward in good faith by Petro-Canada. The president of Petro-Canada has told me his organization intends to proceed with this offer. What further action the consortium of Husky and Occidental may take, I am not in a position to forecast, nor am I in a position to speculate—

Some hon. Members: Order.

Mr. Douglas (Nanaimo-Cowichan-The Islands): May I direct a final supplementary to the Prime Minister? Can the Prime Minister tell us the policy of the government with respect to this matter? We have just heard the Minister of Energy, Mines and Resources say that the acquisition of Husky is in the national interest. The press quotes the Minister of Industry, Trade and Commerce as saying, "I am not shedding any tears over Petro-Canada". He says Petro-Canada can go out and buy land and put up a refinery of its own.

● (1427)

What is the policy with respect to this matter? There have been conflicting statements from two ministers and I think the House and the country are entitled to know whether the Prime Minister, as head of the government of this country, is prepared to commit himself to saying that this tremendous economic asset will be retained under the control of Canadians and preferably under the control of the federal government and the two provincial governments involved.

Right Hon. P. E. Trudeau (Prime Minister): With respect, Mr. Speaker, the hon. member either misunderstood or misinterpreted the answer of the Minister of Energy, Mines and Resources. He did not say it was in the national interest that the acquisition by Petro-Canada move ahead. He said it was in the national interest that these heavy oils and the freehold land under which the oils lay be exploited. He was quite clear in indicating that Petro-Canada was seeking that, and if somebody else was seeking that, that would also be in the national interest.

INDUSTRY

MEASURES TO IMPROVE PRODUCTIVITY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Statistics Canada has just reported that railway car loadings, which are an accurate measurement of industrial activity, decreased by 7 per cent during the first five months of this year compared with the same period a year ago, and that Canadian industry is operating at only 82.7 per cent of its capacity, the lowest point it has reached in three years—and it is going down. Would the minister advise the House, either now or on motions tomorrow, what plans he has to turn this very serious situation around and restore Canadian industry to a healthy condition?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we have in progress right now a number of distinct measures which will assist Canadian industry a great deal. While Canadian industry might well be operating at 85 per cent capacity—

Mr. Hees: It is 82.7 per cent.

Mr. Horner: It is 82.7 per cent, then, I am not going to argue about the figure. What I am saying is that we must be realistic. Part of that industry is always under repair and all of it is not capable of producing at 100 per cent capacity at all times. I think the House should bear that fact in mind.

Mr. Hees: Mr. Speaker, It has been made very obvious that the minister has no plans to turn around this very serious situation. Has he nothing better to offer than his present plan for helping Canadian industry, that of reducing import tariffs by an average of 40 per cent against all products coming into this country which compete with Canadian industrial products on the Canadian market which, if allowed to take place, will make competition for our Canadian industries far more difficult on the Canadian market and will increase unemployment very materially indeed?

Mr. Horner: Mr. Speaker, I thought the hon. member was aware of the things we were doing to help Canadian industry. We have set up 22 sector studies which encompass management, labour, provincial governments, the federal government, retailers and importers. These 22 sector studies will result in reports by the end of this month. We hope to make the reports public by about the third week in July. They will be submitted to a national board which will make a coherent effort on behalf of industry to make a presentation to the first ministers' conference.

With respect to tariff negotiations, I am amazed at the negativism—I really should not be amazed, after the months I have listened to hon. members opposite—in the hon. member's suggestion that a reduction of tariffs will hurt Canadian industry. A reduction of tariffs will broaden Canadian industries' marketability around the world. We have 23 million people, but there are 200 million people immediately south of us, so if our Canadian industry has a better opportunity to get into that larger market we will enhance opportunities for Canadian industries.

Mr. Hees: Mr. Speaker, these problems have been with us for several years. Long before now the government should have had a concrete plan for turning around this very serious situation. Does the minister not realize that the time for setting up boards, commissions and studies and more boards, commissions and studies has long passed and that we should have been getting action long before now to get the economy of this country rolling?

Mr. Horner: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for St. John's West.

EMERGENCY MEASURES TO ASSIST INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a supplementary question for the Minister of Industry, Trade and Commerce. In the last quarter of last year, Canadian industry operated at a rate of 84 per cent utilization. It is down to 82.7 per cent this quarter, the worst since 1961. Last spring the minister said that Canada's economy would be a lot healthier next spring, that the devalued dollar would begin to be felt and the devaluation would give the manufacturing industry room to breathe. How is it that the minister's forecast is not accurate and that, instead, Canadian manufacturing is in its worst state since 1961? What emergency measures is the minister taking, apart altogether from studies and task forces?

• (1432)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not agree, and I do not think the House should agree—certainly, Canadians should not agree—that our industry is in as terrible a shape as opposition members make it out to be. We have had a continuous merchandising trade surplus for the last 17 months.

An hon. Member: Selling our resources.

Mr. Horner: Selling resources? Let me tell the House that 10 per cent of our total exports are agricultural goods, 20 per cent are oil, gas and minerals, and 66⅔ per cent are manufactured and semi-processed goods.

Some hon. Members: Hear, hear!

Mr. Horner: We are becoming a large industrialized nation and we are doing very well at it because we have built up a trade surplus in the past 17 months. In retrospect, if one looks at the United States, one finds that they have had a merchandising trade deficit for the last 32 months. So we are doing very well.

Some hon. Members: Hear, hear!

Mr. Crosbie: Mr. Speaker, the Canadian industry has so much room to breathe that it is not even operating. Last fall,

in November, the Economic Council of Canada said that we faced five years of high unemployment, continuing inflation, modest growth and a large deficit in international payments. The minister said then that the council probably did not have all the available information at its disposal when it was doing its forecast and that it was wrong, it was too pessimistic. Now we have exactly what the council said—high unemployment, continuing inflation, modest growth and large deficits in international payments.

Would the minister apologize to the Economic Council of Canada, and will he produce the data that he had which showed that the council was wrong? In other words, will he continue talking through his stetson, or will he admit that we are in serious trouble and tell us what we are doing about it?

Mr. Horner: Mr. Speaker, I think the hon. member should read a more up-to-date report of the Economic Council of Canada.

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AIRPORTS

NOISE LEVELS IN AREA OF TORONTO AIRPORT

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of Transport who I understand is aware of the concern over the controversial proposal to build a 450-unit housing development beside Centennial Park in Etobicoke, just to the south of Toronto international airport. In view of the fact that provincial approval to build the units was based on the hypothetical noise exposure forecast figures produced by the minister's department, will the minister order his officials to conduct on-site testing, financed by the federal government, of the actual noise levels in order to ensure that local and provincial authorities are in possession of up to date, accurate information about noise levels in the area?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I will certainly take the suggestion under consideration. I have already asked my officials to do a further analysis of the noise situation and of the impact upon the airport of any possible further housing development in that area. I also hold the fairly strong personal view that such development is rather inadvisable notwithstanding what the technical situation may be with regard to the noise contours and location of the houses, because from knowledge in the past it has been clear that where housing has developed near an airport there is later increased pressure to decrease the usefulness of the airport and the great investment we have in it. Accordingly, I am today writing to Mr. Snow to this effect.

Mr. Beatty: Mr. Speaker, I thank the minister for his answer and ask whether or not he is aware of the proposal that has been made by Alderman Dick O'Brien, of Etobicoke, that the federal government will do as is done in other instances around federal airports, which is to purchase the land which would be used for this housing development and contribute it to the borough of Etobicoke as an extension to Centennial Park upon which it abuts. Is the minister giving serious consideration to that proposal?

Mr. Lang: Mr. Speaker, my colleague, the Minister of Energy, Mines and Resources, kept me fully aware of all opinions and events in this area. Of course, it is the tradition with regard to airports that the zoning should ordinarily be done by the province and by the municipality, and therefore that the impact upon lands should be taken into account by them as well. I think it may be seen as a fair division of responsibility if we, as the federal government, involved in investments in major airports put those investments in place and that the local people should make a contribution with regard to zoning.

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CONSUMER AFFAIRS

MEASURES TO COMBAT INCREASES IN PRICE OF FOOD

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Prime Minister, since the matter involves the responsibilities of several ministers. Last June, the government tabled a document entitled "A Food Strategy for Canada" and in it the government appeared to be committing itself to carry out a number of specific measures to "concentrate on the competitiveness of food processing, distribution and retailing " and "to encourage the food system to provide food and food services" to consumers in, among other things, "the simplest, most economical and most direct manner."

Would the Prime Minister himself, or through the relevant ministers, inform the House when all these programs will be implemented, or at least the extent to which they are already implemented, in the light of public concern over the current rate of increase in food prices?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this matter was discussed in part yesterday, and I think the relevant answer to at least part of the minister's question—

Some hon. Members: Oh, oh!

An hon. Member: Freudian slip.

Mr. Trudeau: Well, if you wish, Freudian slip.

Mr. Hees: Is he coming back?

Mr. Trudeau: He will certainly come back before you will, George.

Some hon. Members: Oh, oh!

Mr. Hees: Not if you have the courage to call an election.

Some hon. Members: Oh, oh!

Mr. Hees: You couldn't think of a comeback, Pierre.

Mr. Trudeau: Do you know who this loudmouth is, ladies and gentlemen? It is the hon. member for Prince Edward-Hastings. I name him.

Mr. Hees: Your memory is improving.

Mr. Trudeau: If you read yesterday's *Hansard*, you will see what I said to you. So, Mr. Speaker, to get back to the very serious question of the hon. member for Windsor West, let me say that we have assurances that there is no excess profit gouging or profiteering in the food retailing or processing industry. But of course, as the Minister of Consumer and Corporate Affairs said yesterday, we are looking into the matter and we are making sure that our information is correct and continues to be correct.

As to improving the situation, the minister said yesterday that we hope in the weeks to come to make any announcements which will become government policy.

MONITORING OF FOOD PRICES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for either the Prime Minister or the Minister of Consumer and Corporate Affairs. The new monitoring agency announced today by the Economic Council of Canada to take over during the post-control period will not have the investigatory authority that the Food Prices Review Board had under the Inquiries Act. Would the Prime Minister tell the House how this monitoring agency can function effectively in the marketplace if it does not have this investigatory authority, and whether or not the agency will, as did the Food Prices Review Board, report publicly or to the cabinet?

Right Hon. P. E. Trudeau (Prime Minister): If the hon. member refers to the letter which was made public this morning by the chairman of the Economic Council of Canada, I believe he will have the answer to both those questions. In the case of inquiries under the Inquiries Act or in any other form, the answer is that in areas where the Economic Council of Canada's special commission finds that a special inquiry is called for, it will so recommend to the government, which will then act in one way or another under the present legislation or by putting another proposal before the House. I believe that covers the question asked by the hon. member.

Mr. McGrath: Members of the House have not received a copy of the release this morning and hence we do not have the advantage which the Prime Minister has. Is he saying to the House that the new monitoring agency will only be able to operate after the fact—in other words, they can only recommend an inquiry after the fact—as opposed to being able to move in and identify abuses which are taking place in the marketplace? Is that the position of the new board and, if so, how can it operate effectively and do a job in monitoring the marketplace?

Mr. Trudeau: Yes, it is after the fact and it is with material which is readily available publicly. Power has not been given to this new body to carry out investigations or to call witnesses on its own. I might remind the hon. member that this government, early this session, put legislation before the House to set up a post-AIB monitoring board. We heard great argument from all sides but particularly from the Tory party that they did not want to support it. In particular, at the first ministers' conference in February, a majority of the provinces indicated that they did not want, and would not support, the initiatives for post-controls of the Minister of Finance. As a result of that, we accepted a compromise, which was moved forward by the provinces, that we would make a request to the Economic Council. That request was made and the Economic Council studied the matter. The answer is given in a letter which was made public this morning at a press conference by Mrs. Ostry and equally, I believe, it was made public by my office.

● (1442)

KICKBACKS TO SUPERMARKETS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. It is in the area of prices and concerns the kickbacks which are being made to Dominion Stores and other companies in Ontario as revealed by a special committee of the Ontario legislature. Now we have evidence that at least one dairy is giving a 26 per cent kickback to Dominion Stores in fluid milk, a canned food processor gives a rebate or a kickback of some 10 per cent to Dominion Stores, and a kickback of some 15 per cent on vegetables by some chain stores as well as 10 per cent on apples.

In view of the fact that this will result in rapid concentration and that some stores are now paying more at the wholesale level for their commodities than the large supermarkets are at the retail level, can the minister indicate if he has had a chance to investigate this entire area of kickbacks by processors, and so on, to the chain stores? If he has not had a chance to look at it, what will he do?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, as I said approximately a week ago, this matter has been under examination by the director of investigation and research under the combines act. According to the combines act, if these rebates were offered to all stores on an equal basis, then they would be legal. However, if the evidence indicates, as the hon. member states, that there is discrimination in the offering of rebates, then of course it would be illegal and the director could take legal action against them. At one point we did not have that evidence, but if evidence has now come in, then of course it would be illegal under the combines act and action can be taken.

Mr. Nystrom: Mr. Speaker, there is at least one case where the kickback from canned food processors to Dominion Stores is at least 10 per cent greater than it is to A and P. Therefore, I assume that is illegal and the minister will take action. I can provide him with that evidence.

I should like to direct a question to the Acting Minister of National Revenue, the Minister of National Health and Welfare. Testimony before an Ontario committee indicated that

Loblaws' rebates are paid out in part to a separate company called Intersave, a name which I think is quite appropriate for Loblaws. In view of the fact that supermarket profits are already high—for example, in the case of Safeway, up 61 per cent and in the case of Loeb, up 163 per cent—can the minister indicate if her department has investigated these kickbacks? Can she assure us that chain stores are not using this method of kickback in order to evade taxes which are otherwise due to the Canadian people?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I will transmit to the Department of National Revenue the allegations of eventual tax evasion by the companies the hon. member referred to.

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NATIONAL DEFENCE

POLITICAL CLEARANCE OF MAJOR CONTRACTS

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Minister of National Defence. On Monday, the hon. member for Central Nova questioned the Minister of Finance who was the Acting Prime Minister at the time. His questions concerned a meeting which was held some time ago between the present Minister of National Defence and the chairman of the National Capital Commission wherein the following quotation appeared:

> The minister (meaning the present Minister of National Defence) wants to make sure that the firms chosen for major contracts of this sort are cleared politically with the ministers responsible through this office.

Can the minister tell the House if that quotation still represents his method of handling bids for government contracts?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, in the context of that particular quotation, which I do not recall, it accurately reflects my position. It was not on bids. Of course, bids always go to the lowest bidder unless there are exceptional circumstances.

Some hon. Members: Oh, oh!

Mr. Danson: We are talking about contracts for professional services. I would always consult the regional minister in an area to make certain all the contracts which do not go by tender are distributed properly and do not all go to one company in a region, and to ensure that ample opportunity is given to smaller companies in different parts of the region, smaller communities and disadvantaged areas, in order for them to take full advantage of it, rather than the traditional firms which might have very close connections in the public service. I think it is up to ministers to fulfil their responsibilities to see that there is proper distribution of contracts throughout an area and that all companies have an opportunity, particularly when there are no bids.

Mr. McKinnon: Mr. Speaker, the procedures for awarding the contract for the new fighter aircraft entail the Minister of National Defence taking the final selection of his department to cabinet. If the five firms involved are to be screened in any way to determine their political clearance, does the minister not believe an undue advantage will accrue to that firm which has on its board of directors the former minister of finance, the Hon. Donald Macdonald? Has the minister issued any directives to ensure that his former colleague will not exert any influence whatsoever on the decision?

Mr. Danson: Mr. Speaker, first of all, there are a whole number of factors involved in that decision and no political influence in that sense would be exercised. If it was the purpose of MacDonnell-Douglas to get one of the finest directors on its board that it could choose from among Canadians. They have achieved that purpose. If that company believes it is helping them to get a contract, of course they have made a mistake because they would be underrating both the government and Mr. Macdonald.

Some hon. Members: Oh, oh!

Mr. Danson: The fact of the matter is that he is a man of great integrity. I might say that he has had no contact with me on this matter since he went to that board of directors. The only effect it might have is that that company perhaps will have to prove itself 110 per cent, where the others have to prove themselves 100 per cent.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: You mean it does have an effect.

Mr. McKinnon: Mr. Speaker, does the Minister of National Defence actually believe that MacDonnell-Douglas took on Mr. Macdonald for his knowledge of aircraft, particularly fighter aircraft?

Mr. Speaker: Order, please. The hon. member for Brome-Missisquoi.

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LABOUR CONDITIONS

EMPLOYMENT OF YOUNG CANADIANS

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question, concerning youth and student employment, is directed to the right hon. Prime Minister in the absence of the Minister of Finance who is the chief economic minister. According to statistics which I have in my hands today issued by the government, 605,000 students will leave Canadian educational institutions in 1978 and become available to the labour force in 1978. Because of these unusually large statistics, can the Prime Minister tell us specifically what the government plans to do about it in terms of new initiatives to employ these young Canadians, in view of the general employment situation in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in part an overwhelming proportion of these young Canadians will find jobs in the private sector.

An hon. Member: Tell them to leave the country.

Mr. Trudeau: In so far as the others are concerned, just yesterday and the day before the Minister of Employment and Immigration gave figures to the hon. member and his colleagues indicating that a very high proportion, something like 30 per cent to 40 per cent, of government direct spending for job creation will be going to young Canadians.

Mr. Grafftey: Mr. Speaker, I am sure the government is not reacting on the basis of these statistics today because they are based on the babies born in the post-war baby boom. In view of the very high rate of unemployment among students and young Canadians, and the very high statistics which the government has been well aware of for some time and informed us of today, can we not expect, without delay, some new and dynamic initiatives from the government to challenge the excellence of the younger generation?

Mr. Trudeau: Mr. Speaker, I do not suppose the hon. member, certainly not his party, is suggesting that the government be the employer of last resort for all Canadians. That is why I insist that the private sector is creating jobs, as has been made clear repeatedly in this House, at a rate which is substantially higher than that of any other industrialized society. The rate has been something like 300,000 jobs on a year over year basis. This is a higher rate than the 10-year historical average in Canada.

● (1452)

An hon. Member: Bunk.

Mr. Trudeau: Someone over there says "bunk", Mr. Speaker, or something that sounded like that. I am not sure what this Latin word means in English, but I can tell him that the figures I am giving are the true figures.

Mr. Stevens: No, they are not.

Mr. Trudeau: It serves no purpose, to the opposition or anyone, to say that this country and this economy are not creating jobs at a very high rate. They are, Mr. Speaker.

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CANADIAN BROADCASTING CORPORATION

LABOUR RELATIONS WITHIN CORPORATION

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. I am sure the minister is well aware of the developing impasse between the CBC staff announcers and management of a renegotiated contract which expired last July. In view of the conciliation report which was brought down earlier this week which, as I understand it, has been accepted by the announcers and rejected in part by the CBC management, and the report that there were over 250 violations of the previous contract during the last ten-year period by CBC management, has the minister expressed any concern to the president of the CBC, on behalf of the government, about the questionable industrial relations that exist within CBC management, or has he conferred with the Minister of Labour about possible violations of the Canada Labour Code?

Hon. John Roberts (Secretary of State): Mr. Speaker, in a general way there are continuing discussions between myself and the president of the CBC about a variety of problems that exist in the corporation, including those of management and labour relations. As to the second part of the hon. member's question, there have not been specific discussions with the Minister of Labour to which he referred.

Mr. MacDonald (Egmont): Mr. Speaker, in view of the very high series of reported violations under the previous contract, and the fact that there seem to be very real threats posed to present CBC staff announcers under the proposal brought forward, that they would adopt such a situation as a new category of short-term announcers with. seemingly, no particular benefit to the corporation, could the minister indicate whether, in view of one strike vote already being held by NABET and the possibility of another one next week, there will be any attempt made to have the CBC management adopt more appropriate industrial relations for a Crown corporation?

Mr. Roberts: Mr. Speaker, as the hon. member knows, I do not interfere directly in the management of the CBC; but I will be happy to do as I have in the past and bring his representations to the attention of management.

* * *

ENERGY

SAFETY OF NUCLEAR GENERATING PLANTS

Mr. Maurice Foster (Algoma): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of press reports concerning the serious allegations of Mr. Arthur Porter, commissioner of the Ontario Royal Commission on Electric Power Planning, that information on the safety of nuclear generating plants was withheld from his commission by the Atomic Energy Control Board, has the minister investigated those allegations and can he assure the House that safety information of the Atomic Energy Control Board was not withheld from this royal commission?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have assured myself of those facts. I asked the president of the Atomic Energy Control Board what the allegations were based on and he told me he was not sure what they were. He then talked to Mr. Porter, the royal commissioner. I think the royal commissioner was perhaps under some misapprehension and had not realized, when he made his statement, that indeed the Atomic Energy Control

Board had placed before the royal commission information of which the royal commissioner should have been aware. Subsequently, in a radio interview, the royal commissioner made a statement to the effect that he had erred in his judgment with respect to the words he had chosen and that, indeed, there was no risk with respect to the safety of Canadian nuclear reactors.

TAKEOVER OF HUSKY OIL COMPANY

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. He said a few minutes ago that Petro-Canada had the blessing of the Government of Canada with respect to its offer to Husky Oil. I would like to ask the minister whether Petro-Canada has secured the financial backing of the Government of Canada with respect to this offer which, as I understand it, amounts to something in excess of $500 million altogether and, if so, was this taken care of in the cash requirements put before the House at the time of the budget of the Minister of Finance?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the financial arrangements for the transaction, in the event that it is a successful bid, have been considered. Petro-Canada has negotiated a line of credit for the purposes of financing the greater part of the purchase. It would require some assistance from its capital budget which has already been submitted and approved, so there will be no additional funds provided to Petro-Canada by the federal government with respect to its over-all capital budget.

Mr. Stanfield: Mr. Speaker, with respect to the amount of capital it is anticipated that Petro-Canada would raise on its own, would this be raised by Petro-Canada without the guarantee and support of the Government of Canada? Is the minister saying, in effect, that this transaction would add nothing more to the cash requirements of the Government of Canada other than the amount already provided for in the budge as presented?

Mr. Gillespie: Mr. Speaker, that is precisely the fact.

* * *

FISHERIES

TARIFF ON EXPORTS TO EUROPEAN ECONOMIC COMMUNITY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I direct my question to the Minister of Fisheries and the Environment. In a statement released by the minister's department on June 13 concerning the results of ICNAF consultations in Bonn, we read that negotiators established reserves on several important stocks which will be allocated later either to Canadian fishermen or to other states in return for economic and commercial benefits offered by those states.

In light of that statement, and in view of the impact caused by the present boundary negotiations that are under way between Canada and the United States which reflect upon Canada's fishermen, plus their need for expanded markets, I would ask the minister what kind of economic benefits he has in mind and what steps he has taken to secure the lowering of the 15 per cent tariff on Canadian fish when sold to the European Economic Community to a 3 per cent or 4 per cent level as charged by the Community to Norway and Iceland, for example, so that Canadian fishermen would at least have a fighting chance in those European markets.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I notice that the hon. member did not mention our success in negotiating the prevention of countervailing with the U.S. authorities; but since he has not, I will. It was a very great victory for the Secretary of State for External Affairs, who in fact was able to demonstrate that we had separated the issue of countervailing and duties from the issue of boundaries. I recognize that hon. members opposite did, in fact, rejoice at the success.

With regard to the question asked by the hon. member, as he knows, quotas are being discussed for the year 1979. In some cases we expect Canadian fishermen to reach and even go beyond their quotas in the offshore fisheries and therefore there may be room for expansion in 1979. For that reason, we have kept some reserve for Canadian fishermen if they demonstrate that they can, in fact, take the additional quotas. The idea of commensurate benefit is exactly for the purpose expressed by the hon. member, namely, to gain access to markets. We are willing to say to certain nations which have vessels that are not sufficiently occupied or plants that are very short of supply, "if you offer us good access to your market, we will consider the possibility of offering some access to our zone".

* * *

SPORT

WHA SIGNING OF JUNIOR HOCKEY PLAYERS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of State (Fitness and Amateur Sport). It concerns the announcement today that three more under age junior hockey players are about to sign with the World Hockey Association, a clear violation not only of their own rules but of the minister's stated government policy that she opposes this kind of raiding of junior hockey. Can the minister advise the House what she proposes to do to stop what could be a state of anarchy existing in junior hockey if we continue to allow professional teams to sign under age players across Canada?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, it is my intention to set up an inquiry into the non-professional levels of hockey as recommended in the all-party committee report on international hockey, chaired by Senator Buckwold. It is my intention to have that committee meet before the end of this month.

POINTS OF ORDER

MR. McGRATH—ANSWER GIVEN BY PRIME MINISTER

Mr. James A. McGrath (St. John's East): Mr. Speaker, on a point of order, I know that the Prime Minister (Mr. Trudeau) would not deliberately mislead the House, and I know that he would want to correct the record in his reply to my question when he accused this House of opposing legislation to set up the regulatory monitoring agency to succeed the Anti-Inflation Board especially during the post-controls period. That, of course, is not true. I have checked with my House leader, the hon. member for Grenville-Carleton (Mr. Baker), and with the hon. member for York-Simcoe (Mr. Stevens). They confirm what I knew anyway—that we did not oppose that proposition. I know the Prime Minister would not want to mislead the House.

● (1502)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course I accept the word of the hon. gentleman, but this is an interesting development. If the House would really prefer the act which had been proposed by the minister for the post inflation period, I wish we had heard about it before now. The difficulty in getting it through the House was precisely because we had been hearing it had not been accepted by the other side.

Mr. Stevens: The minister said there was no act.

Mr. Trudeau: The minister said that he was prepared to move in the post inflation period with a special monitoring body. This was before the House for debate for quite some time—this was stated, if I recall correctly, in the Speech from the Throne. When we had the first ministers' conference it was indicated by the premiers that they preferred something else, and it is the something else that we have now, Mr. Speaker, the Economic Council of Canada.

If the hon. gentleman says they have not taken a position on that, I wish they had, because we would now have some other form of action.

Mr. Speaker: Order, please. I see two other hon. members rising on points of order. The Minister for Public Works and Minister of State for Science and Technology (Mr. Buchanan) has indicated his intention to participate in the question of privilege raised earlier by the hon. member for Calgary Centre (Mr. Andre). I wonder if I could take these points of order briefly, and then take the minister's intervention.

MR. CROUSE—FISHERIES—COUNTERVAILING DUTIES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, a moment ago I raised a question with the hon. Minister of Fisheries and the Environment (Mr. LeBlanc). In his response the minister stated that he was somewhat surprised that we on this side had not referred to the agreement that had been reached on the countervailing duties proposed by the United States. In defence of my position I must say that we did not raise the question of countervailing duties during the period that this matter was under discussion, at the expressed request of the minister. He stated to me personally that to raise this matter at such a delicate period in the negotiations between Canada and the United States could jeopardize those negotiations to the detriment of the interests of the Canadian fishing industry.

As the minister is well aware, the United States government has the right at any time to implement countervailing duties. It was only because he insisted or suggested that they would take away some of the assistance, namely, the two cents per pound paid to fishermen on October 1, that he was able to obtain agreement, so we are still in a very delicate situation with regard to the interests of Canadian fishermen.

I regret that the minister took what appeared to me to be an opportunity to make a cheap political attack on this side of the House when we had done everything possible to assist him in securing a rational and reasonable solution to what is, in my opinion, a very serious and very delicate problem.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, if I offended the hon. member, I apologize. The fact is, in the preface to my answer to his question, I alluded to the hon. member for St. John's West (Mr. Crosbie) whose heated exchange with the Secretary of State for External Affairs (Mr. Jamieson) is recorded in *Hansard*. He certainly showed signs of great nervousness at the possibility of countervail which, by the way, had been discussed for many, many months, and which had nothing to do with the present boundary difficulty.

I certainly recognize that the hon. member, in response to my request at one point, abstained from questioning in a delicate moment in our negotiations before this agreement was suspended, and for this I give him full credit. If I did have a complaint it was not with the hon. member for South Shore (Mr. Crouse), who has shown great responsibility in these matters, but it was possibly to make a point to the hon. member for St. John's West.

* * *

PRIVILEGE

MR. STEVENS—PRIME MINISTER'S REMARKS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question of privilege arises from the remarks just made by the Prime Minister (Mr. Trudeau) when he indicated some type of monitoring agency bill had been suggested to parliament and that the official opposition had somehow discouraged either its passage or introduction.

There is a great misunderstanding here, Mr. Speaker. Like my colleague, the hon. member for St. John's East (Mr. McGrath), I would not say that the Prime Minister has deliberately misled the House. The fact is that a draft bill, some 30 or 40 pages long, calling for the setting up of a monitoring agency and extensive regulatory powers to be given

to the federal government, came into our possession, and the Minister of Finance (Mr. Chrétien) denied it categorically. He said there was no such legislation. He refused even to accept the draft I had in my hands, and in any event said he had no authority at all concerning such a bill and, if it had been drafted, it had not been done on his instructions. For the Prime Minister to indicate that the Minister of Finance was on the verge of introducing some such bill, is totally wrong.

Mr. Speaker: Order, please. Surely the point raised by the hon. member for York-Simcoe (Mr. Stevens), further to that raised by the hon. member for St. John's East (Mr. McGrath), constitutes essentially a difference of opinion or a dispute as to interpretation between them and the Prime Minister of what he said. It does not constitute a question of privilege.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): I rise on a point of order, Mr. Speaker, with regard to the business of the House. The government House leader has indicated the list of legislation on previous occasions. If the deputy House leader has anything to add from the point of view of the government, I would appreciate knowing it. While he is on his feet perhaps he could designate Tuesday, June 20, and Thursday, June 22, as allotted days, in accordance with the discussions I had with his colleague.

Mr. Cafik: Mr. Speaker, to answer the second question first, I am pleased to confirm that we will designate Tuesday and Thursday of next week as allotted days, the two remaining days in this period. As the opposition House leader realizes, today is an opposition day. Tomorrow and on Monday we will carry on with Bill C-56, if the debate continues until then. Then we will set aside the two opposition days which I have noted, and continue with the balance of Bill C-56 until it is concluded through third reading. Following that, we will call Bill C-36 and deal with report stage of the Export Development Act, then the language of trial bill at report stage, Bill C-42; next, the continuation of report stage of Bill C-48, the Customs Tariff Act, and on to Bill C-59, second reading of the bill affecting small businesses.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the minister's colleague indicated there might be some flexibility in the order of calling these bills. I wonder if the deputy House leader could indicate if that stands, and then we could discuss the order.

There has been a considerable amount of concern in the House about the case of Alexander Peter Treu. There has been some suggestion by the hon. member for Peace River (Mr. Baldwin), supported by the hon. member for Windsor-Walkerville (Mr. MacGuigan), that it might be appropriate for the House to consider establishing a special joint committee with the other place to deal with the Official Secrets Act. Given that kind of feeling on both sides of the House that it is perhaps time to examine that statute, would the deputy House leader convey this to his colleague and see if there can be some discussion about establishing a committee so that the matter could be examined in a way other than that which it has been heretofore?

Mr. Cafik: Mr. Speaker, on the first point, the government is always prepared to be flexible about the priorization, although we are committed to those particular bills. Our House leader will discuss that with House leaders of the respective parties.

With regard to a special committee to deal with the Treu case or the Official Secrets Act, I can indicate in a preliminary way that there is no disposition toward this at the present.

● (1512)

Mr. Speaker: Order, please. I note that there are three ministers here seeking to table documents under the regular tabling of documents. I wonder if we might move to do that and release them before we take the intervention of a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

DOMINION-PROVINCIAL RELATIONS

TABLING OF CORRESPONDENCE RESPECTING PUBLICITY AGREEMENT BETWEEN NEW BRUNSWICK AND FEDERAL GOVERNMENT

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would like to table, pursuant to Standing Order 41(2), copies in both official languages of correspondence between myself and the Premier of New Brunswick outlining a publicity agreement between the federal government and the government of the province.

* * *

PRIVILEGE

MR. STEVENS—PRIME MINISTER'S REMARKS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, without directly reopening the matter, which you did rule as closed, I think I owe it to the other side, with their permission, to make a point clear which was raised by the hon. member for York-Simcoe (Mr. Stevens). He did indicate that I had alleged the existence of a bill. I am informed by the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) that there was no such bill. The matter was discussed. I personally talked about it with leaders of the business and labour communities in meetings which I had with them. I know the substance was discussed in the committee. But the hon. member is correct,

there was no bill and I should not have indicated that the bill was before the House.

* * *

[*Translation*]

ADMINISTRATION OF JUSTICE

TABLING OF ANNUAL REPORT OF CORRECTIONAL INVESTIGATOR

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, under Standing Order 41(2), I would like to table, in both official languages, the annual report of the Correctional Investigator covering the period from June 1, 1976 to May 31, 1977.

* * *

[*English*]

PUBLIC SERVICE

TABLING OF COMMISSION'S SUBMISSIONS

Hon. John Roberts (Secretary of State): Mr. Speaker, I am pleased to table under Standing Order 41(2), in both official languages, the submission of the Public Service Commission to special committee on personnel management.

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PRIVILEGE

MR. ANDRE—RESEARCH AND DEVELOPMENT—MINISTER'S STATEMENT

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, my comment will be brief. On June 8 the hon. member for Calgary Centre (Mr. Andre) raised by way of privilege the question of my misleading the House in my statement on "Measures to Strengthen and Encourage Research and Development in Canada", which I made to the House on June 1.

The hon. member made reference to two points in his remarks, and I would like to reply to both points, first on the question of gross national product versus gross domestic product.

Economists calculate gross domestic product on at least two different bases. No doubt it is this fact which has led the hon. member for Calgary Centre to suggest that a research and development expenditure target of 1.5 per cent of gross domestic product is substantially lower than a target of 1.5 per cent of gross national product.

In Canada gross domestic product is published at factor cost, but for international comparisons of R and D expenditures the Organization for Economic Co-operation and Development calculate on what they term purchasers' values. The OECD calculation is higher because it includes indirect taxes less subsidies.

Point of Order—Mr. D. Munro

Based on this OECD definition of gross domestic product, which we have used for standard international comparisons, our target of 1.5 per cent of gross domestic product for 1983 translates to 1.46 per cent of gross national product. For practical purposes we believe in setting a five-year target; 1.5 per cent of gross domestic product, as I have used, is equivalent to a target of 1.5 per cent of gross national product, which is a much more widely known term.

The second point which the hon. member for Calgary Centre raised related to the question of accuracy of footnoting which appeared in the discussion paper. On that point, Mr. Speaker, the historical figures of Canadian research and development expenditures expressed in terms of gross national product which I used in my statement are the latest and most reliable data available from Statistics Canada and the cited "Bank of Canada Review." The research and development expenditures appear in a 1978 Statistics Canada publication on "Research and Development Expenditures in Canada, 1963-1977" and will in due course appear as revisions to the Statistics Canada Catalogue 13-003. Due to an oversight, the footnote to the table in my statement was not amended when the original data, from an August, 1977 publication, were changed to reflect the latest information available.

Mr. Speaker: Order, please. The hon. minister has now replied to the point referred to by the hon. member for Calgary Centre (Mr. Andre). I will have to give both arguments some consideration, together with the two arguments on the point raised a few days ago by the hon. member for Brandon-Souris (Mr. Dinsdale). I will try to conclude the matters either tomorrow or Monday at the very latest.

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POINT OF ORDER

MR. MUNRO (ESQUIMALT-SAANICH)—BROADENED REFERENCE FOR FISHERIES COMMITTEE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, when I rose to speak on my point of order before Statements by Ministers, the deputy House leader on the government side was still in the House. I had intended to ask him if any progress had been made on securing a broadened reference for the Standing Committee on Fisheries and Forestry. Since he is not in the House, I will put it on the record. I do hope that some sort of a report will be forthcoming soon, particularly in light of the fact that on the 19th of this month the negotiators for the two sides will be meeting to continue their discussions toward a permanent treaty between our two countries on these matters.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The request of the hon. member has been conveyed to the President of Privy Council (Mr. MacEachen) who is now taking it into consideration.

Order Paper Questions

COMBINES INVESTIGATION ACT

AMENDMENT TO PROHIBIT USE OF LOSS LEADERS

Mr. John Rodriguez (Nickel Belt) moved for leave to introduce Bill C-463, to amend the Combines Investigation Act.

Some hon. Members: Explain.

Mr. Rodriguez: Mr. Speaker, the purpose of this bill is to outlaw the practice of the use of loss leaders. This is a practice to sell goods below cost, which has been detrimental to the operation of small businesses and has resulted in a concentration of power, especially in the food industry.

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

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 347, 963, 1,281, 1,282, 1,283, 1,472 and 1,596.

[*Text*]

PRIME MINISTER

Question No. 347—**Mr. Cossitt:**

1. Did the Prime Minister during a recent visit to London and the western Ontario area in the course of a speech state that Canadians were too concerned with summer homes in the country and two cars in the yard and, if so (a) what were the exact words he used (b) in what location did he make the statement and to what audience (c) is the Prime Minister aware that radio news broadcasts carried voice clips of such a statement?

2. Has the government adopted a policy to close the Prime Minister's summer residence at Harrington Lake as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

3. Has the government adopted a policy to sell one of the two $85,000 Cadillacs used by the Prime Minister as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

Right Hon. P. E. Trudeau (Prime Minister): See Beauchesne's Parliamentary Rules and Forms, Fourth Edition, citation No. 171(a), (e), (h), (l) and (q).

JUSTICE—LEGISLATION

Question No. 963—**Mr. Howie:**

Since January 1, 1977, did the Department of Justice pay or engage outside lawyers or consultants to assist directly or indirectly in the preparation of legislation?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Yes.

[Mr. Pinard.]

P.M.'S VISIT TO B.C.

Question No. 1,281—**Mr. Cossitt:**

During his early February 1978 visit to British Columbia, did the Prime Minister meet with a group of labour leaders and specifically did he say to them "Do you think we are out to screw the Canadian people?" and, if so (a) what is a full explanation of what the Prime Minister meant by this remark (b) is the Prime Minister prepared to immediately produce evidence to Parliament showing that he is not out to "screw" the Canadian people?

Right Hon. P. E. Trudeau (Prime Minister): The Prime Minister did not meet with labour leaders on the February, 1978 visit to British Columbia, his only visit to that province during the first quarter of 1978.

Question No. 1,282—**Mr. Cossitt:**

During his early February 1978 trip to British Columbia did the Prime Minister in a speech in Prince George state in part, that unemployment has grown faster in Canada than elsewhere and specifically did he say "Let's not get into subleties" and, if so (*a*) has it been or is it the policy of the government to let unemployment grow faster in Canada than elsewhere (*b*) what is a full explanation of what the Prime Minister meant when he said "Let's not get into subtleties"?

Right Hon. P. E. Trudeau (Prime Minister): No. During his February, 1978 trip to British Columbia, the Prime Minister did not say in a speech in Prince George that unemployment has grown faster in Canada than elsewhere. He did say, "We have a worse rate of unemployment than the average of industrialized nations", which is, of course, a different thing. He did say, when referring to the Canadian labour force participation rate, "let's not get into subleties". (a) No. (b) The Prime Minister was explaining why our unemployment rate was higher than the average of the industrialized nations despite the fact that we create jobs faster in Canada than in other industrialized nations. One reason was the high rate of growth of the labour force. Another was the high participation rate. Explaining the latter, the Prime Minister said, "let's not get into subleties".

Question No. 1,283—**Mr. Cossitt:**

1. With reference to the Prime Minister's trip to certain points in British Columbia commencing on or about February 2, 1978 (a) what was the total cost to the taxpayer, including transportation, accommodation, food and drink for the Prime Minister and all those accompanying him on the trip (b) what specific government aircraft were involved in this entire operation and what was the total cost (c) what are the names and job designations of all persons accompanying the Prime Minister at any time during the trip?

2. Did the Minister of State (Fitness and Amateur Sport), the Minister of Justice and the Minister of State (Environment) accompany the Prime Minister at any time during the trip and, if so, what are all the costs including transportation, etc. for their participation?

3. Is it government policy to use government aircraft at taxpayers expense to shuttle the Prime Minister and members of the Cabinet to various places in the country for pre-election campaigning and, if so (a) what reasons are such privileges extended by the government only to the Liberal Party (b) what reasons justify such expenditure of public funds?

Right Hon. P. E. Trudeau (Prime Minister): 1. See reply to question 2,881 answered October 17, 1977.

2. Yes. See 1 above.

3. See 1 above.

RCMP

Question No. 1,472—**Mr. Beaudoin:**

Over the past ten years, has the Royal Canadian Mounted Police seized any documents from the Canadian Dairy Commission and, if so (a) in which years (b) for what reasons (c) what was the nature of the documents seized (d) have there been any lawsuits as a result?

Hon. J.-J. Blais (Solicitor General): No. (a), (b), (c) and (d) Not applicable.

Indian Affairs

RAILWAY LINES

Question No. 1,596—**Mr. Beaudoin:**

Were any railway lines abandoned in the province of Quebec between 1967 and 1977 and, if so (a) how many belonged to (i) CNR (ii) CPR (b) which municipalities were affected by the decommissioning of the lines?

[*Translation*]

Hon. Otto E. Lang (Minister of Transport): The Canadian Transport Commission replies as follows:

Branch Lines Abandoned in the Province of Quebec
1967—1977

Railway	Subdivision	Between	Order No.	Date of Order	Municipality(ies) concerned
CN	St. Stanislas	St. Prosper—Garneau mile 1.57—mile 15.69	R-24481	08/03/77	St. Stanislas Village; St. Stanislas Parish; Proulxville; St. Prosper
CP	Temiscaming (Kipawa Spur)	Gendreau—Kipawa mile 0.0—mile 1.5	R-11886	07/06/71	County of Temiscaming
CP	Drummondville	Knowlton—Foster mile 0.0—mile 5.24	R-24044	15/12/76	Lac Brome; Knowlton; Paroisse de Sainte Pudentienne
CP	St. Guillaume	Ste. Rosalie—St. Guillaume mile 28.4—mile 46.7	R-23930	15/11/76	Corporation of Bagot County; Ste. Rosalie Village;
CP	Sawyerville	Cookshire—Sawyerville mile 0.0—mile 6.9	R-24306	25/01/77	St. Isidore d'Auckland

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

QUESTION PASSED AS ORDER FOR RETURN

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,463 could be made an order for return, this return would be tabled immediately.

Mr. Speaker: Is it the pleasure of the House that question No. 1,463 be made an order for return?

Some hon. Members: Agreed.

[*Text*]

POLICE OFFICERS

Question No. 1,463—**Mr. Rodriguez:**

Since 1970, how many Canadian police officers under the jurisdiction of the Solicitor General attended training programmes abroad and, in each case, what was the (a) name and location of the training institution or programme (b) name of the sponsoring organization (c) nature of the course (d) number and rank of Canadian police officers attending?

Return tabled.

[*English*]

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

Some hon. Members: Agreed.

● (1522)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—SUGGESTED ESTABLISHMENT OF SPECIAL JOINT COMMITTEE TO REVIEW PROVISIONS OF THE INDIAN ACT

Mr. J. R. Holmes (Lambton-Kent) moved:

That a Special Joint Committee of the Senate and House of Commons be appointed to consider and report upon the provisions of the *Indian Act;*

That fifteen members, to be named at a later date, act as members on the part of this House on the said committee;

That the said committee have the power to send for persons, papers and records and to examine witnesses; to sit during sittings and adjournments of the House; to report from time to time; to print such papers and evidence from day to day as may be deemed advisable; and to delegate to sub-committees all or any of its powers except the power to report directly to the House;

That the committee have power to travel from place to place within Canada; and

That a message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed Special Joint Committee.

He said: Mr. Speaker, at the outset I want to say to the Minister of Indian Affairs and Northern Development (Mr. Faulkner), and to the government that the motion before the House is not viewed by my party as one of non-confidence.

The motion is in response to the serious problems afflicting the aboriginal people in Canada and holds the promise for a more enlightened Indian policy. One of the remarkable paradoxes in Canadian history is that at the very time Canadians are debating the historic constitutional rights of the two "founding races" we continue to proceed with a policy of assimilation of our aboriginal people.

There is irrefutable evidence that the policy of assimilation, which has been part of our political history, most recently expressed in a formal way in the policy white paper of 1969, has not only been rejected by the Indian community but more important has failed to resolve their serious social, economic, and political problems.

It is essential to have a brief glimpse of the past if we are to understand the present and forge a new future.

There has been considerable legislation affecting the Indians in Canada since the eighteenth century to the present. During this period, government policy has shown little variation from its original position of assimilation for Indian people into white society at the earliest possible time.

Prior to 1844 Indians were administered by the British Indian department, which was a branch of the military. Indian policy began when the government sought military alliances with the Indians to aid in war ventures, and to secure their friendship during peace time. After 1844 the administration of Indian Affairs was transferred to the Province of Canada, away from the authority in England.

By 1867 the Province of Canada had an intensely developed Indian policy administered by the Crown Lands Department. Two statutes passed in 1856, "An Act for the Better Protection of the Lands and Property of Indians in Lower Canada", and a similar act in Upper Canada, were introduced by government to protect the Indians and their lands from abuse only until such time as they became "civilized or assimilated".

In 1857 the Civilization of Indian Tribes Act expressly made assimilation its goal. It was declared that Indians who were "sufficiently advanced education wise or capable of managing their own affairs" would be enfranchised.

The Management of Indian Lands and Property Act declared the commissioner of the Crown lands to be the chief superintendent of Indian Affairs. He was vested with the power to dispose of lands reserved for the Indians which they had released or surrendered.

At confederation, the policy of the Province of Canada was inherited by the federal government in the British North America Act, section 91(24), giving the government legislative authority over "Indians and lands reserved for Indians".

The bases of the policy were several: alienation of Indian interest in land through treaties; reservation of land for Indians; and the existence of a government department charged with managing the affairs of Indians. The main objective of the policy was to bring about a "detribilization" from the native way of life to that of the white majority. In 1868 the federal government integrated this policy into legislation which eventually became the basis of the first federal statute, the Indian Act of 1880.

The main quality running throughout this act was the pervading power of the superintendent general. The Indian Act of 1880 was not a new policy but rather an aggregation of previous legislation. The protectionist and assimilation attitudes of pre-confederation remained the central theme of the policy. This was apparent during Sir John A. Macdonald's speech during debate on second reading of the bill when he stated, as reported at page 1991, volume II, 1880, of the House of Commons debates:

We are bound to protect them—the general rule is that you cannot make the Indian a white man—all we can hope for is to wean them by slow degrees from the nomadic habits, which have almost become an instinct, and by slow degrees absorb them or settle them into lands. In the meantime, they must be fairly protected.

Despite subsequent revisions and modifications the 1880 Indian Act is in essence still in effect today, indicating that the Indian Affairs branch has undergone no major ideological shifts.

During the years 1946 through 1948 a joint special committee of the Senate and House of Commons considered the Indian Act and the general administration of Indian Affairs. The 1946 hearings dealt mainly with witnesses from the Indian Affairs Department. The thrust of their argument, that more funds and a larger and more highly paid staff would solve the problems, failed.

The hearings represented the first attempt to consult the Indians themselves on such matters as treaty rights, the Indian Act, enfranchisement and band membership. However, only two major briefs were submitted by Indian associations. The presentation by Dr. Diamond Jenness, an anthropologist, entitled "The Liquidation of Canada's Indian Problem within Twenty-five Years", was widely heralded, and with the exemption of abolishing reserves and enfranchisement, the plan was substantially implemented.

These proposals formed the backbone of Indian Affairs philosophy and was reflected in the 1969 white paper, the 1975 local government guidelines, and the James Bay legislation.

As a result, the present Indian Act was passed in parliament in 1951 which primarily consolidated all previously independent changes. Although in some minor ways the 1951 act was a slight improvement, there was little change in the federal government's restrictive attitudes toward Indian rights and freedoms.

The 1959 joint committee was not established to study a revision of the Indian Act, but devoted its energies and gather-

ing of material to issues such as education, housing and band funding, which eventually lead to some amendments.

In the intervening periods, a commendable study on education was carried out under the chairmanship of the hon. member for Laprairie (Mr. Watson). Otherwise, virtually nothing occurred until the June, 1969, white paper. The white paper introduced by the present Minister of Finance (Mr. Chrétien) proposed the abolition of the Indians' special constitutional position, repeal of the Indian Act, and phasing out of the Department of Indian Affairs. In total it denied the existence of an Indian cultural and political reality.

At the time of the tabling of the white paper, my colleague, the hon. member for Peace River (Mr. Baldwin), stated on June 25, 1969, as reported at page 10583 of *Hansard:*

> It would be callous gamesmanship and a very real tragedy if this statement had any other inspiration than a genuine attempt to help the Indian people.

The white paper was rejected by the Indian community and the Indian sentiments were expressed in the red paper of 1970, prepared by the Indian chiefs of Alberta, who described the 1969 policy as:

> A scheme whereby a generation or shortly after the proposed Indian Lands Act expires, our people would be left with no land; and consequently the future generation would be condemned to the despair and ugly spectre of urban poverty in ghettos.

They recommended that the Indian Act should be reviewed by Indian people but should not be repealed. The paper went on to say:

> The only way to maintain our culture is for us to remain as Indians. To preserve our culture it is necessary to preserve our status, rights, lands and treaties. Our treaties are the basis of our rights.

The review process of the Indian Act commenced in the Indian community, and that process continues and will be invaluable in the revision of the act. In response to the obvious fact that the Indian view was essential when determining how the Indian Act would be changed, a joint cabinet and National Indian Brotherhood committee was established to determine the best way to amend the Indian Act to suit the future needs of Indians. After lengthy discussions between the committee of the National Indian Brotherhood and representatives of the Department of Indian Affairs and Northern Development and the Department of Justice, an Indian Act consultative process was agreed upon by the joint National Indian Brotherhood cabinet committee on December 12, 1975. To date that process has met with failure. I have no doubt the minister's comments of last Friday in response to the NIB withdrawal from the joint cabinet committee will be used by the minister in an effort to convince the House that progress has been made and that the situation is well in hand. That tactic will not succeed.

● (1532)

The joint National Indian Brotherhood cabinet committee has undoubtedly served a useful function and may do so in the future. However, I am not convinced it is the most appropriate structure to deal effectively with the Indian Act. Let us have no illusions as to who will shoulder the blame and suffer the consequences if the joint committee fails in its objectives; it will be the Indian leaders and the Indian people, not ministers of the Crown.

Why do I have reservations about the existing structure? The government, despite the withdrawal of its policy white paper, has through administrative and legislative action continued to pursue a policy of assimilation and integration. The 1975 local government guidelines which we debated in this chamber on June 12, 1975, were based on the principle of assimilation. The James Bay legislation, by setting a precedent under which the Cree and Inuit decided to accept lands under provincial jurisdiction, is a glaring example of the assimilation policy pursued by the present government. Under these circumstances I ask: are this government and its ministers to be trusted with an issue as fundamental as the Indian Act?

The joint NIB cabinet committee, by its very nature, is shrouded in secrecy, and this prevents members of parliament, the Indian community, and the public from assessing the motives and actions of the government. During the past decade, matters before cabinet have been hidden from the public under the guise of cabinet secrecy. Lack of information constantly thwarts our attempts to ensure responsible, open administration, and the government has not been timid in exploiting every opportunity for political gain. Such a committee is advantageous to the cabinet, but a liability to the Indian leaders, the Indian community, and to parliament.

We should recall that by introducing the white paper in 1969 the government skillfully trapped Indian organizations into supporting the Department of Indian Affairs. The government knew the white paper would be rejected by the Indian community and that it would be forced to accept the only alternative available at the time—support for a department committed to assimilation and integration. We all know the Department of Indian Affairs has increased in size since this manoeuvre was carried out, and has extended its influence over the Indian people. Again, the question should be asked: is this the most appropriate structure, knowing the department plays an integral part in the negotiation process and recognizing that it is ingrained with the philosophy of paternalism and assimilation?

The current situation in Canada is not unlike that which existed in the United States in 1969 At that time the findings of a government study commissioned by President Nixon stated that the termination issue in the United States still "poisons Indian affairs and causes almost every act of government to be viewed with suspicion."

The government has antagonized Indian leaders in all areas of the country, producing a polarizing effect on the policy of assimilation. Many Indians see assimilation and integration written into every administrative decision and, as a result, are frequently reluctant to accept help. At times they refuse help which is desperately needed because they fear and believe that to do so would lead to a further undermining of their rights. The policy of assimilation has had dire consequences for the Indian people both in political and human terms.

Important issues such as Indian culture and identity, consultation and self-determination, rights and treaties, hunting and fishing rights, education, health, economic viability of reserves, urban migration, enfranchisement and membership, are but a few of the political problems which remain unsolved.

Last Friday the minister made reference to the enfranchisement of Indian women. The hon. gentleman knows members of all political parties have expressed their concern about the matter and are anxious to see the Indian Act revised. However, if the minister was serious in his statement—and I have no reason to doubt his sincerity—then he must realize it is essential to review the broader question of enfranchisement and membership. The minister knows the law not only affects Indian women but discriminates against Indian men and Indian children. My colleagues will enlarge on a number of these issues as the debate progresses.

In human terms, present conditions are scandalous. An infant mortality rate of 40 per 1,000 live births among the Indian community compares with 21 per 1,000 live births among Canadians generally. A suicide rate of 20 per 100,000 population compares with a national figure of 9.7 per cent; 87 per cent of Indians live in sub-standard housing as compared to 11 per cent for the rest of Canadians; 54 per cent of Indian households receive incomes of under $2,263 per annum, while the figure for other Canadians receiving similar incomes is 20 per cent. The life expectancy for Indian people is 36 years as compared with 62 years for the rest of the population. Only 6 per cent of Indians complete high school education though the figure throughout Canada is 88 per cent.

It is now apparent that the serious social, economic, and political problems experienced by the Indian community will not be resolved until we can assure the Indian people that it is our desire and intention to honour the special relationship between the federal government and themselves. Such an assurance could best be achieved by bringing in a new Indian Act which derives its authority from the British North America Act. Such an act should be a sensitive and accurate reflection of the views of the Indian community.

The Indian Act is the single most important piece of legislation affecting Indian people. By its very nature it focusses on virtually all the fundamental issues relating to Canada's Indians, including their continued existence as an identifiable culture.

The issue involves minority rights, acquired rights, and aboriginal rights. Since the past has too often seen misunderstanding and misinterpretation of Indian rights and liabilities, it is essential that the Indian people be active participants in the deliberations. In our search for solutions in the past we have either intentionally or unintentionally attempted to impose our values on a minority group. It is therefore not surprising that the Indian people may well reject many of our values. This should not be viewed as a failure of our system, nor as individuals should our personal values be perceived as being inadequate or threatened. Rather, we should view the differences as the expression of a people attempting to retain its culture and identity. It is therefore essential that members of the House of Commons and of the other place—and, indeed, all Canadians—have a clearer understanding of these differences.

[Mr. Holmes.]

● (1542)

Those with a knowledge of the Indian Act and related matters are aware of the voluminous legal opinions which have accumulated over the years. I have no doubt that such documents will be of immeasurable assistance to those involved in the deliberations. However, since we are dealing with a disadvantaged minority, it would be useful to remind hon. members of an observation which is frequently made in discussions concerning equality, and specifically legal equality, as it relates to a disadvantaged group. Individuals who have equality in fact or who have a very strong bargaining position usually find legal equality invaluable. For those in a position of political and economic weakness, legal equality alone serves the stronger interest in society at the expense of the weak.

To a group struggling to assert and protect a special identity, equality may in fact be a negative concept. I am confident that such a committee would recognize this fact, and its discussions would be based not only on legal evidence but also on the basis of the human elements involved in the issue.

I want to make one additional comment on why it is necessary to review the Indian Act and the reason for proposing a joint committee of both Houses to assist in the task. To me, an additional compelling reason for this motion is to ensure that the aboriginal people of Canada have a meaningful input into the national unity debate. The government document "A Time for Action" tabled in the House of Commons on June 12, 1978, is long on rhetoric but short on substance. It does not suppress the fears that the concepts forming the basis of the white paper of 1969 have been put to rest.

When the white paper was introduced in 1969 by the present Minister of Finance two legal concepts were used to support the policy of the government, and I think we should be reminded of these. The first concept was that the legal basis for special Indian claims is untenable, that treaties should be terminated, and that aboriginal claims are not real claims. The Prime Minister (Mr. Trudeau) was forced to reverse his position, and considerable research and a growing body of information regarding this issue have accumulated rapidly in the last few years. However, I notice that no reference is made respecting this important matter in the document which was tabled by the Prime Minister.

Second, it was asserted that the division of powers in the British North America Act which makes Indians a federal responsibility is discriminatory and leads to inferior services. It was reasoned that the separate legal status of Indians is charged with keeping the Indian people:

> —apart from and behind other Canadians. The Indian people have not been full citizens of the communities and provinces in which they live.

Thus, in 1969 the conclusion was that Indians should become wards of the provinces. Although the argument of the government was and continues to be unfounded, we have seen

the James Bay legislation which confirms that the original concept of the government is still being pursued.

We also know that provincial governments have and continue to include Indian people in provincial programs. In addition, the federal government has not been reluctant or timid to use its strong fiscal arm either to entice or to coerce provinces into cost-shared programs, with the expressed intention of assisting regional disparity and helping the disadvantaged.

The argument of the government for transferring responsibility for Indians to the provinces is, therefore, specious. The critical issue, I must repeat, is the federal financial responsibility and constitutional responsibility, and surely the timing is appropriate for a joint committee of both Houses to study this specific issue.

Following the rejection of the policy in the white paper, research and negotiations over aboriginal rights and treaty rights have intensified, as I indicated earlier. In addition, the National Indian Brotherhood, provincial organizations, and bands have been actively reviewing and consolidating their position with respect to revisions to the Indian Act.

I recognize that the issues are complex and that difficult questions remain to be answered, but I must conclude that the Indian people and their leaders are now better prepared to make a substantive and constructive contribution to a joint committee than at any time in their history. I have no doubt that the Indian leaders across Canada are genuinely concerned about whether they have the political cohesiveness necessary to undertake such a project. That feeling is understandable, and in many ways is analogous to the feelings of Canadians who are reflecting on the broader question of national unity.

If the Indian community desires a more definitive role in confederation, and I have no doubt that that is its view, it must avoid the hazard of being engulfed and forgotten in the broader debate. The responsibilities are onerous, and the path will be difficult. Each of us, whether we are Indian or non-Indian, can be immobilized by the threat of failure. The risk is not failure but, rather, the possibility that the voice of Canada's aboriginal people will be but a whisper or unheard as events pass before us. Such a joint committee would be invaluable as a repository for such a dialogue at this critical time in our history.

In conclusion, let me summarize by stating that the motion was introduced in the knowledge that existing conditions affecting Indian people are unacceptable in both economic and human terms, in the knowledge that meaningful progress in resolving major issues will be impossible until the Indian people are reassured about their rights and relationship with the federal government, and with the conviction that a thorough study of the Indian Act by a joint parliamentary committee, whose mandate and terms of reference are acceptable to the Indian people, will provide the basis for a responsible, sensitive report which will not only allay the present fears of the Indian people but also offer them hope for the future.

A nation's image and the character of its people is reflected in their attitudes toward the disadvantaged. This motion would provide Canada and Canadians with an opportunity to recognize the important contribution the aboriginal people have made to our nation, and would give us a chance to recognize the importance of their culture and indentity, and to ensure that justice will be served.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my colleague, the hon. member for Northwest Territories (Mr. Firth), who is usually the spokesman for our party on questions such as this, is in his constituency, and he has asked me to speak on behalf of our party and to express some of the views he has on the motion before us today and on the whole question of the problems of native people in this country.

Let me begin by saying that we will support the motion put forward by the official opposition although, since we believe in the abolition of the Senate, we can hardly be said to be enthusiastic about the part of the motion which would provide for membership on the proposed committee of members of the Senate.

However, the problems of native people in this country, both status and non-status, are so tremendous, and native people are in such a perilous situation—they are obviously at the bottom of the ladder in every facet of life in this country which is of importance to the people—that we welcome this opportunity to discuss their problems today, and we are prepared to support the appointment of a committee such as the one proposed by the official opposition.

Hon. members should give some thought to the actual situation. According to the 1971 census there were 295,000 native Indian people in Canada. The average income of Indians on reserves for the last year for which we have figures, 1974-75, was $1,959. The national average income for the same year was $8,200. In other words, the national average was more than four times as great as the average income of native people living on reserves. Do I need to remind members of the House of how poorly any family can live when the average income of a person is less than $2,000 a year? Most of them live in isolated areas in which the cost of many basic essentials of living is much greater than it is in the settled parts of Canada.

● (1552)

There is another problem. Any member of parliament who represents an area with a growing native population—and I represent a part of Winnipeg which has seen an explosion of the native population in recent years—knows that when they are moving into the city, native people are at the lowest economic level of any of the people in the area. Let us look at some facets of native existence. In our federal prisons, of the 9,100 persons held in those prisons, 568 were Indian, 180 were Metis and 115 were Inuit. Since native people make up only 2 per cent of Canada's population, it is obvious that our native people are greatly overrepresented in our prisons, probably ten times as much as they should be.

If one looks at the provincial jails, the percentage of native inmates, especially in western Canada, is staggering. In the

case of one institution for women that I know, the percentage runs to over 90 per cent of the total inmate population.

Let us look at infant mortality rates. A couple of years ago the infant mortality rate in Canada as a whole was 15 deaths per 1,000 births; for Indian people it was 38.6 deaths per 1,000 births, and for Inuit it was 53.2 deaths per 1,000 births. When one looks at education, the minister can say that we have made great strides, that native children are staying in schools longer than they had in earlier years. What is happening at present is that native children get to grade 10, but in grade 10 there is a mass exodus. We are not succeeding in holding native children in the high schools more than a fraction of what we do for children who attend Canadian high schools as a whole. Given this situation, I say that we have a crisis.

I was disappointed that the resolution put forward today simply proposed the setting up of a committee to study the Indian Act. It seems to us that simply to study the act would be a mistake, that the problems of the native people are much greater and go much further than simply what is incorporated in the act.

If we are going to discuss the act, there is one provision of the act with which we need to deal because there has been so much discussion amongst the native people themselves. It is an issue which was raised by the hon. member who introduced this debate, and that is the section in the Indian Act which discriminates against native women as against the men. The situation is really quite simple. There is no question that Indian women have been treated unfairly and unjustly, and there is no question that justice must be done, that Indian women's equal rights with Indian men must not only be recognized but restored. The Indian women who are unjustly treated must receive restitution and compensation.

We believe that this unjust and discriminatory section of the Indian Act was brought in, not by Indians but by white political leaders and by white bureaucrats who probably wanted to make their work easier, and to reduce the number of status Indians. We think that that situation cannot and should not continue, and we think it should be rectified by simply striking out the section in the current Indian Act which creates that discriminatory situation, and inserting a clause retroactively reinstating those women and their children who have suffered from that section. I say to the minister that if the government is prepared to bring forward that kind of amendment, he will get agreement from this party to pass it with very little, if any, debate, and I think the same would be true of the other parties. If the minister really believes that this should be done, he should proceed with it and not plead lack of time for debate.

I am concerned about what this year's estimates show in the way in which the government is curtailing expenditures for services for the native people. The estimates for 1978-79 call for an expenditure of $650 million. That is an increase of just $17 million over last year's estimates. That works out, as far as I can calculate it, to an increase of less than 3 per cent. Surely the minister and the government recognize the fact that the cost of living is rising by something between 8.5 per cent and

[Mr. Orlikow.]

10 per cent at present. Surely they recognize that just to hold the services where they were last year, an increase of 8.5 per cent to 10 per cent is required. Yet what we see is that the increase proposed, and therefore the increase for the department, is less than 3 per cent. I think this makes that kind of proposal for dealing with the problem of the poorest people in this country a national disgrace. Native people have often wondered whether the department and its personnel are employed to help native people meet their needs, or whether they are employed simply to give well paid, comfortable employment to several thousand white people.

Let me indicate briefly what I mean, in the figures which I have been able to accumulate. I will use some figures supplied by the government in response to questions I put on the order paper about 18 months ago which were answered on March 21, 1977. In 1975-76 the department employed 11,543 people; in Ottawa it employed 2,375 people. According to the figures the government provided—and I think I added them correctly, but if they are wrong, they will not be wrong by very much—the number of native people employed by the department in Ottawa, out of 2,375 people two years ago, was just 59. In the 1978-79 estimates we see that the manpower in Indian and Eskimo affairs programs will be 5,913. Of these, three are 26 executives, 2,000 in scientific and professional fields, 1,390 in the administrative and foreign service, 194 in the technical fields, 1,010 in the administrative support section, and 1,289 in the operational section. How many of the people who receive incomes of $25,000 or more are native people? I do not have the figures, but the minister and I know that the percentage would be no more than one or two.

● (1602)

I should like to refer to a press release dated March 8, 1977. It was issued by the Public Service of Canada. The subject is: "Native Employment in the Pubic Service is Studied". Mr. Gallant, the Chairman of the Public Service Commission, said the following:

> Native people comprise about 4 per cent of the Canadian population, but they occupy less than 0.5 per cent of the officer-level positions in the public service.

It would be surprising if native people felt that white people were doing well when supposedly dealing with aboriginal misery. How much of the budget is used for the benefit of natives? Mr. Gallant has indicated that the government has done poorly in the field of employment for native people, even within the department which supposedly deals with Indian and Eskimo problems.

Dealing with the area of grants and contributions, last year $2.8 million was provided for research into Indian treaties and rights. This year only $2.2 million will be provided, which is a reduction of $600,000. Have the problems concerning Indian treaties and aboriginal rights been solved? Has an agreement been reached? Of course not. Are the differences between the government and native people becoming more apparent? Is the government putting pressure on native organizations by cutting back their funds? As far as I am concerned, that is the

real reason. Native organizations are entitled to an explanation of that cutback.

Dealing with the area of contributions under agreements with the provinces for the provision of welfare and other services, as well as contributions to Indian associations and groups, last year the contributions totalled $29 million. This year they have been reduced to $21 million, which is a decrease of $8 million. Why? Is there less need for welfare? Do the Indian bands and associations require less assistance with their problems? I do not believe that. If that money is not to be paid out in the form of welfare, perhaps it should be used for economic development. Approximately $24 million was provided for Indian and Eskimo economic development. That has been reduced to $22 million, which is a decrease of $2 million. Money for both welfare and economic development for native people has been cut back, at a time when needs are greater and costs are rising.

In the last 15 years the government has changed from an authoritarian and paternalistic approach to consultation and dialogue. It seems to be returning to the area of more big brother pressure. At one point larger amounts of money were provided for education and welfare, and then cutbacks occurred. There was the beginning of thinking in terms of employment for all native people, and then there was lack of action. At one point money was provided for economic development, and then cutbacks occurred.

What has been Ottawa's response to this crisis? When native people leave reserves and come to the cities, Ottawa takes the view that they become a problem of the cities and provinces. In cities such as Winnipeg, Regina and Calgary, just to mention a few, native people constitute a high proportion of the welfare cases, child neglect cases, the jail population, and the alcoholism problem. When native people remain on the reserves they are the responsibility of the federal government. Once they move into the cities, Ottawa indicates that they are no longer a federal government responsibility and washes its hands of them. The headaches and the problems are left to the cities and provinces. The situations and the problems of native people are the responsibility of all people in this country and on this continent. The native people of this continent have been mistreated since the day white men arrived.

A solution to native problems will not be reached easily. It will take more money than we are willing to spend. It will require more consultation and co-operation with native organizations than we have been willing to partake in. If we are willing to work with the native people, a solution to the problem which has bedevilled this continent for more than 200 years will be reached. If those approaches are taken, we can look forward to the day when native people will live in socio-economic conditions equal to the rest of Canada. That has not been reached yet, and I see no real desire on the part of the government to attain that.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, the motion we are debating calls for the appointment of a Special Joint Committee of the Senate and House of Commons to consider and report upon the provisions of the Indian Act. I was somewhat surprised by this motion because the House of Commons already has the Committee on Indian Affairs and Northern Development whose members may, if they so desire, obtain the permission of Parliament to carry out special studies dealing with Indian affairs.

That committee can also be empowered to call witnesses and travel. That has been done in the past. I myself was once a member of such a committee; we met with Indians and Inuit in their communities, and we were able then to hear their comments and recommendations on Indian affairs. The only thing that can be added to that committee is the presence of senators to make the same studies which were made before. I say the same studies but it will certainly not be the same studies because although the same problems exist in certain areas, that committee will certainly have fresh recommendations to make.

Mr. Speaker, it is obvious that with respect to Indian affairs some things are wrong in Canada. In his speech the hon. member for Lambton-Kent (Mr. Holmes) mentioned his fears of seeing Indians being assimilated to our way of life. I believe he may be a bit right and the danger that exists of seeing that assimilation occur might perhaps be confirmed when we see particularly large projects being carried out such as one currently in progress in the province of Quebec with respect to the James Bay power development project. We have one slated to start soon in the Yukon Territory,namely the pipeline to be built across Alaska, the Yukon and part of Alberta to the United States. There is another one planned from the King Christian Islands and Ellesmere Islands for the transportation of natural gas to eastern Canada and the United States. Those are large projects bringing with them in those regions large numbers of white men with modern methods, modern techniques and, in short, all their ways of life.

Today you only have to consider what is happening on the James Bay work sites and you can see that workers expect more than they did in the past. Today they want to have as much comfort as possible and I believe that is reasonable too. They want as much comfort as possible to do that work. Indians working on those projects are inclined to follow our working methods, to take our lifestyle and I am not sure yet that that is good for them because they do not seem to be prepared to accept or learn fast enough that transition from one life style to another.

So when we discussed the pipeline project on August 4, 1977, in the speech that I made on that occasion I pointed out to the government that I agreed in principle with the project proposed by Foothills Pipe Lines (Yukon) Ltd. but I had

reservations and I would like to name a few here having regard precisely to the Indians in that region, and I quote:

> That the government negotiate with our native people, with every consideration they are entitled to as original owners of the territories concerned.

This is a reservation which I was making on the occasion of the debate on the pipeline. I added:

> That it allow them to assert themselves without imposing upon them a way of life to which they were not born and, as our needs for natural gas are very relative, without imposing any temporal constraints upon them as has been the case with the James Bay Inuit with regard to negotiations.

Yet, Mr. Speaker, I suggest once again that in all projects of this magnitude one must be very careful and this is where I think that the fears which the member for Lambton-Kent alluded to are justified. In our past relations with the Indians, I think we do not have much to brag about when it comes to what we have given them, either in terms of the projects such as the one I just mentioned, and there have been others before, or in terms of exploration projects for tapping natural or other resources. What we have succeeded in giving them is alcoholism, tuberculosis and many other contemporary diseases caused by the weakening of their natural resistance to the elements.

Mr. Speaker, if this committee is struck, I think it will have to get some feed back from the Indians, and I should perhaps use the word Inuit. It will have to try and understand what they really want and what they expect from a government such as that of Canada. I think they want to participate in the development of this country as well in its economic activities, they want to participate in that in their own way and not in our way. This is what we, the white people, find difficult to understand. I think we must keep in mind quite clearly that they have their own way of living and that we should not proceed too quickly in trying to assuage them to our own way of life. I think this is where we are mistaken when we try to proceed too quickly.

Since Canada became a nation in early 1763, Indian affairs were administered by the British Crown. Starting in 1763, these responsibilities were transferred to the Canadian Crown. In 1912, with regard to the province of Quebec, there was the Quebec Boundaries Extension Act, but it was only towards the mid-60s that the Quebec government started to show some interest in Quebec Indian affairs. One cannot overlook the few errors made by the government at that time in dealing with the Indians or their affairs. Those errors were repeated by the present government to the extent where the Indians came to the federal government who accepted to provide them with an amount of about $10 million to help them defend themselves against the encroachments the provincial government was then planning by denying them almost all the rights they had to the lands entrusted to them by the act of 1912.

I think that, all in all, things worked themselves out not too badly, but mostly because the Indians had access to our courts and members of the judiciary who defended them and obtained rulings that were favourable rather than unfavourable to them. So, I think those will be the tasks the committee will be entrusted with if it is created and, as far as I am concerned, it would be reasonable enough since such a committee has not gone out to the northern communities for several years now.

True, Justice Berger's Commission went around the main Indian communities affected by the development of the pipeline, but many other Indian localities and regions have not been visited for a very long time, and I think that the committee could gather some interesting and important information for the government and the minister. It could also change the government's policy by recommending measures that would be more satisfactory for the Indians. I think we should accept the suggestion of the hon. member for Lambton-Kent to reshape that committee, not to reshape it but to add to it members from the Senate, to make it a joint committee and to allow it to meet Indians from all parts of Canada, hear their opinions and make the changes that are necessary to meet their demands.

● (1612)

[*English*]

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I would like to start off by expressing disappointment with the approach to the resolution. I have no doubt that the hon. member for Lambton-Kent (Mr. Holmes), in his characteristic and bipartisan way, has attempted to put forward a useful proposal to deal with a difficult issue that has remained unresolved for a period of years despite a great deal of effort by governments, parliamentary committees, and Indian associations in attempting to come to grips with it.

● (1622)

My disappointment, I suppose, stems from the rather lengthy and over-laboured treatment of an issue which is at least ten years old, namely the 1969 policy paper. I would remind the hon. member for Lambton-Kent that it is now 1978. I think there have been at least three ministers who have disavowed the direction of that paper. I know that my predecessor, who is here in the House today because of the debate, others before him, and also myself, have repeated with all the conviction and eloquence that we can severally muster, that we are not talking about assimilation. That is not our purpose; that is not our objective; it is quite different from that.

Despite all those assertions and the concrete steps taken by the government to move to support Indian self determination, the key spokesman for the official opposition, the hon. member for Lambton-Kent, on an occasion when he could have addressed the difficulties with the Indian Act, spent most of his time going over history—quite interesting but not particularly germane—and then went into a protracted discussion of the 1969 white paper. I do not know if anyone on this side of the House—I am not sure about the other side—is any wiser

about precisely how the official opposition would deal with the Indian Act other than to send it to a standing committee.

If there is a subject that has been debated, studied, agonized over, worried about, disputed and contended—if it is not the constitution, then it is the Indian Act. Even the Indians are becoming a little impatient, I suspect, with our inability, often in conjunction with them, to deal with the basic constitutional background that governs their lives internally and their relationship with the Government of Canada, the Crown, and the people of Canada.

I know that the hon. member is trying to do this with immense good will. I must tell him that we will probably be voting against it, however, largely because we see it as a set-back. We are not at the point to refer this issue—which has been under discussion, under analysis, has been studied and had workshops for five or six years—holus-bolus to a joint committee and ask it to come up with an answer to problems with which we have made slow progress. I know the hon. member for Lambton-Kent will in part understand my disappointment and why the issue will not be dealt with that way.

I do not want to labour my disappointments today, because actually I am in a more positive mood than my remarks would indicate. I will come to that in a second, but as I must express some disappointment with the Conservative party, I must also say I was a little disappointed with the New Democratic Party. I have taken into account, however, that as the hon. member for Winnipeg North (Mr. Orlikow) pointed out, he was pinch-hitting for the hon. member for the Northwest Territories (Mr. Firth). He rather skirted around the Indian Act and tended to treat it as a peripheral or marginal issue. I do not have much to disagree with him on some of the things he said regarding jobs, programs, education and other things, and I think the parliamentary secretary will deal with some of these matters when he speaks.

We tend to minimize the significance of dealing with the Indian Act. If there is an analogy it is the analogy of the urgency and importance we attach to dealing with the Canadian constitution.

Miss MacDonald: Being sent to a committee.

Mr. Faulkner: There is a stage in these things where I am prepared to see a parliamentary committee work, but it is not now and I will come to what I hope to do instead. Hon. members may come around to seeing the wisdom of my proposal versus theirs. I do not want to be partisan because I would like to enter this discussion and debate in a healthy spirit of mutual respect and willingness to bring it to a head.

Let me repeat that the Indian Act is not a peripheral issue, it is not marginal, it is central. Unless we can deal with it with the best will in the world, governments or departments will not achieve the objectives that the Indians have today. What is central to amending the Indian Act is at long last to deal with the core issue, and that is the powers of the chiefs and the band counsels—at long last to deal with the powers vested in the minister, powers which today are anachronisms at best. It is only through amending the Indian Act that we can achieve that transfer of responsibility from a minister and a government to the duly elected people, the bands, namely, the chiefs and the band counsels. That transfer of responsibility is the only way we will see the sort of development for which we hope.

I am committed to amending the Indian Act. The last major revision was in 1950. The act no longer reflects the needs or the interest of the Indian people, nor does it adequately reflect a proper role for the minister. When we begin to examine the process of amending the Indian Act there is one question we must be clear on and, if we are not, the NIB will be clear on it for us.

I should like to direct the attention of the House to the presence in the gallery of the NIB representatives, particularly its president, which reflects their interest in this debate.

Some hon. Members: Hear, hear!

Mr. Faulkner: Conversations with the president of the NIB, members of its executive or president of provincial associations or chiefs will serve to remind the House that any amending process cannot touch, eliminate, or affect the trust responsibilities of the minister, the historic links with the treaties and, in turn, the links between the treaties and the Crown. If we start meddling in that relationship I think we can forget about getting any sort of co-operation from the Indian people in the process of amending the Indian Act. Those links are not just symbolic. To the Indians I have met, they are real and symbolic. They are the principle, the legal, and constitutional connection. Any attempt to fiddle with that will compromise the whole exercise. We have to be clear that that issue, that part of it, is not open for discussion and negotiation.

● (1632)

We must also be clear that in the exercise we are engaged in, that what we are attempting to do on the one hand is to preserve those historic and important links with the past and on the other hand trying to frame a law which will provide new opportunities for the future. Those new opportunities essentially relate to band government, local powers, and things of that kind. I say that simply to reassure the House that I am anxious to amend the Indian Act. I have indicated that to the President of the National Indian Brotherhood and to other provincial association presidents. I am anxious not to lose time as a result of the interregnum caused by the breakdown of the NIB cabinet committee process. I am anxious to continue consultation, and I can tell the House today that continuing consultations are a reality between myself and the president of the NIB, as well as others, and among our staffs. I think there is a general disposition to deal with these issues.

Getting back to the motion, I doubt that one will find there is widespread support that we should simply refer it to a parliamentary committee. I would be anxious, and I hope the Indian leadership will support me on this, to continue to build on the work that has been done prior to the joint NIB cabinet committee during its hearings, and in the future.

To deal with the suggestion that not much has happened or that not much has been accomplished, in this connection I would like to review some of the areas of broad agreement that have emerged from the joint NIB-cabinet discussions to give the House some indication of the basis on which I would see the pulling together of the work done to date. In my judgment, on real agreement, in the sense that the cabinet and the NIB and its executive committee agreed to something, the achievements were modest. They dealt with surrenders. In the areas which we had sort of identified as potential areas of agreement, I think the agreements were more substantive, which means we are at a point in time of trying to pull it together rather than to define a lot of new areas. But I am open to new areas that go beyond what is simply defined and dealt with in the joint NIB cabinet committee. I will do that in consultation with the NIB.

Let me review some of the accomplishments in the consultations to date. I would like hon. members to bear in mind that it was a very difficult process. I am surprised the hon. member for Lambton-Kent did not deal with it at greater length. When there are a lot of people in a room trying to get an agreement by definition, it is much more difficult than trying to get two people to come to an agreement There were considerable hurdles, suspicions—

An hon. Member: He was not invited.

Mr. Faulkner: He would only have complicated it further by just one more voice, reasonable voice as it is. There were serious hurdles to overcome in making this process work. But despite all of that, there were some important developments. In the process, broad agreement has been reached on at least some of the following principles and objectives. The New Indian Act should be regarded by the government, by the parliament, and by Canadians generally as a special constituent law governing the whole relationship between the Indian people and government, and in effect with the larger society as a whole. It should contain a preamble or declaratory section attesting to the continued special status of Indians in Canada, to their aboriginal descent and historical link with the Crown, to the treaty rights for the need to preserve and protect their Indian laws, and to the on-going responsibility of the federal government.

An important point I think we agreed to, and one I am still sort of mulling over, concerned the fact that the revision should be phased rather than an attempt made at wholesale revision. For this reason some of the earlier revisions might subsequently require further modification as later revisions are made. My own feeling on this is that we should try to deal with as much as possible, and if we find that in the process of trying to amend the totality of the Act leads to no progress on some of the substantive areas of agreement, we should approach it in a phased way. I think that is generally agreed with the NIB as well.

There should be an elective or opting-in principle which would allow bands wishing to do so to take advantage of revised provisions of the act, particularly in the area of band government. This elective principle is intended to take account of the fact that bands all across the country are at various stages of development, requiring flexibility in the legislation to respond to their particular needs.

This opting-in principle would be exercised through a clearly defined procedure for band referendum, which could also be the means whereby bands would make all their major decisions.

The underlying aim of the first phase of Indian Act revision, perhaps of most revisions would be—and this is absolutely crucial—to enlarge the powers, functions and responsibilities of bands to enable them to take charge of their own affairs in ways and means of their own choosing.

One area where we had some difficulty concerned the preamble section. What happened basically was that discussions about the philosophy of the act kept running up against difficult questions of how it might be expressed in its operative sections. One thing we had decided to do was deal with the preamble later in the process but still within the framework of the first phase of the revisions. Accordingly, in the past year or so discussions have tended to focus on a number of specific subjects of particular concern and interest to Indian bands in various parts of the country.

Top priority has been given, for example, to ways and means of giving effect to the agreed policies of Indian control of Indian education. Members of the House who were also members of the Standing Committee on Indian Affairs and Northern Development a few years ago will recall how that policy evolved with substantial assistance and advice from the standing committee. Since that time an increasing number of bands have been able, through administrative arrangements, to assume local control of Indian education through the establishment of school boards and other means. What is desired by the Indian people, and what is indeed needed now, is a solid statutory base for the transfer or delegation of authority and responsibilities now exercised by the minister under the act, without diminishing his fundamental responsibility in relation to Indian education. How we define that will be an important area of discussion, and one I think we can resolve.

In the joint discussions so far there has been wide area of agreement on the practical measures for carrying out these transfers and delegations. But full agreement has foundered on differences in the NIB cabinet committee about the nature and extent of Indian rights in the field of education. That is still difficult. I recognize that, and it is something we will have to try to resolve.

In the matter of land surrenders, both the NIB and the government are agreed on the formula for allowing Indian bands to assume virtually full control of Indian lands for all purposes except outright sale. The Indians themselves have wished to preserve in the Indian Act the protection afforded to Indian lands by the surrender provisions relating to such sales.

As suggested, the central issues arising out of the current consideration of Indian Act revision relate to the future of band government. There seems to be wide agreement, for

example, that bands should be given the opportunity, or option, to acquire legal status and personality under the Indian Act, coupled with enlargement of band bylaw powers. It is recognized, however, that there are some difficult questions that need to be identified and resolved, for example, the extent, if any, that laws of general application, particularly provincial laws, would continue to be applied on reserves where the band government had assumed wide powers and responsibilities. That is an issue with which we will have to deal. There are also problems of bylaw enforcement and the administration of justice on Indian reserves generally.

● (1642)

As I suggested earlier, there is no disagreement with the need and desirability to enlarge band powers to allow those bands wishing to do so to take full control of their local affairs. In this regard we have been discussing a system of band charters, by which we mean negotiated agreements which would in effect become the constitution for the band concerned. The likelihood is that there would be some variation in these charters, in the form of categories of charter from which the bands could choose in order to meet their particular needs.

It is envisaged that the revised Indian Act could provide the statutory base for such a charter system, which would be open to bands wishing to exercise the option and expressing their wish through referendum. Other bands, and for some time this might include a majority of the 565 bands in the country today, might choose to remain under existing provisions of the Indian Act for the purposes of their local government. That would be a decision they would have to make. In other words, they would have a choice. That flexibility may be important in getting agreement to the Indian Act.

The intent in all this is to provide the flexibility of response which the government and Indian leaders agree is needed to meet the situation in which Indian bands today find themselves at various stages of political, social and economic development.

Finally, in these areas of current concern is the pressing question deriving from the discriminatory aspects in the present act in relation to Indian women. The government has decided that such discrimination is no longer tolerable in our society and we know that this view is broadly, if not unanimously, shared in both Houses of Parliament. Ministers have informed the Indian leaders, through the NIB cabinet committee, that the provisions discriminating against Indian women, and in particular section 12(1)(b), must be revised. While there is undoubtedly widespread and grave concern among the Indian bands about this complex issue of discrimination, I believe that there is growing awareness on the Indian side that it is an issue that must be resolved satisfactorily and as soon as possible. It is important to add that recently the NIB made a very significant statement in this regard. I think we are getting very much closer to an agreement about how this issue is to be dealt with.

I want to respond briefly to the suggestion made by the hon. member for Winnipeg North (Mr. Orlikow) that somehow we treat this issue independent of a revision to the Indian Act. I do not think that makes any sense at all. It would only exacerbate the feelings of the Indian people. It would appear to them that all the issues of basic importance to them are being put to one side while we preoccupy ourselves, admittedly with an important issue, one which we have agonized about a lot, and appear in this way to be insensitive to some areas of concern. Therefore I say it should be dealt with, but in the context of a range of amendments to the Indian Act.

Mr. Douglas (Nanaimo-Cowichan-The Islands): When will that be?

Mr. Faulkner: I am coming to that. I knew you would never ask, so I put it in the speech.

I do not wish to conclude this statement without further reference to Indian rights as perceived by the Indian people. If one single issue can be said to have delayed or sidetracked proceedings in the NIB-cabinet committee and eventually led to the NIB's unilateral decision to withdraw from the committee, it was the broad and complex issue of Indian rights. Nor should we minimize that much work has to be done on these key questions to get them worked out in ways that would enable the federal government and provincial governments to give practical expression to the objectives which the Indian people are seeking in asserting such rights.

I believe that this work is continuing in a variety of ways and at different levels of contact with Indian groups. I have in mind in particular the tripartite arrangements that now exist in several provinces, involving senior representatives of the federal and provincial governments concerned and the leaders of provincial Indian associations. One way or another they are focusing on rights, issues and, particularly, on hunting and fishing rights, which I regard as crucial to the whole effort to reach a mutually satisfactory relationship between the Indian people and our wider society. I have asked my officials to give high priority to these admittedly difficult questions in interdepartmental consultations at the federal level, in claims negotiations, and in the tripartite working arrangements I just mentioned.

Hunting and fishing rights, and to some extent trapping and gathering rights as well, to my mind are central to the thinking of most Indians about their future identity in Canadian society. For people in the remote areas, it is a matter of lifestyle and even subsistence. For many other Indians it is a key element in continuing their culture. Without for a moment underestimating the complexities or the long, hard work that will be needed to bring about mutually satisfactory results, I am personally persuaded that we should include in our proposals for Indian Act revision, even in the first phase, some provision for safeguarding hunting and fishing rights which the Indian people maintain tenaciously are essential to their future well-being as Indians in this country.

What I have attempted to do is convey to the House that some substantial work has been done. Some areas for amendment have been identified. I hope I have conveyed to the House some sense of the direction we are moving in, the areas we would like to see amended in the first phase.

Coming again to the question of the motion before the House, my contention is that the Indian Act has been the subject of discussion between the Indian leadership and the government for a period of years. Areas for amendment have been identified, discussions have been going on continuously, and research has been undertaken.

Given this, and the regrettable breakdown in the structure that was in place, what do we do? Do we refer it back to square one, i.e. support this particular motion, throw it back to a parliamentary committee made up of Senators and members of the House of Commons and ask them to tell us what to do? Alternatively, do we say that work has been done and it is now up to people like myself who have responsibility to come forward with some proposals, and not just throw the Indian Act out and ask them to tell us what to do, but to build on the work we have done and to come forward with some proposals for discussion? Frankly, that is the way to go.

Mr. Douglas (Nanaimo-Cowichan-The Islands): You would be called by the committee.

Mr. Faulkner: I would be prepared to refer the proposals at some point to a parliamentary committee, and we can discuss this, instead of saying, "Listen to me as the Minister of Indian Affairs. I have no idea what to do about the Indian Act. Will you please tell me, and will you go out and consult with the Indians?"

An hon. Member: Now you are being honest.

Mr. Faulkner: I never should have said that. Instead of that, we should pull together the work that has been done, give it some form and then put it forward in formal proposals. I believe that is the direction in which we should go and that is the direction I propose to go. I hope to have some proposals for consideration by the fall.

Mr. Deputy Speaker: Is the hon. member seeking to ask a question?

Mr. Nystrom: Yes.

Mr. Deputy Speaker: That can only be done with the consent of the minister. Does the minister agree to accept a question from the hon. member?

Mr. Faulkner: Yes, Mr. Speaker.

Mr. Nystrom: Mr. Speaker, on Monday last when the Prime Minister (Mr. Trudeau) tabled his constitutional white paper or proposals I asked him whether the government was going to put Indian rights or aboriginal and treaty rights in the Constitution and make sure they were guaranteed by the Constitution. Many of my friends in the Indian Brotherhood, such as Chief Noel Star Blanket, and many Saskatchewan Indian chiefs asked me about it.

The Prime Minister said to me:

> Mr. Speaker, we will make quite sure in the bill we want to present, and in any further action, that any rights enjoyed by the Indian and native people, the Inuit, will not be taken from them but, on the contrary, will be protected.

[Mr. Faulkner.]

He was talking about the bill he is going to present to amend the Constitution. Can the minister elaborate a bit on what the Prime Minister said? Obviously the Prime Minister was speaking in general terms since he was responding to questions from many of us on all aspects of the Constitution.

Since he said that, many of my Indian friends have asked me what that means and what process is going to take place. Are the Indian people going to be consulted by the government? The Prime Minister referred to a parliamentary committee studying the Constitution and consulting the Indian people, which is fine. Can the minister elaborate on what the government has in mind about enshrining those aboriginal and treaty rights in the Constitution?

● (1652)

Mr. Deputy Speaker: In case the minister should take more than half a minute, and in view of the fact that his time is about to expire, perhaps the House would consent to what is being suggested.

Some hon. Members: Agreed.

Mr. Faulkner: I do not think I can add very much to what the Prime Minister (Mr. Trudeau) has said. What I attempted to indicate this afternoon is that the question of treaty rights is of fundamental concern to the Indian people whether that concern is addressed by way of provisions in the Constitution or by way of an amended Indian Act. I have not, really, thought that through, though if I can be candid with the House I would personnally look upon the Indian Act as the better instrument. When the Prime Minister says the process in which we are engaged is one of protecting and ensuring rights rather than detracting from them, I am in accord with that completely. I am open to advice as to the instrument we should use in achieving this objective. I am not discounting the use of the Constitution; I am just not sure how it could be done, so I do not think I can give further clarification other than confirm his commitment to deal with this important consideration.

The other thing to bear in mind in terms of this constitutional paper—and I am rather pleased with this—has to do with the renewal principles: the second item identified, after the first item which deals with the rights of individual citizens, is the traditional rights of Indian people. The importance of this cannot be lost on the House, even on some of its more jaded members. We have identified this as being a priority area and we shall attempt to address it in a way which will win the support and co-operation of the Indian people.

Miss MacDonald: Would the minister accept a further question? The minister mentioned that this was referred to in the principles. Why was there no reference to it in the concluding chapter?

Mr. Faulkner: I am not sure I follow the question, unless the hon. member is arguing that the concluding chapter should be a reaffirmation of the chapter on principles. The important fact is that it was cited among a number of principles for the

renewal of our constitutional arrangements in our federal system, identifying it as an important principle in the renewal process. That is something I am pleased about as Minister of Indian Affairs.

Miss MacDonald: I do not think the minister understood my question. Since reference was made to these rights in the chapter dealing with principle, why was not a similar reference made in the concluding chapter which listed the government's proposals respecting changes it intended to seek in constitutional arrangements?

Mr. Faulkner: I do not wish to prolong this exchange but I still find difficulty following the question, unless what the hon. lady is saying is that in the concluding chapter we should have identified precisely how we propose to treat each one of the principles. I do not think the concluding chapter attempts to do that.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my first reaction to the minister's remarks is of course, one of disappointment. The idea of establishing a joint House of Commons and Senate committee to study a variety of aspects relating to the hon. gentleman's portfolio is one which originated in the Standing Committee on Indian Affairs. It was advanced to the committee by the president of the National Indian Brotherhood. More important, it was one which was supported by the Liberal members of the committee.

Therefore we are disappointed that the minister should have chosen to advise and instruct the members of his party not to support what we consider to be a very important and fundamental exercise, especially in view of the debate which is going on today, a debate which is taking place in every corner of our country, by every level of government, by every segment of our society, and by all fair-minded and thinking people. I am talking, of course, about discussions on constitutional and institutional reforms to which all parties in this House are committed and which will affect all Canadians for all time to come. Of course, they will have very profound effects upon the native community as well.

The discussions include the protection of minority rights. As we read through the paper which the Prime Minister (Mr. Trudeau) tabled, we see that he views these rights of individuals and minority groups as being of fundamental concern to him. Again, Mr. Speaker, our native people are a highly visible minority group in our society, one which needs the trust, support, and help of us all. What about the rights of the Indians and Inuit? What about the contribution they made to the evolution and history of this country?

The debate today is timely because over the last ten years, since the introduction of the white paper in 1969, we have gained a much better understanding of Indian rights and the concerns and aspirations of the Indian community. A number of commissions and inquiries has been established and a number of authorities have given the government advice. One of those was the Indian Claims Commissioner who was appointed in 1969, Mr. Barber. There was Mr. Justice Berger's study of the potential impact of massive industrial development in the Mackenzie Valley basin. Then there was the Lysyk inquiry in the Yukon, and the James Bay settlement, as well as the negotiations which have taken place in the Yukon with respect to the settlement—the extinguishment, as some people call it—of Indian claims in that region.

It was on the suggestion of the native groups which appeared before the committee that my hon. friend from Lambton-Kent introduced the motion we are debating today. I would reiterate that it was with the support of the Liberal members of that committee, and I am deeply disappointed that the minister should have taken his usual partisan stance by saying that his is the best proposal and that his alternative is the one that will be accepted by those he named, the National Indian Brotherhood. If they were so pleased with the way the government has reacted to their proposals in the past, they would still be on the joint NIB cabinet committee. They are not. The fact is that no concessions have been made by the government. All the things which were discussed were conditional on something—whether it was self-determination with respect to Indian education or whether it was an assumption of greater responsibility by bands and chiefs. There were conditions attached. The minister attached conditions to all the concessions which were being discussed.

• (1702)

There have been a number of previous inquiries of this kind, but I am saying that another one would be timely now because we are much better equipped. Native people have developed much better leadership over the last 25 years, and it would have to be the intention of the committee to include that leadership in a dialogue which might be carried out.

There were two previous inquiries of this kind. One was initiated in 1946. It sat through three sessions of parliament. When one reads through some of the transcripts, one can see that inquiry was brought about mainly because a number of native Indians had distinguished themselves during the Second World War and were returning home to find that their brothers in their home country were still being discriminated against, but in a manner much more offensive and oppressive than what they had seen abroad where they had been liberating people from oppressive authorities. The government consented to the appointment of an inquiry which was much like the one we are suggesting today. That inquiry sat through three sessions of parliament. It proposed some amendments to the Indian Act, which eventually became law in about 1950.

There was another special joint committee in 1961. That committee gave much thought to Indian self-government, but because of a change in government in 1963, no legislation resulted from those discussions.

I would like to refer to the basic concept of aboriginal rights and title, which is very important today because some aspects of special rights and privileges—the citizen plus status which our Indian and Inuit people have a right to demand—need to be enshrined in the Constitution. The Indian Act itself has not

been an effective enough tool to deal with this fundamental problem.

As my colleague, the hon. member for Lambton-Kent (Mr. Holmes), has said, in order to identify and delineate the concept of aboriginal rights, one needs to go back over the history and evolution of the Indian Act. One needs to go back as far as the royal proclamation of 1763, which laid down the basic colonial policy which this government has followed. The policy was one of assimilation.

The policy was, as soon as possible and as quickly as feasible, to have Indians become Christians, and to enter into a period of transition which would take them from their traditional lifestyle, which was one of hunting, fishing, trapping and living with nature generally, to one of agriculture.

Even before that, in the early 1600s, white settlers in the maritimes and in the St. Lawrence Valley dealt with Indians in a different way than they did after the proclamation. They dealt with them as trading partners. They dealt with them in the fur trade, which was then the lifeblood of the economy of the North American continent.

In early history there was a different colonial policy, which was adhered to by the other partner, the other founding race. The maritime region was under French control. The King of France looked upon the native people as partners, not subjects. As a matter of fact, when in 1713 Acadia was ceded to the British Crown, it is contended by historians today that the King of France had no right to cede to the British Crown a sovereignty which he did not possess, namely, sovereignty over the native people in that area.

However, after 1763 the pattern was set. The proclamation formed the basis for the treaties which followed, but the treaties and the proclamation were never intended to be interpreted in the way they were. I wish to quote a short paragraph from a treaty which has been dealt with by courts, with regard to the question of aboriginal rights. Decisions have been made on this question. This treaty says:

And whereas it is just and reasonable and essential to our interests and the security of our colony that the several nations or tribes of Indians with whom we are connected and who live under our protection should not be molested or disturbed in the possession of such parts of our dominions and territories as, not having been ceded to or purchased by us are reserved to them or any of them as their hunting grounds—

The treaties which followed the proclamation were looked upon by Indian people as treaties of friendship and peace. They were not looked upon by the Indian people who signed them as a surrender of their traditional rights or as a sell-out of their land, which is more to a native person and his culture than it is to a white man. Our native friends tell us that the land is their soul and that the animals which live on the land are their spirits. One does not cede his soul, and one does not sell his spirit. The native people of this country have never done that.

Let me quote from an order in council setting up the treaty commission which studied and effected Treaty No. 8 in western Canada, as follows:

—that the Commissioner of the North West Mounted Police had pointed out the desirability of steps being taken for the making of a treaty with the Indians occupying the proposed line of route from Edmonton to Pelly River—

I am not going to go into the delineation of that area.

—Indians, were inclined to be turbulent and were liable to give trouble to isolated parties of miners or traders who might be regarded by the Indians as interfering with what they considered their vested rights—

So, Indians were turbulent, and there was a need for a peace treaty. That was what treaty No. 8, as with all other treaties, was all about.

This document states further, and I quote:

As it is in the interest of the Province of British Columbia, as well as in that of the Dominion, that the country to be treated for—

It does not say "ceded", but "treated for."

—should be thrown open to development and the lives and property of those who may enter therein safeguarded by the making of provision which will remove all hostile feeling from the minds of the Indians and lead them to peacefully acquiesce in the changing conditions—

From that we see that the treaty was intended to be a document of peace and friendship, but the final sentence of the quotation I just read says that the treaty was to be considered a tool for assimilating native people to our way of life. I repeat:

—and lead them to peacefully acquiesce in the changing conditions—

Indians were very skeptical about the men who came from afar to make these treaties. I quote from the commissioners' report on Treaty No. 8. It reads:

● (1712)

There was expressed at every point the fear that the making of the treaty would be followed by the curtailment of the hunting and fishing privileges... impressed with the notion that the treaty would lead to taxation and enforced military service. They seemed desirous of securing educational advantages for their children, but stipulated that in the matter of schools there should be no interference with their religious beliefs.

It is stated further:

Our chief difficulty was the apprehension that the hunting and fishing privileges were to be curtailed. The provision in the treaty under which ammunition and twine is to be furnished went far in the direction of quieting the fears of the Indians, for they admitted that it would be unreasonable to furnish the means of hunting and fishing if laws were to be enacted which would make hunting and fishing so restricted as to render it impossible to make a livelihood by such pursuits.

How naïve the native people were in those days!

The report continues:

But over and above the provision, we had to solemnly assure them that only such laws as to hunting and fishing as were in the interests of the Indians and were found necessary in order to protect the fish and fur-bearing animals would be made, and that they would be as free to hunt and fish after the treaty as they would be if they never entered into it.

We assured them that the treaty would not lead to any forced interference with their mode of life, that it did not open the way to the imposition of any tax, and that there was no fear of enforced military service.

The natives had reason to be suspicious because Treaty No. 11 was almost a carbon copy of the treaties which were made in the south. Indians were to be converted to Christianity and to the pursuit of agriculture. It was for that reason that each Indian person was granted a tract of land of 160 acres per person, or 640 acres per family. One does not carry on

effective and life sustaining hunting and trapping on 640 acres. The intention was to convert natives to pursuing the same kind of life as the white society which had encroached upon them. The terms of the treaty demanded a peaceful acquiescence to the changing conditions. The process of assimilation did not work and Indians were very reluctant to agree to it. They were reluctant to be placed on reserves and to have that imposed on them.

This is an interesting document which I recommend to all my colleagues. It is one that accompanies this treaty, but it is not dissimilar from all the documents that have accompanied other treaties. It states here:

Indeed, the Indians were generally adverse to being placed on reserves. It would have been impossible to have made a treaty if we had not assured them that there was no intention of confining them to reserves. We had to very clearly explain to them that the provision for reserves and allotment of land were made for their protection, and to secure to them in perpetuity a fair portion of the land ceded, in the event of settlement advancing.

I do not know what was worse, confinement on the reserve or the granting of freedoms later on, such as the freedom to vote, which was granted to the natives in 1968, the freedom to buy alcohol in government stores, and the freedom to conform to the white man's way of life which ended in what some people call a slow process of annihilation and other people, who use a harsher term, call genocide.

The Acting Speaker (Mr. Ethier): Order, please. I regret but I must inform the hon. member that the time allotted to him has expired.

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, just before I speak on the motion I would like to refer to something that was said by the hon. member for Prince George-Peace River (Mr. Oberle) at the beginning of his speech, if I understood him correctly. If I heard right, he said that the motion proposed today by the Conservative party was born in the standing committee where it received the support of all members. If that is what the hon. member said—and I am now having it checked out very carefully—then, to the best of my knowledge, he is not correct. What the committee agreed to do, if it completed its work on the estimates, was to have the annual report of the department referred to it so it could do more work in a general way as the steering committee decided. If the hon. member said what I thought he said, I plan to raise this at the first opportunity on a poinnt of order.

Now I wish to speak to the motion put forward today by the hon. member for Lambton-Kent (Mr. Holmes). There is no doubt, as the minister himself said in his remarks, that this motion is well motivated and sincere. What the motion seeks to do is to establish yet another parliamentary committee to inquire into the problems facing the Indian people in Canada. It proposes to do so under the umbrella of the Indian Act in its present form, with all its imperfections and shortcomings, and all hon. members here know that there are many, many of those. The act in its present form is certainly unacceptable. Then it proposes that the committee would discuss the need for revisions of the Indian Act, and probably in time a report would issue from that committee on what the changes in the act should be and how the act can be made more relevant in the view of the committee, more relevant to the modern day in which the Indian people in Canada are now living.

I respectfully submit that the hon. member, in attempting to have this motion approved by the House, is really turning back the clock. It is actually not a progressive step at all but a retrograde step. When I say that, it is not in any way to disparage the good intentions of my hon. friend opposite for I know him in his work in the committee to have a genuine concern and interest in the Indian people in Canada. He is truly one of the progressive members of his very conservative party.

Some hon. Members: Hear, hear!

An hon. Member: A red Tory.

Mr. Penner: Nor have I lost faith in the good work which can be done by parliamentary committees, given the right situation and acting at the appropriate time. Certainly, for example, it is the responsibility of the Standing Committee on Indian Affairs and Northern Development to examine regularly and carefully the work of the Department of Indian Affairs and Northern Development to see that it is doing its job, as we expect it to, and that the public moneys which are used for programs to assist Indian people are put to the best use for the greatest benefit of Indian people.

Besides the examination of estimates and the clause by clause study of legislation, I believe also that parliamentary committees should be doing more investigative work. There should be frequent inquiries into national problems by committees of the House. But I argue that in this case, with respect to this proposal that a special joint committee be set up, the timing of the proposal of the hon. member is all wrong. It is much too late in the day for undertaking the establishment of the task force which is suggested by my hon. friend. In fact, to be blunt, it is something akin to a slap in the face to the Indian leaders in this country because it says in effect that all of the good, hard, productive, difficult work that they have done is of no account, that nothing has happened, and that a parliamentary joint committee should get down to work and do something because the Indian leaders have not done anything up to this point. I reject that suggestion and I say it is unfair, untrue, and a slap in the face to the Indian leaders of Canada.

The process of actual consultation with the Indian people and the task of reaching agreement on a revision of the Indian Act is already well under way, and the minister has gone into some detail to tell us about that. It has gone beyond the stage where a travelling joint committee could serve a very useful purpose.

• (1722)

While I do not wish to appear mean, nevertheless the motion today gives the impression that the Conservative party has just discovered that there is an Indian community in Canada. In this motion they say to the members of parliament that something must be done about Indian people and about the

outmoded Indian Act which has not been substantially revised for a long time. In fact, it has not been revised since 1951.

Hon. members opposite should know that a lot has happened already. In 1973 a proposed revision of the entire act emerged from a study done by an Indian group in Alberta. That study was funded by the Department of Indian Affairs and Northern Development. At the national level, a joint committee of the National Indian Brotherhood and the federal cabinet was established to deal with major policy issues arising as a result of the relationship between Indian people and the government. This committee had its first meeting in April, 1975, and there were subsequent meetings until April of this year when the NIB withdrew. Within that period of time a great deal of good, substantive work was done. The Brotherhood and Indian associations across the country remain determined to find a way to accomplish early and meaningful revisions of the Indian Act. Highly competent people are working within the National Indian Brotherhood. They are engaged in this difficult exercise, working along with the government through meetings to bring about revisions which will make this act relevant and make it do what Indian people expect.

The Government of Canada is more than prepared to meet, discuss, and find agreement for amendments. It may be done in phases so that the meetings, discussions, and agreements will have to take place again in the future. In the midst of all this solid, substantive, and valuable work, the Conservative party comes forward and indicates that we should strike a special joint committee, and send it out into the highways and byways of Canada. They speak about the need for a new Indian Act. It is similar to setting out to rediscover the wheel.

There have been special joint committees in the past. Hon. members opposite mentioned some of these. As well there have been ministerial inquiries. But the Indian people of Canada know that not much of value has come forth from all of this. There is a proposal in this motion to do again what was done before. We know there was little real progress in this difficult area until capable, dedicated Indian leaders applied themselves to this difficult task. Then we started to make progress. When the Indian Act is revised finally, it will be much more a tribute to those people than it will be to any of us in this place, or even in fact to the Government of Canada.

Some hon. Members: Hear, hear!

Mr. Penner: I do not wish to be thought of as one who belittles in any way the roles of parliamentary committees, be they special, joint, or standing. There is much strength in our committee system. Most of the time it serves the people of Canada well. Of course there will be a time for a committee of this House to become deeply involved with revisions to the Indian Act. It may be after the bill, containing the revisions, has been given second reading in the House. Perhaps it will be earlier, as was suggested by the minister.

It may be necessary for the minister to take a federal position. That position will be dealt with by cabinet and then referred to the standing committee. I believe a great deal of good work could be done if that took place. There is no doubt about the fact that there is a role for the committee, but the role of a special, joint or standing committee is not to paddle about the edges of the problem. It seems to me this is just what the motion is suggesting. The committee has to jump into the deep water where all the action is right now. When that time comes, I hope Conservative members of the committee will know how to swim.

I really wonder why the Indian people of Canada would want such a special joint committee poking about in their problems and concerns. Why should they place any particular trust or confidence in the work of such a committee as the one proposed in the Conservative motion? If they did not have trust and confidence in its work, there would be very good, historical reasons for that. We would be able to understand if that were the case. If Indian leaders and their people said to us, "Thanks, but we really do not need your inquiry or your special joint committee", we could understand this reaction.

I should like to refer to the year 1969, since it was brought up by hon. members opposite. On June 25, 1969, the government tabled its statement on Indian policy in the House of Commons. This document is referred to now as the Indian White Paper. That is a rather curious description, but one which carries with it a very useful message. Of course, at the time the statement was not perfectly understood.

A speech of the then minister of Indian affairs and northern development, which was given in Saskatchewan, was reprinted in *Hansard* dated December 1, 1969. The speech was entitled: "The Government Policy on Indians—What is the Debate About?" The minister went to some pains in that speech to explain what the statement was not, and then he went on to explain quite clearly what it was. It was a statement to be discussed. It indicated that the provinces should extend their services to Indians, and that the federal government should transfer funds to help the provinces do this. It is not my intention to go over all the proposals contained in that statement, but I should like to return to June 25, 1969, to see what was said in the House with reference to the work of a previous special joint committee. It was said that that committee had considerable input into the formulation of the 1969 statement.

The hon. member for Peace River (Mr. Baldwin), on June 25, 1969, in his address to the House, is reported at page 10583 of *Hansard* as saying the following:

> I thank the minister for the statement he has made. There was a reminiscent tone to it. I recall during the last years of administration under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker) that a joint committee studied this issue. The wording of the report of that committee dealt with the winds of change which were blowing through the ranks of the Indian people of Canada. Many of the thoughts which the minister expressed in his statement were good thoughts, repeating the thoughts in the report of the committee.
>
> We welcome the statement by the minister. It amounts to an acceptance of many proposals made by the Indian people through the years, and made by those who have worked on their behalf, in this party and elsewhere.

Following that, the spokesman for the New Democratic Party, the then hon. member for Skeena, Mr. Howard, said the following:

● (1732)

As I say, we listened with interest to what the minister said, because in a sense what he was saying was exactly the same thing as many Indian leaders and people have been saying for quite a number of years, and in a sense what he said was a reiteration of what many of us in this House have been saying for the last five or ten years.

The hon. member for Peace River and I had the opportunity in 1959, 1960 and 1961 of participating in the Joint Senate and House of Commons Committee on Indian Affairs, to which the hon. member for Peace River alluded, and the report of which committee contained the same ideas and concepts that the minister has now outlined. Even though it has taken some period of time to get a cabinet minister to agree with those concepts, it is still welcomed.

Now we have a special joint committee proposed to look at the Indian Act. The Indian people of Canada say that parliamentary committees do not listen very well. The hon. member said that what he heard from the Indian people was contained in the policy paper of 1969. When the Indian people saw the policy paper of 1969, they in fact told us quite clearly that that is not what they said at all, and that is not what they wanted. So what faith, what confidence, can they have in setting up another special joint committee to look into the provisions of the Indian Act? All members know that the statement of 1969 has been categorically rejected by the Indian people of Canada.

As I said, many of the proposals that flowed from the work of that committee are contained in that 1969 document. If we agree to the motion by the hon. member for Lambton-Kent today, I would have personal cause to be nervous about it. And I think that the Indian leaders of Canada would be more than nervous; they might be very hesitant about the results of the work of such a committee. In any event, before the committee ever gets its gear together there will either be a bill or a set of proposals to examine, and we will be very busy right here. There will be no time to flit from place to place within Canada, as the motion says, "sending for persons, papers and records and examining witnesses".

I must say that as parliamentarians we so often decry bureaucracy, but whenever we want to give the appearance of doing something we put forward a purely bureaucratic approach, and that I think is what we have in this motion today. —"Form another committee, take a look at the problem, listen to what people have to say and see if you can come up with something that is useful and valuable as a solution". This, from what I have heard today, is the answer of the Conservative party of Canada to an immensely complex and difficult issue.

The almost unanimous rejection by Indian leaders of the 1969 policy statements served as a major rallying force for Canada's Indian people. It has taught them and the government some valuable lessons. The government's reaction has been to drop the 1969 policy proposals. Chief Heber Maitland of Kitimat in northern British Columbia told a district manager's conference last year that the 1969 paper taught Indian people that they could no longer tolerate being treated like children of the government. It taught Indian leaders that they could and they should speak out in the best interests of their people, and it also taught the government to listen to Indian people.

It is the role of Indian leaders to inform the government about the needs of their people, and as a responsible government it is our role to listen and to take appropriate action. With respect to the revision of the Indian Act, I submit that that is precisely the process that is going on. Over the last several years it has been the policy of the government to involve Indian people in finding their own solutions to problems as they themselves perceive them. The Indian people are encouraged to define their own needs and to propose their own solutions. Indian involvement begins at the district level and then it extends to the national level.

As the minister suggested—and I agree entirely with him—the key to success in developing, implementing and maintaining a good working relationship between the department of Indian Affairs, on behalf of the federal government, and the Indian people is the effectiveness of local control and local government in Indian communities. Under the Indian Act the band council constitutes the authority to regulate life on the reserves. They make decisions that affect land and people within their boundaries, much the same way as do municipalities.

The Acting Speaker (Mr. Ethier): Order, please. I regret to inform the hon. member that his allotted time has expired.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I do not want to enter into an extensive debate with the parliamentary secretary, but he did make one or two remarks that I would like to comment upon. He took issue with the remark of the hon. member for Prince George-Peace River (Mr. Oberle) regarding the setting up of the committee. I do not believe that the parliamentary secretary was in attendance at the committee meeting where this issue was raised. At that meeting there were representatives of the National Indian Brotherhood, and as a result of some of the comments that were made by some of the witnesses, the member for Prince George-Peace River put out this suggestion. It is interesting to note that the member for Laprairie (Mr. Watson), a member that sits on the government side, spoke very much in favour of setting up such a committee.

The parliamentary secretary also said that it appeared as though we on this side have just suddenly learned about the Indian people. I would suggest to him that it is because of this party back in 1973 that aboriginal rights were finally recognized by the government. The Indian people have a great deal of faith in our committee system. They come down quite often with their problems, and relate them to us. Unfortunately, the minister does not pay too much attention to what takes place in committee, but the ministers change so often that perhaps the minister is never in his portfolio long enough to really get a handle on the problems of the native people.

I am very pleased, Mr. Speaker, to participate in this debate this afternoon which calls for the setting up of a joint Senate and House of Commons committee to consider and report on the provisions of the Indian Act. The hon. member for Lambton-Kent (Mr. Holmes) made some excellent remarks in giving an overview of and historical background to the act.

I came to Ottawa in 1972, and in the six years since that time I have been a member of the Standing Committee on Indian Affairs and Northern Development. During that time as a member of the committee and as a member of our caucus committee we have probably met with every native organization across Canada as well as many representatives of individual bands. During those meetings these people have expressed their concern about many problems such as health, housing, culture, economic development and survival as a people. They have expressed their concern about the Indian Act, which is basically the only protection they have. The representatives have indicated time and time again in the committee that they would like to see the Indian Act revised and updated, but they want an input into the act because it affects them so vitally.

The Indian people want to play a part in the preparation of a new act, but ultimately the responsibility of final consideration for the act and its passage rests with parliament. This is why our party feels that the setting up of such a committee as recommended in our motion today is so urgent. It would be a committee, as the motion states, that would travel throughout Canada to visit various communities where members are able to see at first hand and understand the problems of native people. I suggest that there are very few members in this House today who have any real appreciation of the problems that exist in the native communities.

● (1742)

A short time ago we had representatives of the National Indian Brotherhood before the standing committee as witnesses. I was impressed by the remarks of one witness in particular, Mike Martin, chief of Eel Ground Reserve in New Brunswick. I should like to quote a portion of his evidence in issue No. 3 of the proceedings of the Standing Committee on Indians Affairs and Northern Development for Thursday, May 4, 1978, at page 3:13, where he said:

> We should have better recreation programs on our reserves to fight drugs and vandalism on the reserves.
>
> As I stated a little while ago, people have been killed on reserves, dying because of other people shooting at another person. In fact, not too long ago, I lost my 21-year old son; he came home drunk one morning at five o'clock, he went down to his room, put a cartridge shell into a gun, stuffed it under his chin and blew his head right out. That is my experience about what has taken place on reserves in vandalism and drugs. I lost my son, not too long ago, on account ot that. When I say this is what is taking place, it is taking place. If some of you people could take time—I know you have quite a lot of travelling funds in your pocket, free travelling funds in your pocket—to go up to the reserves, spend more time and see exactly what is taking place on the reserves, you would know what is taking place. You would know how the people are suffering on the reserves—housing—anything else that has been mentioned here. Even the people of the Department of Indian Affairs, who are running the programs do not come up to see us and see what is taking place. All they say is, "We know what is taking place on your reserve."

I suggest the situation is critical, Mr. Speaker. I lay the blame on this government which over the years has adopted an attitude of paternalism and a program of assimilation. The government has failed to listen to the voice of the Indian people and to the Indian leaders who express the collective views of their people.

[Mr. Neil.]

If I had time I should like to read a letter from Chief David Ahenakew to the Prime Minister (Mr. Trudeau), a copy of which came across my desk this morning. He is concerned about the situation in Saskatchewan and issues a warning about the possible consequences. I know Chief Ahenakew, who is doing and has done an excellent job in Saskatchewan. The letter that he sent to the Prime Minister, of which I think many members have a copy, is a warning, a warning that must be heeded.

I recall talking to Chief Ahenakew a couple of years ago when he said, in effect: "We do not want any handouts, we do not want your welfare; welfare is destroying our people. What we want is opportunity, encouragement, the responsibility to make decisions on our own." He indicated that mistakes would be made, but then the Department of Indian Affairs and Northern Development has made a great many mistakes. He looked to the future, a future when native people would be self-reliant and able through their own endeavours to take care of themselves. They are not looking for handouts. How can they become self-reliant, Mr. Speaker? It can only be done through adequate education, adequate training and economic development.

I should like to spend a few minutes on the subject of economic development. A few years ago the government set up an Indian economic development fund. The concept was based on the white paper of 1969 and was established in 1970. It was funded with some $50 million to be used over a period of five years and basically was to fund small, viable businesses to a maximum of $50,000. It was also to act as a lever for funds from other agencies such as DREE.

The facts of what happened are well documented in the committee hearings of 1977 and in the opposition day debate of June 22 of that year. The Indian economic development fund has not been a success, Mr. Speaker. A study carried out in 1976 by the firm of Woods, Gordon & Co. indicated in part:

> It is our opinion that, in dealing with individuals and small enterprises, the fund has had some measure of success. However, in large complex projects, the fund's performance in relation to its original mandate has been a dismal failure.

The fund was intended to be used on projects to a maximum of $50,000. I suggest that through the ambitions of members of the department it was expanded to include such large enterprises, to mention only one, as The Pas shopping centre. This is a project which started at some $6 million and, with an over-run, ended up in excess of $8.3 million. The over-run was primarily due to the requirements of the Department of Public Works with respect to the structure of the building.

I could cite many other glaring examples which are well documented. Evidence given in committee will indicate that from the inception of the program until we held our committee meetings in 1977 the total number of projects was 2,577, yet they only created 4,722 jobs—less than two jobs per project.

It is interesting to note that with respect to larger projects of half a million dollars or more the fund invested some $45 million, or between 40 per cent and 50 per cent of the total funds available, yet that $45 million created only 58 jobs. At

the committee hearings we learned that every one of the projects costing over $500,000 was in financial difficulty.

This government has failed miserably in attempting to create economic self-sufficiency for native people in Canada. It has also, unfortunately, created doubts in the minds of many of the ability of the native people to handle their own economic development. The evidence will show, however, that in most instances the smaller projects were successful, particularly those under $100,000. Had officials of the department kept within their mandate and funded smaller projects, the program would have been generally successful.

The Indian Act has a bearing on the economic future of the Indian people. Despite what the parliamentary secretary has to say, I visualize this committee as being similar to the Special Committee on Justice and Legal Affairs which travelled extensively, gained first-hand knowledge about our penitentiary system and tabled an excellent report. This proposed committee could do the same. It could see at first hand some of the projects funded by the Indian economic development fund. It could see the housing conditions. It could examine health, listen to presentations and receive suggestions and recommendations from the band level.

• (1752)

I appreciate that there is not much general agreement among the native community with respect to changes in the act, but studies have been carried out and are carried out through funding of the NIB by the government and I believe the problem areas within the act have at least been identified.

As the hon. member for Lambton-Kent pointed out earlier, we are presently in a debate and a dialogue on national unity. We concern ourselves about bilingualism and multiculturalism and yet we are overlooking the indigenous people of our country, the people who were here long before the white man. I suggest that a committee such as we have proposed in this motion would receive wide media coverage in its travels. It would perhaps make Canadians aware of a matter which at the present time they know little about.

Such a committee would also make members of parliament sensitive to the problems that exist. It would enable them to consider constructively and intelligently a new act, an act that hopefully will be one out of which new policies may evolve, for example, policies for local government based on input from the people who are concerned so that without bureaucratic interference they will be able to build their own future as you and I, Mr. Speaker, have been able to do.

I see that my time is up, Mr. Speaker. In closing I would simply like to say that I urge the government to give serious consideration to what we feel is an excellent and constructive motion, one which could do a very fine job in making decisions on a new Indian Act.

Mr. Penner: Mr. Speaker, with your consent I would raise a very brief point of order with respect to what was said by the hon. member for Prince-George Peace River and followed up later by his colleague the hon. member for Moose Jaw. I am sure that neither hon. member wants to mislead the House, but they have left the impression that the motion we are dealing with today emanated from a recommendation by the Standing Committee on Indian Affairs and Northern Development. I can prove quite conclusively that no such recommendation ever emanated from the committee. If I may take one moment of the House's time—

The Acting Speaker (Mr. Ethier): Order, please. I was just about to inform the hon. member that I do not consider this to be a point of order. His point is argumentative and a question for debate. This matter was referred to by the hon. member for Prince George-Peace River and also by the hon. member for Moose Jaw, and now the hon. member for Thunder Bay wants to refer to it. I do not feel that I should recognize any more speakers on this point. This is a question for debate and it is argumentative. Therefore, I do not consider the hon. member has a point of order.

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, with only a moment or two left and not wishing to have my speech interrupted, with the consent of the House may I call it six o'clock?

The Acting Speaker (Mr. Ethier): Order please. It being six o'clock I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

• (2012)

Mr. Pearsall: Mr. Speaker, I enter the debate this evening on the motion proposed by the hon. member for Lambton-Kent (Mr. Holmes), not with the intention of criticizing the hon. member because my association with him in the past four years as a fellow member of the Standing Committee on Indian Affairs and Northern Development is such that I hold him in high esteem. Rather, I want him to know, and I want the House to know, that my concern is with the mechanics of the motion.

My riding of Coast Chilcotin has within its borders more than 30 Indian reservations; some are close to towns and cities while others are to be found in very remote locations. The hon. member proposes that the parliamentary committee to be established should go to all places in Canada to sit down and hold discussions. This may work out well in those areas which are close to cities and towns but I would be most disturbed to think that we might decide to take 15 members of this House and an equal number from the other place and pour them into these various remote areas. It may work well enough in the cities but I could name places in my riding in which we could

face some quite remarkable scenes and Heaven knows what actions.

I mention, for example, Oweekeno, where a band is situated right up at the top of Rivers Inlet. I wonder how the hon. member would propose to bring a group of pin-striped clad characters from Ottawa into such an area. The only way to get in there is by a small float plane, probably with a maximum capacity of three or four. We would spend all day bringing people into places like Oweekeno.

Another place which comes to mind is Nemeihia Valley in the heart of the Chilcotins. I am sure the hon. member knows of the places I am talking about because he does his homework and knows British Columbia as well as I do. I want also to mention Nazko. These are areas which rarely see many white people. Indeed, they may see the odd trapper or prospector, occasionally a rancher or member of parliament going in there to do his best.

Some hon. Members: Oh, oh!

Mr. Pearsall: As a consequence, I cannot picture this group of individuals coming from Ottawa to go into, for instance, Nazko and Nemeihia Valley to sit down and say to the chief and council: "Okay, we are here for five hours; you have ten minutes in which to have your say and then bring on all the rest." These people have not grown up with that kind of life. They would not understand the kind of parliamentary committee system under which we operate here. We are caught up in this cocoon where we jump from one place to another to attend the various committees on which we serve. We are allowed ten minutes to ask questions. How could you expect to operate such a system in these remote areas where the people are not accustomed to speaking in front of large groups like ours, particularly when they are not even used to speaking to white people?

I believe that the NIB, nationally and provincially, have managed to get through to their people. The various groups with which I deal all the time are men and women who are as close as it is possible to get to the native people. Are we going to abandon their efforts and say: "No, I'm sorry, you have done a good job but we want to find out a bit more on our own"? How can we sit down with a group of people who are totally unaccustomed to our ways and give them five minutes to speak to us? They won't say a word. They will just sit there and look at us. The hon. member for Lambton-Kent knows, having gone into these areas, that you have to go in and sit down and personally talk to the chief and council. You get more out of that kind of action than you ever will by bringing in a committee. I understand what the hon. member wants to do and I admire him for it, but the mechanics he proposes to employ would just put a stop to it all. That is what disturbs me so much.

Now, we have talked about the remote areas. I am very fortunate in my riding to have a number of very advanced Indian reservations. I don't mind naming them—I think they should be named. They are an honour to their people, an honour to all the people of Canada. For instance, there is the Sliammon band, on the outskirts of Powell River, my own hometown. They have done a tremendous job in the last few years and are well ahead, thanks, perhaps, to the industries which surround them. In Sechelt, just to the south on the sunshine coast, there is a wonderful group who have done an excellent job—it is close to the city. I could move on and name, for example, the Squamish band which the hon. member for Capilano (Mr. Huntington) represents. A portion of the band is to be found in my riding. These are areas which would understand the system and could sit down with a parliamentary committee. They are very experienced in politics and would win the battle over us any day—something which I am sure the hon. member for Lambton-Kent already knows.

But let us not forget that the great majority of the Indian people in Canada do not live close to cities. That is the point which disturbs me so much. As well-intentioned as the proposal may be, Mr. Speaker, I do not feel that such a committee could do the job that the National Indian Brotherhood or all the provincial bodies can do. I would far rather see an opportunity afforded us to keep on with the business we are doing today, meeting with Mr. Starblanket, meeting with Mr. Manuel and those who have been before them. This is the route we have taken and I believe it is the route we should stay with. Otherwise we must have some idea how we can explain to, say, a chief up in Kingcome Inlet: "I am sorry, Chief. You wanted to make a presentation to the B.C. Indian Chiefs but Ottawa says that won't work. We have a new committee coming out here. We are going to bring you some senators and members of parliament. You will be given five minutes to tell them your story"—

An hon. Member: How about 15?

Mr. Pearsall: Well, 15 is not enough. These people have suffered for a hundred years from the presence of the white man, and now you propose to give them 15 minutes to explain their cause. I am sure the hon. member for Moose Jaw (Mr. Neil) really did not mean that. We have to give them the time they need. They do not talk in a hurry as we have learned to do because our time is limited. We are talking with native people who are accustomed to a very slow and easy way. The hon. member for Lambton-Kent knows that, and so does the hon. member for Moose Jaw. They know what happens when you go among the native people. One does not hurry things, you just sit down. It may take a whole hour just to get an introduction but this is their way of life.

As I say, I respect what the hon. member wants to do but the mechanics just will not permit it to happen as he suggests. I just foresee our running into terrible confusion where, instead of getting the information we need and desire, we will get nothing. Some of these Indian people are quite timid. They just sit back and refuse to say a word. I would far rather see us carry on as we have been doing, listening to Mr. Starblanket and the other Indian representatives.

I heard what the minister had to say this afternoon. We do have a committee which is studying the question. We under-

stand one another. We are working on something we all believe in. I have great respect for the hon. member who proposed this motion, as I have for all members of the committee. I honestly believe the Indians realize we are trying to do something. But we have the Indian Act. It is a horrible act. It has been in effect for over one hundred years and it is about time we changed it. But let us do it in the way we can do it best, by bringing in representatives of the native people and letting them tell us what they would like to see done. They should not be limited to ten minutes. Witnesses have come a long way. They should be given hours, if necessary, in which to talk to us.

What have we done to our native people in the course of a hundred years? We have pushed them down and never given them a chance. They cannot tell their story in half an hour. These people have not been brought up in a TV culture. They are talking about trying to get back where they belong.

● (2022)

Although I understand what the hon. member for Lambton-Kent is getting at, I feel that the mechanics involved with his proposal would not fit into the program. Frankly, what I am seeking is greater association and confrontation—and I think that is the right word to use—with our native people. As an individual member of parliament I am prepared to continue doing what I have been doing in the four years since my election here. I have been sitting down with these people, spending my time with them and bringing their problems to the minister. I have had excellent results, as I am sure have other hon. members. We are moving in the right direction, but let us not abandon completely the native representatives who come here time and time again. Different speakers this afternoon have been saying that we are going to be throwing them out and telling Mr. Starblanket and other representatives to get lost because we do not need them. That is not the way to proceed. I respect what the hon. member is trying to do, but I feel that if we throw native leaders out, we will get into a very serious situation. We must not tell them to get lost. We must stay with them.

When we talk about Indian rights and land claims, we must stay with the people themselves but we must get information from them. How can we as a group of 30 or more—it does not say in the motion how many there might be; there could be 100 of us for all I know; I do not know what the Senate representation might be—get across to people in remote areas? That bothers me. I do not think we will. That is why I would be much happier if the hon. member for Lambton-Kent, the hon. member for Moose Jaw and myself could bring people here to Ottawa and give them more time. I am sure those hon. members would agree with me. We are ten minutes ourselves into Heaven knows what.

Sometimes I wonder if we really know where we are going, because we have ourselves tied into a cocoon of committees. The people of Canada want to speak, and I am referring to both Indian and white. However, they are not being given that opportunity. The rules are not just made by the government. We have a system here.

Mr. Smith (Churchill): Hear, hear!

Mr. Pearsall: I notice that the hon. member is applauding. I am glad because I think he understands that we must get down to the basics and understand that we are dealing with native people who are not accustomed to the jet set lifestyle we have here, where everything is done by the clock, we are hit with gavels all over the place and where there are bells ringing. We in this place are the crazy ones! We are letting ourselves be tied into things where everything is done in five minute intervals, or more or less, depending upon what we are dealing with.

Let us sit down and analyse this thing properly. I think the minister was quite right when he said that we are negotiating. We are negotiating well. There have been great accomplishments in the past few years. I am glad to know this, and I am sure all hon. members are; but one thing which will really cause us problems and which I do not think will be settled by having this special committee is that hunting and fishing limits will be involved. Those are crucial issues out in British Columbia. The northern gas pipeline will be involved. I know that the hon. member for Lambton-Kent knows this because we have both been members of the Standing Committee on Indian Affairs and Northern Development. We know what the B.C. chiefs are saying. As a member of that committee I have a responsibility for trying to get a message to them. There are many things in the Indian Act, but a committee of white men cannot deal with them effectively.

In this House this evening is one of our hon. colleagues who knows what this is all about. I do not know whether he will be speaking tonight. I refer to the Minister of State (Environment) (Mr. Marchand). He knows, and I feel very honoured to be associated and working with my colleague. I only hope that he gets an opportunity to speak tonight and to tell the story as he has heard it from his people. We are looking into a mirror, but has anybody ever wondered what is being reflected? I do not think we are getting the real story, and that is why I reject what the hon. member for Lambton-Kent is proposing. I think he has an excellent idea, but its time will come later.

I think the body to deal with these matters should be the Standing Committee on Indian Affairs and Northern Development, but I hope native people will be given permission to present themselves without any interference from Ottawa because they have been charging Ottawa with interfering all through the years.

I was born on the west coast. I have lived all my life among native people as well as with my own white people. I know the feeling and the stories of the people. I do not want to leave the impression that I am trying to destroy what the hon. member is proposing, but I feel that the mechanics of his motion will not permit what he is asking. I think we should stay with the system we have had. I think we should try to develop that system further. I do want to see the National Indian Brotherhood carry on with what it is doing. I would like to see it spend

more time with us, and I feel that the Standing Committee on Indian Affairs and Northern Development is the committee to deal with native questions. However, let there be equal participation. If we do not have that, later it will be said that the whites took over and "did it to us again". I do not think there is a member in this House who would want to have that thrown at him. I understand that there could be hon. members here who represent constituencies which have no native groups, but there are close to three dozen bands within my riding. I must think of those people as I make my decision here tonight.

I feel that I cannot go along with the motion presented by the hon. member for Lambton-Kent because I feel I would be letting down my native friends within my riding who want to get their story across. They do not feel they can get it across by coming to a city or by having a group come to speak for them. That is not their way of life, and I do not think we should impose our way upon them at this crucial moment when we are going to make revisions to the Indian Act. It is about time we made those revisions.

I am not going to take any more time. I think I have put my message across, and I hope my hon. friends understand what I have been saying.

Mr. Cecil Smith (Churchill): Mr. Speaker, in taking part in the debate on the motion moved by the hon. member for Lambton-Kent (Mr. Holmes) I can say that never in my short tenure in this House have I seen three government members scratch so hard to speak against a motion. They are scratching from the very bottom. I think they are talking out of both sides of their mouths. If any of the hon. members opposite who have spoken today were to come across a mukluk, I do not think they would know whether to eat it or wear it. That is about how much knowledge they have of Indian people.

Since arriving here in Ottawa four short years ago I have been a member of the Standing Committee on Indian Affairs and Northern Development. I represent about 35 Indian reserves. There are more treaty Indians in my riding than in the riding of many other members in this House, and I think I speak with a little bit of authority. I have spent some 32 years living and working with Indian people. Hon. members opposite talk about our great standing committee to which everybody can come. Witnesses appear, we hear them and so forth, but this government is not prepared to meet the Indians on their own ground. The government always wants Indian people to come here to Ottawa. The government wants to control Indian people by remote control.

The hon. member for Coast Chilcotin (Mr. Pearsall) spoke about going to reserves in pin-stripe suits. I expect that that is the way he approaches the Indian people. He does not really have an honest feeling about how to deal with the Indian people and with Indian problems.

● (2032)

Time and time again I have seen witnesses appear before the parliamentary committee where they get 20 minutes or half an hour to present their briefs. What action does the standing committee ever take on those briefs? Not one darn bit of action. The brief is presented and that is it; everybody goes away smiling and shaking hands, and the brief gathers dust like so many studies done by the Department of Indian Affairs and Northern Development over the years. The Indian people are studied to death.

I think we would get a tremendous support from the Indian people across Canada for a standing committee which would go out and meet the Indian people on their own terms and on their own ground, instead of them having to come down to Ottawa and meet the fellows in the pin-stripe suits. That is how much regard these fellows have for the Indian people.

Let me say, Mr. Speaker, in speaking in favour of the motion, that the Indian people at the community level, at the band level in remote locations, and so on, are the first people of Canada, and we must remember that. But this government is treating them as if they were the last people in Canada. To date the federal government has consistently imposed on the Indian people its policies and programs with little regard for the needs and concerns of the Indians. Policies which originate here in Ottawa dribble through numerous bureaucratic hands before reaching the Indian communities. Of course, when those policies take that route they are bound to fail. The reasons are numerous and obvious to us down here in Ottawa. Unfortunately, they are probably not as obvious to people in the remote locations.

Let me just recount what has taken place in the department in my short tenure of four years here. Today the minister gave us the impression that all is well, everything is going fine, that there is continuity in the work of the department. Let me tell you how much continuity there is in the Department of Indian Affairs and Northern Development, just one of the departments with which the Indian people must deal. In the past four years there have been so many changes in the structure and organization of the department that it is very doubtful that there is any continuity in policy for more than two months at a time. We have witnessed in the past four years the appointment of three different ministers in charge of Indian affairs. We still do not have a minister who is quite dry behind the ears in so far as that department is concerned. He has been here for a few months and already he is the expert who knows how to solve all the problems. I wish him well. We have had two different deputy ministers and we have had a change of assistant deputy ministers, all in four short years. And yet the department expects the Indian people to have continuity and control at the band level, to know what is going on and to run their affairs properly.

Let me tell hon. members what happened in the Department of Indian Affairs and Northern Development in four years because of the change in administration here in Ottawa. There has been a reorganization of the department, which means that nothing works for the next six months. There has been realignment in the department, which means that nothing works for another six months because everybody is shuffling papers around and moving people from desk to desk. In the meantime, people back in the reserves are not receiving the attention they

deserve. Then lo and behold, in comes a new ADM. What is he going to do? He comes up with a program called "Fine Tuning". Again that program changes everything around. Now the latest program is called "Fusion".

Let me tell the House that all that change in the past few years has meant to us here in Ottawa and to the Indian people mass confusion, not fusion. That is exactly what it has meant. One wonders how workable all these activities have made the department. One can be quite sure that all these goings on have only frustrated the Indian people back in the areas where the programs and the moneys have finally dribbled down. As I have mentioned before, these activities frustrated the Indian people who are trying to develop their communities within the confines of a confused and confusing organization, and this is being perpetuated right down through the system.

Indian affairs policies cannot possibly reflect the broad range of cultural, economic and geographical differences of the Indian communities across this country. That is why we must have a committee travelling across the country and getting the feeling of the grass roots people. There is a place and a job for the National Indian Brotherhood and there is a place and a job for the various provincial organizations, such as the Manitoba Indian Brotherhood and the FSI. There are pressure groups and they have their job to do. But there is also a job for the parliamentary committee to hear recommendations of people other than those I just mentioned, such as the NIB and the MIB. They do a good job but they have so much work to do that sometimes they cannot even get to some of the locations that a special standing committee could reach. Decisions cannot be made without due consultation with the Indian people.

The thinking of the department here is that it could develop a program here in Ottawa and send it out to the communities, but only the department can administer the program. This year officials of the Department of Indian Affairs and Northern Development have said in Ottawa in the committee that they have reduced their spending by 3 per cent. Do you know, Mr. Speaker, what that means to the Indian reserves back at the community level where the band council is trying to administer a program and develop band government? It means a reduction of 17 per cent at the band level by the time it dribbles all the way down to them. Their head office is not suffering. It is the band, the people whom the department is supposed to serve, who are suffering. They are the ones who will lose 17 per cent and who will have to lay off 50 per cent of the people to carry out the program. If the program is not carried out properly, department officials say to them: "Apparently you cannot handle this so we will have to step in and send some of our people in to run the program. You people just stand aside. We know how to do it because we have all the experts who know how to handle Indian people and how to do this work".

Recognition by the federal government of the crucial need for Indian input in the determination of programs was not given until the mid-1960s. The formation of regional Indian advisory councils occurred in the late 1960s. The objective of the government was to provide the Indian people with a consulting role with regard to policy and in the area of amendments to the Indian Act. That the government never seriously offered the Indian people more than token gestures of involvement was fully demonstrated in their 1969 policy white paper on Indians. The government's idea of the role of Indians regarding policy was simply that they would administer on the local level policies designed by the department. In fact, the white paper made an absolute mockery of the consultation process that had supposedly occurred.

● (2042)

What the bands want and are after today at the band level is band government. They want to be able to control what goes on in their communities. They are sick and tired of someone arriving in their communities in the morning and leaving at night—the 24-hour experts, I call them. They arrive, lay out some particular program and leave, and that is probably the last the band sees of them. Of course, the individual who arrives from the department does not leave any funds to administer the particular program. He feels the Indian people at the band level should be doing this for nothing because a lot of them are receiving welfare. He feels they should just do the administration work for nothing. The department fails to recognize that when it brings someone in from the regional office the money required is coming from a program, and that money should be going to the Indian people. The government had obviously not been listening to the Indian people because they have been saying this for quite some time, and this is something we do not hear at this level. We just do not get this information.

I sometimes feel that the ideas presented by the Indian people never really get past the regional level, if they ever get that far, for the simple reason that there are too many people in the department who are protecting their own jobs and do not want too much autonomy for some of these bands. Of course, that could be argued, but that is exactly what I have found during the 32 years I have been working with and for the Indian people in northern Manitoba.

When this 1969 white paper came down the Indian people were angry. They certainly felt, and understandably so, betrayed by a government which had made a great pretence of consulting with the Indians. The problems of today can be related to the fact that the Indian people do not trust this government. That is why they are leery of even discussing some things with the government. Trust is something that has to be developed, and it cannot be developed overnight. Trust is something that is developed through years and years of working with these people.

The Indian associations insisted that resources be made available to enable band councils to determine local needs and to run their respective communities. The Indian associations have consistently maintained that only a grass roots approach will work for the Indian people. This requires a decentralization of the top heavy Indian Affairs structure, and a true partnership between the Department of Indian Affairs and the

band councils. A far more flexible approach to policy formation is also necessary.

However, not until 1974 were band councils given serious recognition. The band council was finally viewed as a distinct political body, legally elected with a number of important functions. The band could raise and spend funds, could hire band staff, contract with other levels of government and administer a variety of programs. However, the programs were and are still predominantly those designed by the Department of Indian Affairs. Although the government's intentions seemed laudable on paper, the Indian people were still rather concerned, and they are now, about any real input they had in the development of their communities. This is a very strong feeling.

The Department of Indian Affairs and Northern Development and an increasingly wide array of other federal agencies still dominate the situation at the band level. They make plans and the numerous agents fly in and out of the reserve, foisting their plans on communities in a largely uncoordinated fashion. The band councils have numerous local concerns to deal with, and it is unrealistic to expect that any and all band councils can deal with all these agents and plans in a reasonably coherent manner. A major goal of the Indian people remains that of realizing a community development plan which ultimately results in autonomous, self-sufficient communities.

I would like now to deal briefly with education in particular communities. In many of the communities we know that education has been in the limelight for several years, simply because of the approach this government has taken toward education of the Indian people. Under the terms of the Indian Act, and as stated in various treaties, the federal government has legal responsibility for Indian education.

Traditionally the government's concept of education for the Indian people has been dangerously narrow in scope, and consequently most ineffectual. The government's attempt to assimilate Indians through education has had numerous disastrous effects, not the least of which has been high drop-out rates and general disdain for a system which is alien and rejects their own cultural values.

For more than a hundred years Indian education has been directed and controlled by churches and/or the federal government. Generations of Indian people will recall being shipped out long distances as children to attend a variety of residential schools, mission schools, boarding schools and industrial schools. The sense of helplessness and loneliness experienced by children cut off from their families and communities remains a blight on our history. Every attempt was made to negate their cultural identity and the values with which they had been raised. Their language rights were eroded by teachers who discouraged the children from speaking their own mother tongue. They were subjected to literature that depicted their culture and values in a distorted and often negative fashion. The fact that Indian people have made valuable contributions to history was a fact simply overlooked by their educators. The lack of well qualified teachers and the often dismal and inadequate facilities only compounded the problem.

Well aware of the failures, the federal government decided in the late 1940s to take a more active interest in the education of Indian children. The major objective of that interest, however, was to bring Indian children into the mainstream of the dominant society. The policy was that of enforced assimilation, with a resultant loss of all Indian cultural identity. Once again parental and community wishes were entirely overlooked. This system which has denied the Indian people any control over the lives of their children has, of course, resulted in a massive failure.

Once again the federal government was faced with the failure of its educational policies. In the late 1960s the department decided that some participation by Indian people in the education of their children was required. The notion that their children needed to be integrated into the mainstream was still dominating the department's policies and was, in fact, even further reinforced. The trend was now to integrate children into the provincial school systems. Federal-provincial contracts were formulated without consulting the parents or the Indian people generally. Indian participation was evidently no more than a token gesture. It was the Indian people themselves that initiated the most important developments in education, beginning in the late 1960s.

I see that my time is drawing to a close, Mr. Speaker, but I have one letter here from Oxford House and I would like to refer to one small part of it. This explains why we should have a committee able to travel to these reserves. This letter concerns a school that closed down because the roads were in such terrible condition that the school bus could no longer use them. The letter is signed by Chief Jack Grieves of Oxford House and four of his councillors. Today that school is still not open and the children are not attending because of the policies of this federal Indian affairs department.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am pleased to have the opportunity of speaking for a few moments on the motion of the hon. member for Lambton-Kent (Mr. Holmes). I do not suggest that I support the motion, but I certainly welcome the opportunity to speak on it and to make one or two comments about the speech of the hon. member for Churchill (Mr. Smith).

For him to portray himself as the only one who represents a large number of Indian bands or status Indians is an utter falsehood. We have many members on this side of the House who represent large numbers of Indian bands. My own constituency alone has 4,000 status Indians and about 12 Indian bands. For the hon. member to make the suggestion that he or certain members on his side of the House are the only people to have an opportunity to visit band councils and to meet with the native people is certainly unjustified.

● (2052)

I want to pay special tribute to the parliamentary secretary, the hon. member for Peel-Dufferin-Simcoe (Mr. Milne), who

has had an opportunity to meet on one of the Indian reserves in Algoma riding, the Mississauga reserve, with chiefs from several bands to discuss special problems that affect bands throughout the Algoma-Manitoulin area, because he certainly did an excellent job. Contrary to what the hon. member for Churchill said, he was able to effect many changes that were raised at the meeting.

The hon. member for Churchill talks about mass confusion in the Department of Indian Affairs. I cannot think of anything that would prejudice the consultations and negotiations which are going on now between the National Indian Brotherhood and the department with regard to amendments to the Indian Act than to send out a committee across the country before these negotiations and consultations are completed. The hon. member for Churchill portrays practically every employee of the Department of Indian Affairs as a blackhearted wretch. He did not actually use those words, but he as much as said that every individual in the department does not have the best interests of the Indian bands at heart. That is a false concept because, surely, we have many dedicated public servants who are doing an excellent job working with band councils and Indian groups to improve the situation on the Indian reserves. It certainly does not take very long for the chiefs and councillors and band council members to tell you which ones are which.

The motion before the House is to set up a special committee to consider and report on the Indian Act and what revisions or amendments should be made in that regard. In 1968-69 there was very extensive consultation across the country which involved the present Minister of Finance (Mr. Chrétien) and President of the Treasury Board (Mr. Andras). It was a very valuable exercise, but the important thing now is for the department and the minister to have consultations with the National Indian Brotherhood and other groups across the country and to bring before parliament the proposed amendments resulting from those consultations. If you were to send a committee out across the country at this stage, it would only negate those consultations and confuse the issue rather than result in constructive amendments to the act.

I would like now to put the problem in its proper perspective. A few years ago an incident occurred in my constituency where many young people aged 18, 19 and 20 years suddenly found that they could vote in the federal election at the time the provincial and federal law for voting age was changed from 21 to 18. I had presented a private member's bill to lower the voting age for status Indians in the elections of band councils and chiefs. The bill was on the order paper for a couple of years. I believe that practically everybody in the country, including most members of the National Indian Brotherhood, band councillors and certainly young people who are deprived of voting at age 18, 19 or 20 at the present time, would like to see that amendment become law.

The National Indian Brotherhood has made it very clear—and I have received feedback to this effect—that they do not want to open the act up on a piecemeal basis, making changes here and there with only one or two changes actually being effected. This, in effect, is what we would be doing if we were to pass an amendment like that of the private member's bill. The National Indian Brotherhood wants to negotiate with the department and the minister amendments to the entire act.

This afternoon the hon. member for Lambton-Kent portrayed the Indian bands and Indian reserves by laying out all their difficulties, the social and economic problems with which they are faced. Well, we are working to improve the situation, and if hon. members will look back just eight or ten years, the period of time that I have been a member in this House, they will see some dramatic and impressive changes that have occurred, at least in my constituency. Perhaps the most impressive in that regard is the kind of leadership which has developed to make this progress, to provide for social amenities on the Indian reserves. It seems to me that this leadership has sprung up because in the old days it was simply a case of the band council acting as an advisory group to the Indian agent who ran the whole show.

Today, however, we have Indian bands operating many programs such as housing, education, economic development, direct employment, nursing homes, parks and recreational facilities. There has been a tremendous step forward in this area over the past eight or ten years, and the band councils have proven their ability to operate extensive and complicated programs that are often much more complicated, at least in my area, than those operated by a municipal council of comparable size. We would be remiss if we did not point out that kind of progress.

The area to be most concerned about in the future is economic development, especially for the remote reserves where it is difficult for band members to find employment. This has to be a chief concern of the department, the minister and all of us, because if people do not have job opportunities the system breaks down.

I want to congratulate the Indian bands on the facilities they are providing for their band council members. A few weeks ago I had an opportunity to attend the official opening of a recreational and cultural facility at the Sagamok reserve. There was also a new band administrative centre with firehall and police station, an excellent facility. Other bands throughout the Algoma-Manitoulin area have provided equivalent facilities as well.

Another reserve I would like to mention is the one adjacent to Sault Ste. Marie, where the Batchewana band have built an excellent recreational complex, administrative centre and industrial park where many small light service industries are locating. This not only provides a tax base for that band but provides jobs. There is much progress being made, but we have a considerable way to go.

• (2102)

As for the economic development aspect, when we get around to making amendments to the Indian Act I think it is very important that we provide power for band councils to be able to lease property on the reserve. I understand from what the minister has said that it is the plan that band councils be

given the power, substantially, to lease land without having a surrender vote, although if they actually sold land they would need to have a surrender vote. That is one of the important issues that was raised with the parliamentary secretary at the reserve meeting held in Mississauga last November.

Another thing that we want to see established is post-secondary education. In northeastern Ontario we have been watching a battle to ensure that funding is provided for post-secondary education this fall. There is some concern that when we amend the Indian Act, whatever regulation or statute is established will ensure that post-secondary education receives the same consideration that public and elementary school education receives now. The uncertainty there is about this is a great hardship to the people involved and it is undesirable at a time of high unemployment. I think it is important that the matter be clarified, as the minister has indicated it will be in the near future.

In summary, Mr. Speaker, the motion before us to establish a special committee to roam the country at a time when consultations are taking place is premature. I do not think the motion should pass. The minister has indicated that he hopes to bring in amendments to the act, perhaps next year, and to get substantial agreement with the National Indian brotherhood later this year. That is the procedure to follow. The bill would come before parliament after agreement has been reached with the national association and various representatives of native groups could appear before the committee. That is the positive, constructive and least confusing way to proceed on this most important matter.

Some hon. Members: Hear, hear!

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, after listening to the minister's contribution to this debate earlier in the day, there is no doubt in my mind that the reference of the Indian Act to a special parliamentary committee as proposed by my colleague the hon. member for Lambton-Kent (Mr. Holmes) is even more of a necessity than I believed.

It is obvious from the minister's remarks that if this act is to be amended with the full participation of the Indian community, they must be provided with a forum where they can make their views known, where all aspects can be dealt with, not in camera but under the full scrutiny of public opinion. It is to be hoped that this would force the minister, his advisers and members of the government to give the revision the priority it should have and which they have denied it to date.

This afternoon the minister scoffed at the idea of a committee such as this and derided its potential value. He did not think the Indian Act needed further study. He said that no other matter has been studied so much, unless it be the constitution. I would say to the minister, as he probably knows, that after a year and a half of urgings and motions from this side of the House, the Prime Minister (Mr. Trudeau) has finally agreed to set up a special parliamentary committee to deal with constitutional matters. I hope the Minister of Indian Affairs and Northern Development (Mr. Faulkner) will see the wisdom of that move by the Prime Minister, belated though it is, and that he will reverse his position on the motion before us.

Sir, the minister said that he would rather build on the work that had been done prior to the breakdown of the NIB-cabinet joint committee. He went on to outline what had actually been achieved but then treated us to a review of the various matters which had been dealt with, the various attempts that had been made, which in his own words had foundered.

In lieu of a special parliamentary committee working on this necessary revision, the minister plans to soldier on by himself, and his closing remarks were: "I would hope to have some proposals by the fall". Pious hopes by the minister are no substitute for action and involvement—no longer good enough for the native people who have had to bear the inconsistencies and bureaucratic strictures of the Indian Act for far too long. They must be provided with a new forum, a special forum in which to make their views known, and a special parliamentary committee could perform that function.

I want to deal particularly with the discriminatory clauses in the Indian Act, clauses which relate to band membership and particularly as they apply to Indian women. The minister mentioned these clauses. He said in response to a question from the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) that he would tell him and the House how this matter—these discriminatory clauses—would be dealt with, but then he never did.

I should like to refer the minister and the House to a special publication put out in April of this year by the Advisory Council on the Status of Women entitled "Indian Women and the Law in Canada: Citizens Minus". The preface reads as follows:

> When native women in Canada realized that there was no documentation of the discrimination against us we requested the assistance of the Advisory Council on the Status of Women. We asked them to work with us jointly in our efforts to prepare this documentation.

The result was the booklet I have referred to. Later in this publication there appears the following passage:

> For one hundred and nine years Indian women in Canada have been subject to a law which discriminates against them on the grounds of race, sex and marital status.

For the past nine years various attempts have beem made to revise the Indian Act in order to rid the act of its discriminatory clauses. To date, none of this has met with success. As my colleague the hon. member for Lambton-Kent has already outlined, there was the federal government white paper in 1969 which was received with outrage and hostility by the Indian community.

Several years later, in 1974, a committee of the National Indian Brotherhood under the chairmanship of Harold Cardinal, then president of the Alberta Indian Association, prepared a draft revised act which recommended that discrimination be removed from the act and that Indian women not lose status on marriage.

In 1975, a joint committee of the government and the NIB was set up to revise the Indian Act and the whole issue of

Indian women and band membership became a political football in their negotiations. So ineffective was the work of that committee that the NIB withdrew from it this spring, claiming that it was a charade and that they had not received one major decision from the government in the entire time they had been working on it. Its attempts, as the minister said, "had foundered".

I have always believed—indeed, I have spoken about this before in the House—that Indians themselves should have the primary input into any redraft of the Indian Act. That is why I put so much hope into the work of that joint committee and why I regret its collapse. Now some other vehicle must be found which will enable us to remove, once and for all, the very real discrimination that exists against Indian women.

I have met with many groups of Indian women on this subject and others, but particularly on this subject. I have been greatly encouraged and amazed by the solidarity of both status and non-status women in the way in which they are working together to resolve their problems as women. I have met individual Indians who are deeply affected by the injustice of the Indian Act. I think of women like Mary Two-Axe Early of the Caughnawaga reserve who told me, sadly but indeed angrily, that it is easier for the dogs to be buried on the reserve than it is for her, a full-blooded Indian who has been stripped of her status. So while committees are formed, talk and collapse, the Indian women are forced to sit in frustration.

● (2112)

The Advisory Council on the Status of Women in the report I have mentioned said this at page 91 about the now defunct joint committee:

> The NIB in the present joint government-Indian negotiations to revise the Indian Act, has refused to allow status or non-status native women's organizations to be represented in these negotiations. Curiously the federal government does not see anything at all amiss with the fact that the NIB can unilaterally make such a decision. As "Indians" meant only males to the governments in the past, so it is today.

And, as that report further points out:

> This denial of the human rights of Indian women on the part of both the government and the NIB has been compounded by the fact that this same government has carefully excluded any possible recourse in law by removing the Indian Act from the reach of the new Human Rights Act which came into force on March 1, 1978. Indian women have nowhere to turn and are denied the basic human rights enjoyed by other Canadians.

After nine years of talk about changing the law, Indian women are still suffering from its discriminatory clauses. The best known of these is section 12(1)(b). I am sure as many members realize that infamous clause states that, upon marriage to a white man, an Indian woman must leave the reservation, may not own property on the reserve, must give up any property she does own, cannot inherit any property, cannot take part in band business, cannot have her children recognized as Indian, is prevented from returning to live with her family even if she is poverty-stricken, ill, widowed or divorced, and finally loses the right to burial on the reserve.

Canadians, native and non-native alike, can and have been concerned about this one section of the law which most people in the country consider discriminatory. But what about all the other sections that have not generated a hue and cry, the ones that we have not raised a fuss about, probably because many of us are unaware that they exist? That whole section of the Indian Act which deals with definition and registration of Indians, sections 5 to 17, needs close scrutiny to see just how much injustice exists for both men and women.

For example, the 1951 revision introduced a new system of registration on band lists. I will not go into the problems this created when many people were left off the lists because of inadequate and faulty registration procedures. But suffice to say that persons, men and women, who were legally entitled to be included were left off. That particular effort split families and caused major disruptions in Indian communities.

The sections regarding band lists are in themselves discriminatory. Section 10 states:

> Where the name of a male person is included in, omitted from, added to or deleted from a band list or general list, the names of his wife and his minor children shall also be included, omitted, added or deleted, as the case may be.

Does this section not have just as much built-in discrimination as section 12(1)(b)?

And what about section 12(b), which states:

> The addition to a band list of the name of an illegitimate child may be protested at any time within 12 months after the addition, and if upon the protest it is decided that the father of the child was not an Indian, the child is not entitled to be registered.

Should we not be just as concerned about the rights of an illegitime child whose paternal antecedents it may be difficult to prove? These are but two examples of further discrimination within these clauses. If we were to examine the act clause by clause, many questions indeed similar to these would be raised.

The punitive and discriminatory clauses against Indian women and children might be more acceptable, or at least they might seem less unjust, if they were, in fact, a result of tribal custom or tradition, if it were a law that the Indians themselves had imposed. But it is not such a law. Rather it is a white man's law, imposed at white man's convenience, in order to encourage and speed up the process of assimilation of the Indian with the white man.

The Indian Act, as originally handed down in the late eighteen hundreds and subsequently amended, is based upon a patrilineal descent model. In this regard, the act may be seen as an extension of white Canadian colonial policy, for traditionally not all native peoples were organized along these lines. Iroquoian and many northwest coastal groups, for examples, emphasized matrilineal descent, and women in these societies maintained focal economic and political roles. By legislating these roles to males, the Indian Act represented, and continues to represent, imposition and interference by the federal government.

The process of assimilation of the Indians was seen by the settlers as a good thing. It was to Christianize and civilize them. Furthermore, the Indian women made good wives since they knew much more than the white men, such as how to survive the harsh conditions of the new country.

But that process of assimilation that was beneficial to the white settlers has not been beneficial to Indian communities. The traditional and essentially unchanged emphasis on family relationships in Indian communities must not be underestimated. Traditionally it is the Indian women who transmit Indian cultural values and language from one generation to the next. The enfranchisement of Indian women, the loss of their status, represents a great loss to the Indian community.

When this act was drawn up and even when it was amended, assimilation was the name of the game. Between its lines it is easy to sense the attitude of its framers, namely that in the long run it would be best for Indians to merge quietly into the rest of Canadian society. For example, section 15 of the present act provides a kind of lump sum payment to Indians who give up their legal status as such. That is not quite a bribe to deny their Indian identity, but it is certainly very close to one.

Many Indians in the past who opted for enfranchisement have done so without realizing the full consequences of their act. They did not realize that along with the lump sum payment went virtual banishment from the reserve and its amenities. It has become more and more obvious in recent years, as Indian groups have become more and more vocal about their rights and their heritage, that assimilation in white society and blind acceptance of white society's values is the last thing that the Indian wants.

It is time for the Indian Act to undergo total revision so that it can incorporate the desires and demands of the Indian community as to the kind of status they have in relation to the rest of Canadian society, and it must be spelled out clearly so all those who live under its mandate will be aware of all the consequences and implications of the various sections.

● (2122)

In this regard, it is indeed interesting to note what the advisory council's report has to say about the way in which the Indian Act is perceived by many Indians. It says and I quote:

> Indian Rights for Indian Women is at present considering options for a definition of membership which would replace the present discriminatory sections of the Indian Act. Their work is complicated by the fact that neither Indian women nor Indian men have much knowledge of the contents of the Indian Act, if indeed they have heard of it at all. Even if they possess a copy of it, it is phrased in tortuous English which is very difficult to understand even if one's first language is English.
>
> From 345 questionnaires administered by six native women researchers it was found that 49 per cent of both men and women had never heard of the Indian Act. Of the 51 per cent who had, less than half had ever read the act. Sixty-one per cent of the native people interviewed had a relative or close friend who had lost his or her Indian status and 86 per cent of these were through marriage. Only 16 per cent agreed with the present method of according status only through the male.

Considering how the Indian Act affects so many aspects of these people's lives, it is incredible that they should be allowed to remain in ignorance of its provisions. Can one picture the banking community being as ignorant of the Bank Act or as ignored in its drafting?

It is important that the needs and desires of the Indians themselves be taken into consideration in the review and redrafting of the Indian Act. That is what our proposed committee would do—solicit the views of the Indian community, including the women. This committee would deal with all aspects of the Indian Act, but especially those clauses which so blatantly discriminate against women. It would listen to the demands of the Indian women's organizations. So far these demands have been ignored. As the advisory council report points out:

> To be born poor, an Indian and a female is to be a member of the most disadvantaged minority in Canada today, a citizen minus. It is to be victimized and utterly powerless, and to be, by government decree, without legal recourse of any kind.

That such a situation should exist in Canada today is appalling. We Canadians are often smug about such matters. We are prone to look down our noses at other countries where discimination is practised and to pretend that we are so tolerant. However, we can take no pride in our supposed tolerance so long as the blatant discrimination that is in the Indian Act remains on our statute books.

In removing those discriminatory sections of the act, and in seeking real input from the Indian community in the review and overhaul of the entire act, the committee that we are proposing would enhance our credibility as a nation concerned with human rights. If the committee did its work well, it might even begin to erode some of the distrust that the Indian community has felt toward the white man and his government for so long.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs): Mr. Speaker, I wish to speak on the motion and comment on some of the viewpoints expressed by members opposite as well as to set out one or two ideas which I hold personally about revision of the Indian Act.

I feel strongly that to support the motion put forward by the hon. member for Lambton-Kent (Mr. Holmes) would not be in the best interest of the parliamentary process or of the Indian people themselves. When speaking earlier this day, the minister said it was his view that it would be much more constructive and productive to set out some concrete proposals so that when they were referred to the committee, it could take positive action. That is the correct course and I, personally, very much endorse it.

The hon. member for Kingston and the Islands (Miss MacDonald) went to some length to take credit for having gotten the government to adopt the procedure whereby they established a committee to study the constitution. I draw to her attention that it is the procedure which the Minister of Indian Affairs and Northern Development (Mr. Faulkner) is following in the constitutional question where some very specific proposals are being put forward for consideration.

If the process put forward by the hon. member for Lambton-Kent had been followed in the constitution, the whole process would not go very far. It would not be very effective and would not serve this House very well in addressing a badly needed subject. I just make the comment that I think the parallel is here.

The minister said earlier today that a number of areas have been identified with the Indian leadership where there is agreement in terms of revising the act, and that these can move forward. Indeed, the minister said it is hoped that by next year these can be put together in some form. Whether that form will be a bill, white paper, a series of proposals or whatever, at that point it would be referred to the committee. The committee would then have something useful to work with.

I would like to argue—and I am glad that my friend, the hon. member for Coast Chilcotin (Mr. Pearsall), who spoke earlier shares this view—that rather than have a special parliamentary committee consisting of members of this House and the other place, the proper committee would be the standing committee.

In discussing this with the Indian leadership, particularly the president of the National Indian Brotherhood, today, he drew to our attention that a good deal is required in the educational process before we can effectively deal with some of these matters. he has a very good point.

With regard to the Standing Committee on Indian Affairs and Northern Development, those who have been members of that committee for four years or longer and regularly attend and participate are a good deal more effective than members who join it in the short term. They have had the opportunity to listen to many different points of view. In their duties, they have met many of the Indian leadership people, band chiefs and councils and have travelled to many of the reserves. There is a good deal of expertise in the standing committee. It would be better to refer the matter there than to establish a new committee.

It is good that the hon. member for Lambton-Kent has put this motion before us for debate. It has given members of all parties the opportunity to put forward their points of view on the revision on the Indian Act. In so doing, I thought a number of his colleagues would have had some positive and creative suggestions to offer in terms of revising the act rather than rehashing some of the old issues that may or may not be related to revising that act.

I would like to comment on some of the remarks made by members opposite in order to clear up the point about the fact that the minister was not following what was agreed to in the standing committee. I refer the hon. member for Prince George-Peace River (Mr. Oberle) and the hon. member for Moose Jaw (Mr. Neil) to the proceedings of the standing committee for Thursday, May 4. While discussing the establishment of a committee, the chairman concluded the discussion by saying, and I quote:

> I think we would have to have an order of the House, No. 1, referring the Annual Report; No. 2, authorizing us to engage additional staff; No. 3, allowing us to travel. But these are matters which would have to be discussed by the steering committee and I would suggest that we hold a meeting shortly for that purpose. Is that agreed?

The committee agreed to that. Out of the steering committee came agreement that if the estimates were terminated as has been scheduled, it would ask for a reference to the standing committee of the annual report. If the time for consideration of the estimates was to be extended, it would not so ask. Therefore, no request to the House was made for a reference and that committee was never formulated.

Members opposite made a number of points regarding discrimination against Indian women. I do not want to in any way misquote the hon. member for Lambton-Kent, but I think he made the comment that this question was addressed mainly or specifically to discrimination in the act against Indian women. It is certainly the intention of the minister when contemplating revision of the act to consider the whole question of the rights of Indian men, women and children, matrimonial contracts, property laws and a number of related issues.

● (2132)

The hon. member for Kingston and The Islands spoke at some length on this question. I think she gave the impression that everyone in the Indian community was excited about the possibility that this process would be completed very quickly and that it would be simple. The issue is a good deal more complex than the hon. lady suggests and there is not unanimous agreement among the reserves with respect to it. One of the Indian leaders with whom I had a conversation earlier—she is in the gallery this evening—made the point that there is considerable opposition to it. The government would proceed very slowly and carefully on this question and consider it in the broadest context, rather than within the somewhat narrow limits which were set out during the debate.

The present act contains an almost unbelievable number of anachronisms which must date back a long way. Perhaps I might be allowed to put two or three examples on the record. Under section 32, for example, an Indian may not sell agricultural produce from a reserve in Manitoba, Saskatchewan or Alberta without permission. The section reads:

> A transaction of any kind whereby a band or any member thereof purports to sell, barter, exchange, give or otherwise dispose of cattle or other animals, grain or hay whether wild or cultivated or root crops or plants or other products from a reserve in Manitoba, Saskatchewan or Alberta to a person other than a member of that band is void unless the superintendent approves the transaction in writing.

Under section 120 an Indian child who does not attend school regularly become a juvenile delinquent. The section states:

> An Indian child who is expelled or suspended from school or who refuses or fails to attend school regularly shall be deemed to be juvenile delinquent within the meaning of the Juvenile Delinquents Act.

There are many provisions of this type which need to be changed in order to bring the legislation more in keeping with the times and with the increased maturity of the Indian people.

I am somewhat concerned that so many of the contributions made in the debate today should have referred back to the white paper. Their intention seemed to be to make the point that revisions to the act would probably be a rehash of the white paper. Surely, from the minister's statement, it is apparent that the intention is completely the opposite. The intention is to give more authority to the band councils and to the elected people on the reserves so that they themselves can

make the decisions which affect their day to day operations, their cultural identity and the preservation of their culture.

It seems to me the thrust of the amendments will be in the opposite direction to that suggested by a number of speakers. It is a disservice to the process in which we are about to engage to rehash all the negative aspects of the white paper rather than look positively on the situation the government is creating through a new Indian Act.

I think it was the hon. member for Moose Jaw who quoted from a conversation with Chief Ahenakew a couple of years ago during which the chief said, in effect: "We don't want any handouts, we don't want any welfare because welfare is destroying our people; what we want is opportunity, encouragement, responsibility to make decisions on our own; we look to the future when native people would be self-reliant and able through their own endeavours to take care of themselves."

The hon. member then went on to discuss the shortcomings of the endeavours of the government to assist the Indian economy. Everyone is concerned about the low average income of the Indian people. I am sure all hon. members will support the efforts being made to improve that situation. The Indian economic development fund has certainly had its problems, but we should in fairness acknowledge that within the white business community there are substantial numbers of failures; not every project financed by the private sector is a success.

While there have been difficulties and some failures, there have also been a number of outstanding successes not only from a financial point of view but also from the point of view of increased confidence and experienced leadership developed as a result of this program. So I really think this has been one of the more positive of the department's undertakings. This is not to say that changes are not needed in the way the fund is administered or even in the concept of the fund. It seems to me it is important that members should think this issue through at the present time because there is a strong relationship between the future development of this project and the revisions to the act which are now being considered.

The minister, along with other members, commented on the Indian socio-economic development strategy report issued last December by the National Indian Brotherhood. This was really the product of extensive consultation within the Indian community across the country and it seems a number of revisions to the act would be required to meet its objectives. For one thing, there is certainly a need to clarify the status of legal contracts, whether, in fact, corporations would have full legal status, what is the legal position of corporations, whether they would have the right to sue Indian people involved in economic development where moneys are owing, and what rights Indian people enjoy before the courts. There is a direct relationship between all these questions and the revisions which, perhaps, should be made to the act to enable certain changes to be accomplished.

It seems to me one of the most welcome changes to the Indian Act is the one the minister mentioned today which would give the bands more authority to deal with land. I do not mean by that severances or surrender or outright sale, but certainly there might be opportunity for bands entering into economic development projects to set aside for a time parcels of land which could be used for equity purposes and, hopefully, draw in a much higher rate of private financing than has been available previously. In the private sector, once land is assembled, it is used as a basis for equity against borrowing. It is extremely difficult for Indians to do this under present procedures. If there were provision for negotiated agreements with the bands, the more mature bands would certainly be able to make decisions with regard to the type of economic development they wished to undertake. However, they will certainly need more control over the use of land than they have at the present time if land is to be considered an asset and key in terms of promoting better economic development.

● (2142)

What we are proposing in relation to legal status of bands and transfer of powers and responsibilities is something which extends beyond the notion of developing band government for Indian people. It is something which promises to reach to the heart of the social and economic development of the Indian people. Mr. Ahenakew has made a plea for Indian people to be provided the opportunity, encouragement and responsibility to make their own decisions, thereby becoming self-reliant and able through their own endeavours to take care of themselves. It is our job to make that possible. I am sure all hon. members in this House are dedicated to doing that in terms of leadership within the Indian community.

I want to join other hon. members who have spoken in this debate in paying tribute to the leadership given to Canada through this government by the Minister of State (Environment) (Mr. Marchand). He is the only Indian in the cabinet and, I believe, in the government.

Some hon. Members: Hear, hear!

Mr. Bob Brisco (Kootenay West): Mr. Speaker, in the three minutes which are left to me there is little opportunity to discuss two other matters which are very vital parts of the Indian Act. Perhaps I should say they should be vital parts of the Indian Act or at least of Indian policy. The matters to which I am referring deal with housing and health.

I heard the remarks of the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne) and of the hon. member for Thunder Bay (Mr. Penner). I heard them criticize the speeches which have been made today by hon. members of the official opposition, and I can only say that I am very disappointed. Because I have taken the time to listen to and to read the speech by the hon. member for Lambton-Kent (Mr. Holmes), and I feel that his speech was on a very high and constructive level. The criticism he made was of a constructive nature. There was nothing in his speech which hit below the belt, a habit we see very frequently opposite.

It is my opinion—and it is shared by others—that the hon. member for Thunder Bay, who I suppose has periodically served on the Standing Committee on Indian Affairs and

Northern Development and who has been parliamentary secretary to the minister, is probably still of the opinion that a potlatch is something to secure the lid of his Tupperware.

I was surprised at the remarks of the parliamentary secretary this evening. He said that he thinks perhaps some changes could be made here and that perhaps some changes could be made there. That is a clear indication of the thinking of this government. It is patchwork thinking in Indian affairs whether it deals with economic programs, social programs, health or housing. It is patchwork, make-work and ineffective.

The Acting Speaker (Mr. Ethier): Order, please. It being 9.45 p.m., it is my duty, pursuant to Standing Order 58(9) to interrupt the proceedings and put forthwith every question necessary to dispose of the motion.

The question is on the motion in the name of the hon. member for Lambton-Kent (Mr. Holmes). All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Holmes) which was negatived on the following division:

● (2152)

(Division No. 51)

YEAS

Messrs.

Alexander
Alkenbrack
Baker (Grenville-Carleton)
Baldwin
Beatty
Benjamin
Blackburn
Brisco
Clarke (Vancouver Quadra)
Coates
Crosbie
Crouse
Darling
Dick
Dinsdale
Douglas (Nanaimo-Cowichan-The Islands)
Elzinga
Epp
Gillies
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Hnatyshyn
Hogan
Holmes
Howie
Huntington
Jarvis
Johnston
Jones
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
La Salle
Leggatt
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
McCain
McGrath
McKenzie
McKinley
McKinnon
Muir
Munro (Esquimalt-Saanich)
Neil
Nystrom
Oberle
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Roche
Rodriguez
Saltsman
Schellenberger
Schumacher
Smith (Churchill)
Stevens
Whiteway
Yewchuk—60.

NAYS

Messrs.

Abbott
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Beaudoin
Béchard
Bégin (Miss)
Blais
Blaker
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Corbin
Corriveau
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Kamouraska)
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Foster
Gendron
Gillespie
Goodale
Gray
Guilbault
Harquail
Herbert
Hopkins
Horner
Isabelle
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Laprise
Lavoie
Leblanc (Laurier)
Lee
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacFarlane
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
O'Connell
Ouellet
Parent
Pearsall
Penner
Pinard
Prud'homme
Railton
Raines
Roberts
Roy (Laval)
Sauvé (Mrs.)
Savard
Smith (Saint-Jean)
Stollery
Tessier
Trudeau
Trudel
Turner
Young—101.

● (2207)

Mr. Speaker: I declare the motion lost.

It being after ten o'clock, this House stands adjourned until 11 o'clock a.m.

At 10.11 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 16, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

LANDED IMMIGRANT STATUS FOR MR. SHCHARANSKY—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of new reports that the trial of Anatoly Shcharansky, who has now completed 15 months in jail, is about to begin, and in keeping with the support which this House has shown for Mr. Shcharansky and his activities on behalf of human rights in resolutions unanimously adopted on February 8 and March 2 of this year, I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the Government of Canada, conscious of the serious ramifications to east-west relations which this trial will have, publicly repeat its offer to grant immediate landed immigrant status to Mr. Shcharansky and that it remind the U.S.S.R. of its obligations to uphold human rights in accordance with commitments it voluntarily undertook in the Helsinki Final Act.

Mr. Speaker: Presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

"ROYAL" NEWFOUNDLAND CONSTABULARY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the government of Newfoundland, through official channels, has requested that the Government of Canada take such actions as are necessary to request permission from Her Majesty the Queen to permit the use of the prefix "Royal" in the title of the Newfoundland constabulary, so that the Newfoundland constabulary could thereafter be known as the Royal Newfoundland Constabulary representing one of the oldest police forces in North America, still policing St. John's, the oldest city in North America, and in view of the fact that this request was first made in August, 1977, and passed on to the Secretary of State for Canada in that month with an acknowledgment from him on November 7, 1977, but nothing further has transpired despite correspondence since, and in view of the fact that Her Majesty the Queen is scheduled to visit Newfoundland and St. John's in July, at which time the recognition of the oldest police force in North America by permission to use the prefix "Royal" would be most appropriate to be celebrated, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House of Commons supports the request of the government of Newfoundland and the Monarchist League of Newfoundland for a request to be made for the addition of the prefix "Royal" to the title of the Newfoundland constabulary and that this request be made and arrangements completed, if the request is accepted, so that an appropriate ceremony can be held during the visit of Her Majesty the Queen to St. John's, Newfoundland, on July 26, 1978.

Mr. Speaker: Presentation of such a motion for discussion at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

LEGISLATION PROHIBITING AID TO COUNTRIES VIOLATING HUMAN RIGHTS—MOTION UNDER S.O. 43

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to move a motion, pursuant to Standing Order 43, on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That in view of the representations of the Latin American Working Group supported by the churches and other organizations, and in view of the second anniversary of the Soweto affair, that the government bring forward for immediate debate Bill C-371 which received first reading in October, 1977, which prohibits chartered banks and Crown agencies from extending loans and other assistance to foreign countries continually violating human rights, of which Chile and South Africa are two notorious illustrations.

Mr. Speaker: Introduction of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1112)

INDUSTRY

DUTY ON STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity concerning the dumping duty on wide-flange steel beams. As British Columbia Steel fabricators can only acquire a fraction of their requirements from Canadian mills, as offshore steel prices are already higher than Canadian prices, and since offshore steel prices plus dumping duty make it impossible for the industry in B.C. to survive, I move, seconded by the hon. member for Vancouver Quadra (Mr. Clarke):

That wide-flange steel entering through B.C. ports be exempt all dumping duty immediately.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EDUCATION

CLOSING OF OXFORD HOUSE SCHOOL—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency. For the second time in four months the Oxford House school has been closed, thus depriving 370 students of completing the term. Road conditions on the Oxford House reserve are in such a deplorable state that the chief and council took this action to prevent injury to students travelling on school buses. I therefore move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That the minister take immediate action to provide funds and expertise to repair the roads on the Oxford House reserve so that the 370 students can complete their term.

Mr. Speaker: The presentation of such a motion for debate at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ANTI-INFLATION BOARD

INCREASE IN SALARIES OF STAFF—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

In light of the revelation that the directors and staff of the Anti-Inflation Board have demanded an 11.5 per cent increase in salaries, including a substantial catch-up provision already approved by Treasury Board and listed in the estimates, and since this is completely contrary to the purpose and spirit of the anti-inflation program, therefore this House calls on the government to roll back the salary provision for the Anti-Inflation Board staff to the statutory maximum of 6 per cent.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

EFFECTS OF INFLATION ON INCOMES OF CANADIANS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is to the Minister of Finance: it arises from the statement made yesterday by the chairman of the Anti-Inflation Board, Mr. Renouf. He confirmed it is likely there will be at least 7½ per cent inflation rate this October compared to the previous October. He went on to state that he thinks sometimes there has to be an actual decline in real incomes for the workers of Canada, referring to the fact that the 6 per cent ceiling would result in such a real income decline for our workers.

Will the Minister of Finance indicate if this, in fact, is the attitude of the government, that the workers of Canada should be prepared to accept a real income reduction? If inflation is 7½ per cent, and they abide by a 6 per cent ceiling, it will mean a $200 average reduction in earnings and in real buying power for the workers of Canada. At 9 per cent it will be a $400 reduction.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we said yesterday or the day before, when discussing the figures of inflation, that internal inflation in Canada is 6.2 per cent. I have stated many times that it is not possible to guarantee that everyone in Canada will be protected against inflation which is imported. That is a policy which cannot be achieved. When inflation is not caused within our own economy—for example, when prices increase elsewhere—it is impossible to protect everybody in Canada against such inflation.

Mr. Stevens: The Minister of Finance is, in effect, confirming the loss of real buying power that our workers may experience. Surely even he agrees they have to continue to eat and heat their homes. Does the minister support the salary

increase that the AIB have taken unto themselves which results in an 11.5 per cent, in effect, salary increase when all contracts are taken into account? Bearing in mind that the 6 per cent ceiling was generally presented as something that all workers in Canada were to abide by, why does the AIB get an 11.5 per cent increase?

Mr. Chrétien: Mr. Speaker, I did not have time to talk to Mr. Renouf this morning. However, I understand he does not accept the proposition that those working for the AIB are receiving such an increase. I understand he is going to deny that. I will be in touch with him to verify this. It would not be acceptable that they receive that level of increase, if that is the case. In any event, I will be talking with Mr. Renouf as quickly as I can.

• (1117)

Mr. Stevens: Again to the Minister of Finance. As Mr. Renouf's explanation yesterday with respect to the 11.5 per cent increase was that people are on contracts as opposed to receiving an actual wage, would the minister tell us whether the figure mentioned is the actual figure, whether on a contract basis or otherwise and, if so, will he order that it be rolled back so that there may be at least some equity attached to the government's plan to hold people to a 6.5 per cent ceiling?

Mr. Chrétien: I said I would look into that. I cannot accept the accuracy of the figure at this time because I have not spoken to Mr. Renouf. I understand it is not the case. Of course, if he has granted increases which are outside the allocation permitted under the AIB, I will look into the matter and act accordingly.

STUDY OF RATE OF INFLATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Prime Minister. Yesterday, the chairman of the Economic Council, announcing the setting up of the new centre for the study of inflation and productivity, said the centre would be concerned with studying the reasons for the underlying rate of inflation, the components of which, of course, include food and energy. Considering that these two represent one-third of the basket which makes up the consumer price index and 60 per cent of the total increase in the rate of inflation over the past year, I ask the Prime Minister whether this is some kind of sick joke at the expense of Canadian consumers. If not, who will look into the cause of the serious increase in the price of food which is weighing so heavily on consumers?

Right Hon. P. E. Trudeau (Prime Minister): I do not have the benefit of having the text of the lady's press conference before me, so I cannot check the context in which she said those words. If, as the Minister of Finance has just indicated, it was an assertion that no government could guarantee to indemnify all Canadians against higher costs abroad, that is the only reasonable position one can take. It is impossible for the government to guarantee that they will be held safe from price increases which appear in energy or food coming from abroad. Any attempt to the contrary would be mere hypocrisy.

Mr. McGrath: The Prime Minister did not have the same inhibitions a few years ago when the government established the Food Prices Review Board with complete investigatory powers to look into the underlying reasons for inflation in food prices. Now we are to have the ridiculous situation in which another agency, employing 75 people, will have no authority to look into food prices or energy prices. Moreover, we were told yesterday that the Anti-Inflation Board will continue to exist into the eighties, yet neither agency will concern itself with the price of food.

On behalf of Canadian consumers who can expect nothing but higher prices this summer, I suggest to the Prime Minister that the same criteria must surely exist now as existed when the Food Prices Review Board was established by the government. Does the government intend, at the very least, to direct the Economic Council to concern itself with the prices of food and energy which are of major interest to consumers?

Mr. Trudeau: The food monitoring action which was taken some years ago had to with gouging and excess profits in the distribution and processing industries in Canada. It has nothing to do with the high cost of food produced abroad, for the reason that it is impossible to force foreigners to accept what we think to be a fair price. If the hon. member made as great an effort at understanding as he seems to make at misunderstanding, I think this debate would be more easily understood by Canadians.

Mr. McGrath: I am trying to get the government to take a position which Canadian consumers will understand, because at this point they are confused. Beef and chicken are produced in this country, and there are charges by the Canadian Cattlemen's Association of profiteering and undue price spreads and charges by the Ontario Federation of Agriculture of price-gouging and profiteering with regard to chicken prices. Who is going to look into this? The new agency set up by the Economic Council of Canada does not have the terms of reference to do so. The AIB does not have the terms of reference to do so. The Minister of Consumer and Corporate Affairs has no enthusiasm for the job. Who, in the name of God, is going to look after the interests of Canadian consumers?

• (1122)

Mr. Trudeau: Mr. Speaker, the hon. member does not have to shout. The answer has been given several times in this House. The AIB is still in existence and will be until the end of December. It still has authority to look into cases of excessive pricing and gouging on the part of companies which will not have made their reports by then. When certain companies, unions or workers come out from under the cover of the AIB, they will be subject to the powers of examination of this new body set up by the Economic Council of Canada.

If this body finds that, with the normal accusations to which the hon. member is referring before it, there is proof which

everybody can investigate through open sources but the truth still cannot be found, then that body will recommend to the government some investigatory action, some roll-back or some other action the government might take. At that point I hope we will have the support of the hon. member, who will remember his position today, but the opposition constantly waffles on whether it will support controls or not. I think hon. members opposite will have to make up their minds.

Mr. Clark: Zap, you're frozen.

* * *

INDUSTRY

AUTOMOTIVE PLANTS TO BE LOCATED IN CANADA

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. Just over an hour ago the minister made the extraordinary announcement that he is appointing Mr. Simon Reisman to examine the Canadian automotive industry and to report some time early in the fall. Just two weeks ago the minister promised me in the House that during the month of June he would have an announcement to make about one automotive company and possibly about all three. The announcement was to be about their decision to expand needed facilities here in Canada.

Would the minister now confirm that today's pathetic announcement about the establishment of another study in addition to the Arthur report and the Ontario government study really means that he has failed completely to get the commitments from the Big Three he promised the House?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I at no time promised the House that I could get commitments from the Big Three. I told the House that we were attempting to get commitments from them. I think the House should recognize that we are entering into a new era in the automobile industry, brought about by the energy conservation measures with which the United States government and Canada have asked the industry to comply and the environmental measures with which both governments have asked the industry to comply. The industry has said that because of these and other things, it will have to make tremendous investments in plant repairs, renovation and new plant construction. Figures tossed about from time to time have been as high as $60 billion.

As I look at our own study, I see that between 1966 and 1970 about $159 million annually was spent in the automobile industry for updating the industry in Canada. Between 1970 and 1975 that decreased to $142 million annually. As a government, we are concerned that with regard to new investment either in plant renovation or in new plants we get the share which is demanded by the Canadian market. That is why we have given Mr. Reisman powers under the Inquiries Act to conduct a full investigation and to talk to the American government and to the Big Three automobile companies. If necessary, Mr. Reisman even has the power to attempt to talk to offshore automobile manufacturers so that we can make certain that because of its market demand in the total picture, Canada gets its fair share of the investment.

Mr. Broadbent: Mr. Speaker, the minister took a long time to say nothing. I pointed out to the minister last fall that it was the intention of the industry on this continent to invest some $58 billion in new equipment. I urged last fall that something be done to make sure that we got our share to make up for the loss of 20,000 Canadian jobs because of the incompetence of this government. The minister has been saying for months that he has talked with the industry. Did he go specially to General Motors, Chrysler and Ford and ask them for written commitments about their investment plants for the next three years? That would be fully consistent with the pact. If the minister did so, will he now tell the House what the companies told him?

• (1127)

Mr. Horner: We are continuing negotiations with the Big Three. I do not think there is any advantage in disclosing the stage of the negotiations right now with any one of the Big Three. However, I would like to say that we did set up a sector study on the automobile industry, headed by a very knowledgeable person, namely, Mr. Bell. I consulted him, and also Mr. White of the UAW. Both those persons, because of their direct involvement with the industry, felt that the steps we were taking were wise and prudent and that in the long term they would benefit Canada greatly.

Some hon. Members: Hear, hear!

Mr. Broadbent: The minister knows that not only the Canadian UAW but the Automotive Parts Association of Canada on the business side is 100 per cent opposed to the steps he announced this morning. They recognize that to carry out another study is simply to acknowledge failure, simply an attempt by the government to buy further time. I use the word with care because I think it is appropriate, considering the fact that we have not had our share of investment for more than eight years. They are investing $58 billion in the next half a dozen years, and the minister has obtained not one commitment that he can report back to the House. Would he admit that there is a crisis in the implementation of the Canada-U.S. automotive agreement, would he admit that he has failed to resolve that crisis and, finally, related to that, will he resign because of his failure?

Mr. Speaker: Order, please. The House will recognize the argumentative nature of the question.

[*Translation*]

HOUSING

PROCEDURE FOLLOWED BY CMHC IN CERTAIN CASES

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question is for the Minister of State for Urban Affairs and deals with the AHOP housing program for 1976 and 1978. Can the minister tell us what happens when a house has been sold and the documents have been sent to the Central Mortgage and Housing Corporation office before May 1, 1978? In that case, does the 1976 or the 1978 act apply?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, if this is a specific case, I will be glad to look into it if the hon. member will send me all the particulars. At all events, all projects submitted before May 1 and approved before that date are subject, of course, to the previous regulations. As regards the requests submitted to the departmental officials after May 1, they are subject to the terms and conditions of the new regulations.

Mr. Laprise: Mr. Speaker, on a supplementary. I readily admit that the applications filed after May 1 fall within the ambit of the new act. But in the case of applications filed before May 1, but held up in the Central Mortgage and Housing Corporation office in order to be received or dealt with after May 1, does the old or the new policy apply to them, because some of the documents were sent well before May 1 and the Val d'Or office refused to accept them?

Mr. Ouellet: Mr. Speaker, the specific case of those documents would have to be looked into. If they pertain to a general application without specific details, I think it would be difficult to accept them. If, on the other hand, they constitute a complete file respecting former requirements and regulations and that was not dealt with for lack of time or because there was a backlog of applications in the last days of April, then of course, as our officials at the regional level have discretionary powers, they would have to determine whether they fall within the first or the second category.

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[*English*]

EXTERNAL AFFAIRS

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Prime Minister and it is in connection with the Arab boycott of Israel and the Jewish people. In that connection, our party supports legislation to make any compliance with that boycott illegal in Canada, but yesterday the Minister of Industry, Trade and Commerce was quoted by the Canadian Press as stating that the government does not plan legislation. He said:

> —if we please the Canada-Israel committee, then we harm our chances of doing trade with the Arab states.

My question to the Prime Minister is, what is the priority of the government? Is it to ensure that Canadian Jewish people have their civil and human rights recognized, observed and upheld, and opposing any kind of boycott based on religious grounds; or is the government's priority doing trade with the Arab countries no matter what the humiliation, no matter what we have to put up with to do it? Which is it?

● (1132)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the obvious dilemma in which the hon. member has put himself is not one in which the government wants to put itself. We believe in protecting Canadian citizens by ensuring the government in no way supports the boycott. This is a firm and practised policy. The effect of it is that very little, if any, significant trade is done in the Middle East by Canadians under the boycott. To trade in that area it is important to have government support, and one cannot receive Canadian support if he is complying with the boycott. Beyond this, we are not taking freedom away from individual Canadians who want to trade in the way they want, without government support, in any part of the world except those which are against the law, as in the case of the United Nations boycott on Rhodesia.

Mr. Crosbie: Mr. Speaker, my supplementary question is directed to the Prime Minister. Can he tell the House what the minister meant when he said:

> —if we please the Canada-Israel committee, then we harm our chances of doing trade with the Arab states.

Is the basis of the government's policy to please the Canada-Israel committee for whatever purposes that might entail, perhaps voting purposes or whatever, or does the government intend to do what is right no matter whom it pleases? Whether it pleases the Canada-Israel committee or not, is the government policy one which is going to battle to the hilt by legislation any attempt to force Canadians to deal with Arab countries only on a certain basis of racial or religious prejudice, or is the government only interested in trying to please the Canada-Israel committee? What is the basis of the government's policy?

Mr. Trudeau: Mr. Speaker, it seems to me the hon. member is a bit mixed up. Certainly, our policy is not to please him or the Canada-Israel committee. Our policy is to do what is right. I have just explained to the hon. member what we are doing. In the first place, we are not taking away freedom from all Canadians to do what they want in various parts of the world. I understand the Tory party is to do that, pass a law which will make it a crime to do certain things in other parts of the world.

Some hon. Members: Oh, oh!

Mr. Stevens: You do that.

Mr. Trudeau: This is what the hon. member is suggesting is Tory policy. It is not our policy.

Mr. Stevens: We know what your policy is.

Mr. Trudeau: Our policy is to ensure that the government will not support in any way people who are complying with a boycott which is contravening our concept of rights and dignity. But we are not making it a crime if some individuals want to comply with that policy on their own. What we are saying is that the effect of the governemtn's action is making such trade in the Middle East under boycott policies impractical and probably non-existent.

Mr. Crosbie: Mr. Speaker, the government has a partial boycott policy which it wants to enforce in legislation. If the policy of the Prime Minister is so effective in preventing boycotts, why does he not go the whole way and make it illegal for a Canadian citizen to participate in that kind of boycott? Why does he hold back? If his policy is effective, then we are irritating the Arabs in any event. We are aggravating them and it may affect our trade. It seems to me that what the minister is saying is that we want an ineffective parliament.

Mr. Speaker: Order, please.

Mr. Trudeau: Mr. Speaker, now the hon. member is worried that it is going to affect our trade. I think he is contradicting himself in his very question.

Mr. Hnatyshyn: Bunkum!

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FINANCE

REASON FOR HIGH PRICE OF FOOD

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is directed to the Minister of Finance. It concerns the low income earners of this country who, because prices for food consumed in the home have increased nearly 20 per cent in a year and fresh vegetables have gone up by 40 per cent in the same period, can no longer afford to feed their families adequately. Will the minister tell the House whether he has investigated the real impact of food price inflation on low income earners who spend over 40 per cent of their income on food?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I have said many times, we have policies which provide compensation and payments to people who are in those categories of society. Most of those schemes are indexed with the cost of living, such as pension plans, unemployment insurance and other payments made by the provinces to people on welfare. Our policy is well known. We have indexed those social schemes in order to meet the conditions of those people.

Mr. Darling: Mr. Speaker, my supplementary question is directed to the Minister of Finance. In light of the fact that the minister has no idea of the impact of his inflationary policies on low income earners, will he tell the House why he has not prevailed upon Statistics Canada, which produced this month's bogus inflation statistics that excluded food and energy at his request, to come out with what my party has long recommended—a low income person's index?

Mr. Chrétien: Mr. Speaker, I think the hon. member is spreading a false rumour. We are not asking Statistics Canada to change its formula. On a scientific basis, it decided that its formula has to be modified in order to meet the real cost of living in the land. We have used the same pattern for the past years. Some countries have three or four different indexes which are published every year. For scientific reasons, Statistics Canada modified its own formula. It is a very independent organization. There have been discussions with Statistics Canada and the labour movement. There were meetings between ministers, Statistics Canada and labour representatives. We do not want an index which suits us, or anyone. We want to have the truth in terms of inflation. Scientifically speaking, Statistics Canada has to make some changes.

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HOUSING

CMHC APPLICATION OF AHOP

Mr. Jim Fleming (York West): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs: it concerns the recent decision by CMHC to encourage conversion from the Assisted Home Ownership Program to the Assisted Rental Program. This is of particular concern in the metro Toronto area where there is a surplus of condominium units for sale and an acute shortage of rental accommodation. Therefore, I should like to ask the minister if he is prepared to instruct CMHC to be more flexible with the ARP square footage regulations so that more AHOP condominium units will be eligible for ARP assistance.

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, this is an excellent suggestion. I will convey to the officials of CMHC in Toronto, and in other large cities across Canada where it could be applied, the need to have some flexibility in evaluating the regulations of CMHC.

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FINANCE

DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS

Mr. Ron Huntington (Capilano): Mr. Speaker, my question is directed to the Minister of Finance. Less than six months ago the Anti-Dumping Tribunal upheld the Algoma appeal and applied dumping duty to wide-flange steel beams. In view of the unnecessary injury and injustice imposed on British Columbia steel workers and industries, will the Minister of Finance now acknowledge that more than one market can exist in Canada, that Canadian producers are protected by freight rates which control and identify these markets, and that this is a concept fundamental to equity in the Canadian federation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have some difficulty accepting the principle that we have many countries within Canada. I think we need some national policies. We can make some adjustments once in a while. In the case of the steel problem in British Columbia, as part of the decision of the board it was decided to give an extension of time up to the end of this month to the people who consume that type of steel in British Columbia. I understand we have now received a letter requesting an extension of that exemption.

I have to tell the hon. member that when the problem came to my desk in February I had been in touch with the British Columbia government which at that time said it would be quite satisfied if I extended this special case until the month of July. Now they seem to have changed their minds and are asking for a further extension, which is something we are looking into at this time.

Mr. Huntington: Mr. Speaker, the minister's answer indicates to me, and to anyone knowledgeable on this subject, that he has not been properly informed on this most important matter. In view of the unnecessary waste and disturbance which is being caused by this Anti-Dumping Tribunal ruling, will he now agree that we should isolate duties and safeguards to regions where safeguard is prompted through the threat or reality of injury? Also, will he not agree that injury should be isolated to the region or market where the injury can be identified and where recognition of this principle is prompted?

● (1142)

Mr. Chrétien: Mr. Speaker, I think the hon. member is on a very dangerous course. If I were to subscribe to the theory which he is advocating, we would have ten different markets controlled internally in Canada and we would no longer have a country. On every issue raised in the last six months by the other side, I detect that they would rather have ten different nations as opposed to one Canada.

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EXTERNAL AFFAIRS

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I must say that members on this side of the House and, I am sure, the reasonable Canadian public very much regret that kind of distorting and baiting by the Minister of Finance who should behave himself more responsibly.

Some hon. Members: Oh, oh!

Mr. Clark: As soon as the other side quietens down, Mr. Speaker, my question will be to the Prime Minister. If I correctly understood the Prime Minister, in responding to my colleague from St. John's West, he said that present Canadian policy has the effect of making trade by Canadian firms with Arab countries, to use the Prime Minister's words, "impractical and probably non-existent". If that is the case, why did the Minister of Industry, Trade and Commerce say that any change in that practice would harm Canada's chances of trading with Arab nations? In other words, how can we harm what does not exist?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, since the hon. member used a preamble to lecture my colleague, the Minister of Finance, I am sure that he would not mind if I were to answer that preamble and support the Minister of Finance. The indignation of the Leader of the Opposition would be better addressed—

Mr. Baker (Grenville-Carleton): Shameful.

Mr. Trudeau: —to his own members who stand up here and take positions which are indeed—

Mr. Baker (Grenville-Carleton): You are shameful, too.

Mr. Trudeau: —conducive to the destruction of the national market of Canada.

An hon. Member: Canada's Senator McCarthy.

An hon. Member: I cannot support that statement.

An hon. Member: Sit down.

Mr. Trudeau: Come over here and make me sit down.

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, we all know the Prime Minister's position, which was established in 1968 in a campaign, of gentle deception, that there is only one patriot in this country and that is himself, and that all the rest of us, because we happen to oppose what he has done to this country in the last decade, are somehow unpatriotic. That is not at all becoming to the Prime Minister. We are quite prepared to let those statements be judged by the Canadian public. I hear the member for Crowfoot, who should perhaps be reminded—

Mr. Speaker: Order. It seems to me that each side of the House is getting very far away from the purpose of the question period.

Mr. Clark: Mr. Speaker, I apologize to the House for following the attempt by the Minister of Finance and the Prime Minister to avoid answering a question about a very difficult position they have put themselves in regarding policy in the Middle East. The Prime Minister did not answer my earlier question. The situation is we have the Prime Minister of Canada saying that the present policy of Canada limits, almost to the point of non-existence, Canadian trade with Arab nations in which the boycott clause might be involved. The Minister of Industry, Trade and Commerce is quoted as saying, and to my knowledge he has not yet denied that statement although that is a frequent practice of his—

Some hon. Members: Oh, oh!

Mr. Clark: The Minister of Industry, Trade and Commerce has now said that for Canada to adopt a policy different from the one which is now in place, to use his words, "might harm our chances of doing trade with Arab states." I ask the Prime Minister, if this policy which he is following now is so very effective in eliminating trade, how would a change in that policy harm trade that does not exist?

Mr. Trudeau: Mr. Speaker, once again referring to the little homily which the Leader of the Opposition dealt with in his preamble, he suggests we are talking about unpatriotic conduct. I suggest that he himself is trying to drag a red herring across the path of the discussion. He heard his own member suggest a theory regarding dumping policy, a policy which in effect would regionalize the country. This is not a question of bad patriotism; it is a question of bad economics. The hon. Leader of the Opposition should not draw the question of partriotism into the discussion.

In so far as what the Minister of Industry, Trade and Commerce has said, I would be glad to refer the hon. member's question to the minister and ask him to show the context in which he said that. Indeed, it is the current practice of the Leader of the Opposition to trot out things that he reads in the newspapers and which are generally inaccurate.

Mr. Clark: Mr. Speaker, my question is really quite simple. On this matter of the effectiveness of Canadian policy in relation to the Arab boycott, are we to believe the Prime Minister when he says that this policy now eliminates any trade by Canadian companies with countries imposing a boycott, or are we to believe the contrary statement of the Minister of Industry, Trade and Commerce to the effect that a stronger policy, a policy of the kind we advocate and the United States of America practises, would stop trade involving countries practising a boycott but now exists because of the Government of Canada's position?

Mr. Trudeau: Mr. Speaker, it would be surprising if we had a Tory policy which was clear on this matter. I can tell hon. members what government policy is. When there are boycott clauses, we do not support companies which want to enter into trade with boycott clauses. The effect of this is that there is very little trade, if any, in contravention—

Mr. Clark: Your minister says the opposite.

Mr. Trudeau: Mr. Speaker, if the Leader of the Opposition wants to ask questions, he should at least listen to the answers, not provide his own.

Mr. Gillespie: Stand up.

Mr. Trudeau: I am saying that this is government policy. Apparently, if I listen to the Leader of the Opposition and his own members, the Tory policy would be to make trade with the Middle East impossible and make a law there. The policy we are taking now is that we can trade with the Middle East provided there is no respect of the boycott policy, which is supported by the government. The effect of this is that there is, indeed, a great deal of trade with the Middle East, and we welcome this because it is not contravening our anti-boycott policy and because our trade which is taking place is beneficial to Canadians.

We are not subscribing to any boycott policy practised by the Arab countries. This is our policy. But I understand that the Tory policy would be to pass a law. Either it would be a law which has the results we are obtaining now, or it would be a law which indeed would make trade with the Middle East, regardless of whether the boycott policies are respected or not, illegal. This is not our position.

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ENERGY

TAKEOVER OF HUSKY OIL COMPANY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. As the minister knows, during the past week we have seen a game of stock market badminton going on between two American companies, Husky Oil of Cody, Wyoming, and Occidental Petroleum Corporation of Los Angeles. Every time Petro-Canada has made an offer for the purchase of the Husky facilities in Canada, Occidental has raised the bid. This has happened twice in one week. The result is that the value of the stock has gone up by nearly $200 million, which ultimately the Canadian people are going to pay for.

I want to ask the minister, in view of the apparent and almost transparent collusion between those two companies to run up the price of the holdings of Husky, what action does the minister and the government intend to take to deal with this very apparent deprivation of the Canadian people, not only of their oil resources but it is going to make them pay an extra $200 million for the privilege of losing those resources.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member has raised a legal question with me, the question of collusion and whether or not that could be prosecuted under Canadian law. That is a question I would be quite prepared to refer to the law officers of the Crown for an opinion.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, last Monday, June 12, at page 6268 of *Hansard*, in answering the hon. member for Calgary Centre the Minister of Energy, Mines and Resources said:

—he would realize that the activities, including acquisition by Petro-Canada, are very much in the national interest—

● (1152)

In view of that statement, in view of the statement made in the House yesterday by the Prime Minister and the statement allegedly made outside the House by the Minister of Energy, Mines and Resources, is the House to understand that the government has changed its position and that what is in the national interest is not whether Petro-Canada develops the

heavy oil reserves of the Alberta-Saskatchewan border but that they be developed no matter whether it is done by Canadians or foreign interests and controlled outside this country? Is that the position the government is taking since last monday?

Mr. Gillespie: Mr. Speaker, there has been no change in position. I was answering a question the preamble to which made it quite clear that the questioner questioned whether the Crown corporation, Petro-Canada, should be involved in acquisitions or not. If the hon. member reads my answer again, he will note I was indicating that acquisitions were within the mandate of Petro-Canada.

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THE CANADIAN ECONOMY

AIB REPORT ON BEEF PRICES—SALARY INCREASES FOR AIB STAFF

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question for the Minister of Finance follows an earlier statement by the Prime Minister to the effect that many beef distributors and processors still fall under the guidelines of the AIB. This was confirmed yesterday by Dr. Renouf following the fact that the AIB report for this quarter will not be ready until mid or late July.

Since most increases in beef prices occur in this quarter, if the minister has not had discussions with the Anti-Inflation Board would he take the matter up with them to see whether the report could be accelerated, in order to ensure there will be no excess profit-taking and that if there has been, it can be stopped as quickly as possible.

Hon. Jean Chrétien (Minister of Finance): Yes, Mr. Speaker, I think it is a good suggestion that we ask the AIB to have a special look at the businesses of people involved in products where there have been great price increases. I will be asking Dr. Renouf to make a special effort in that field.

While I am on my feet, Mr. Speaker, I should like to confirm that Dr. Renouf, chairman of the Anti-Inflation Board, denied that he was asking for big increases for AIB employees that would be above those allowed for other Canadian workers.

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HOUSING

MORTGAGE DEFAULTS UNDER AHOP

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is directed to the President of the Treasury Board and follows a question I put to him on Monday regarding the study dealing with AHOP mortgage defaults. My information is that the document was denied on the basis that it was a matter of national security. The minister undertook to look into this question. Can he tell the House whether it was classified as a national security document and, if so, why? If it is not so classified, when can we expect him to table the report in the House?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I have initiated some checking into the allegation of the hon. member. I do not believe his description of the document is correct. I have made reference to my colleague, the Minister of State for Urban Affairs. He has been away and I do not know whether he has had the opportunity to check on it, but perhaps he could respond to the question in more detail.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the answer to the question asked by the hon. member is that the percentage of all AHOP mortgage accounts in arrears of three months or more in December, 1977, was 0.53 per cent, compared to 0.36 per cent a year ago; so it is an infinitesimal percentage of arrears and I do not know why the hon. member is so upset about this.

Mr. Whiteway: Mr. Speaker, I do not think I ever gave the impression of being upset. My question, which the minister did not answer, is whether there was a study by Treasury Board and whether it was classified as a national security document. If so, why was it so classified? If not, will the minister table the study in the House? Perhaps he could also indicate whether the government would be prepared to table today the terms of reference given for Mr. Bill Teron's leave of absence, so that we could be in a position—

Mr. Speaker: Order, please. Surely that question cannot be a related or supplementary question.

Mr. Whiteway: On a point of order, Mr. Speaker—

Mr. Speaker: The hon. member for Edmonton-Strathcona.

* * *

EXTERNAL AFFAIRS

TRADE POLICIES VIS-À-VIS SOUTH AFRICA

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is for the Prime Minister, returning to the subject of Canada's trade policies on South Africa. On December 19, 1977, the Secretary of State for External Affairs announced the policy of withdrawing Canada's trade counsellors from South Africa in protest against that country's apartheid policy. Today, CUSO announced it is withdrawing its investment in the Royal Bank in protest against that bank's policies of making loans to South Africa. This amounts to an escalation of Canada's steps against South Africa.

I wish to ask the Prime Minister if CUSO policy represents government policy. If so, why was the Royal Bank singled out when five major banks are making loans to South Africa?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have no responsibility for CUSO, nor does this government. I wonder what the hon. member's question is based on.

Mr. Roche: Mr. Speaker, I am absolutely astonished at the answer, since CUSO is Canada's largest governmental international development agency. It comes under the Department of External Affairs; it is funded by the Departent of External Affairs and funded by CIDA. I wish to ask the Prime Minister whether an action by a governmental agency, an agency funded by Canadian government funds, represents government policy?

Mr. Trudeau: Mr. Speaker, the hon. member is obviously confusing CIDA and CUSO. His allegation concerns CUSO, which is a private, non-governmental organization. We do not control it; we do not direct what it should do or should not do. It does get funds from the government, as many non-government organizations do, but are free to act and we do not try to dictate to them on the use of funds.

* * *

THE CANADIAN ECONOMY

POST-AIB MONITORING BOARD

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Finance and concerns the Anti-Inflation Board. Today, the Prime Minister confirmed that the anti-inflation program would wind down by December 31. While referring to the monitoring agency, the Prime Minister referred to a post-AIB monitoring board. The announcements made yesterday were that the new agency would be monitoring the consumer price index. If the Anti-Inflation Board will have nothing to do after December 31 this year, may I ask the Minister of Finance why the estimates provide for 330 continuing employees as of March 31, 1979?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the chairman explained that correctly yesterday. Of course, there will be some documentation to complete for the companies who have to report, who will finish by the end of the year. The reports will have to be analysed and verified, and there may be some problem that they have to comply with the law and pay back some funds, or another mechanism to make sure that the excess profit will be returned to consumers, and so on. It will take the number of man-years to wind up the operation. The hon. member has to recognize that it will wind down from 900 to 300 and by the end of the fiscal year 1979-80 nobody will be involved.

SALARIES OF AIB STAFF

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question to the Minister of Finance is on the subject already raised, the Anti-Inflation Board. The minister has given us the explanation of the chairman of the Anti-Inflation Board, but if one looks at the estimates tabled by the minister there is an increase of some $479,000 for salaries and a decrease of over 60 people in the staff for the coming year. It seems obvious there is provision for an increase in the neighbourhood of 11 per cent for salaries.

Will the minister direct the chairman of the Anti-Inflation Board to see that no employee of the board will receive in the coming year more than the 6 per cent which is permitted other workers?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, employees of the AIB are under the same rules and regulations as other employees of the government, and negotiation of their contract comes under the authority of my colleague, the President of the Treasury Board.

Mr. Orlikow: A supplementary question. Since any requests for wage and salary increases of more than 6 per cent are studied, monitored and decided by the Anti-Inflation Board, who is going to decide on requests and proposals for increases of more than 6 per cent made by people working in the Anti-Inflation Board, and who will monitor and process those requests?

Mr. Chrétien: Mr. Speaker, their increases will be given them by Treasury Board. Therefore, Treasury Board will apply to those employees the same rules and regulations that apply to all other employees of the government.

* * *

POINTS OF ORDER

MR. WHITEWAY—PROCEEDINGS DURING QUESTION PERIOD

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise on a point of order relating to the question I raised—my first supplementary question to the Minister of State for Urban Affairs (Mr. Ouellet). I find no fault with you suggesting and ruling that the last part of my supplementary question had nothing to do with my original question. I do not argue with that, but surely my entire question ought not to have been ruled out of order on that basis. It was not a repetition of my first question because my first question was addressed to the President of the Treasury Board (Mr. Andras). At least, sir, I ought to have been permitted to ask a supplementary question. My first supplementary question ought to have been answered by the Minister of State for Urban Affairs. At least, Mr. Speaker, I should have been given the opportunity of a second supplementary question.

● (1202)

Mr. Speaker: The hon. member has clearly confirmed my disposition, and that is that he had gone on to try to add in a matter which in no way related to his first two questions. I do not know how he could expect to have favourable treatment in the question period in doing something which he has now clearly acknowledged is out of order. In any case I was not certain whether the minister was rising to answer the first part of his question or not.

MR. ANDRAS—ANTI-INFLATION BOARD STAFF SALARIES

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I rise on a point of order. I think it would be dangerous to leave the impression which seems to have arisen out of the questioning today regarding the actions of the Anti-Inflation Board and salary revisions. It is absolutely lacking in fundamental research and examination of the facts to suggest that the base increase in estimates, salary-wise, from one year to another, reflects only individual settlements of classification, salaries or employees or positions, or contract negotiations. I will get a detailed analysis of how that is put together. But in the meantime I plead with hon. members and those observing this situation to recognize that those differences include some aspects of retroactive pay. It includes a change in mix—

Some hon. Members: Order.

Mr. Andras: —it includes a change in mix—

Some hon. Members: Order.

Mr. Speaker: Order! I am sure the House is interested in the offer of the minister to table the document and do the research that he has just indicated. However, I am reluctant to let him go on at any great length about the components of it. To do so would be quite out of order at this time.

MR. ALEXANDER—ANTI-INFLATION BOARD STAFF SALARIES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I was rising on the same point of order. We find that the Minister of Finance (Mr. Chrétien) has restricted the private sector to 6 per cent, and we are trying to determine whether the same rules and regulations will apply—

An hon. Member: Sit down.

Mr. Alexander: —to government employees, and as yet—

Mr. Speaker: Order, please.

Mr. Alexander: —as yet the President of the Treasury Board—

Mr. Andras: Because I got cut off.

Mr. Speaker: Order, please. Do I understand that the hon. member for Hamilton West (Mr. Alexander) is now pleading with me to allow the hon. President of the Treasury Board (Mr. Andras) to finish what he had to say?

Mr. Alexander: Mr. Speaker, he has not said anything yet, and all we are trying to find out is whether—

Some hon. Members: Order.

Mr. Speaker: Order, please. This is a precedent that I want to understand. Is the hon. member for Hamilton West asking me to permit the minister to have the floor now? Is that correct?

Order Paper Questions

Mr. Alexander: Mr. Speaker, if you want a direct answer, the answer is, no, because—

An hon. Member: Hit and run.

MR. STEVENS—ANTI-INFLATION BOARD STAFF SALARIES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a related point of order. I might be able to clear the air on this misunderstanding with respect to the AIB.

Some hon. Members: Oh, oh!

Mr. Stevens: I happen to have the actual transcript of what Mr. Renouf said yesterday before the Standing Committee on Finance dealing with this question of salaries—

Some hon. Members: Order.

Mr. Speaker: Order, please. Hon. members will realize that either we will launch into a discussion of a matter that is not listed on the orders of the day and not scheuled for discussion at this time, or we will not. To do so would be clearly out of order. In order to do that we would have to take some very special steps in respect to permission and agreement of the House. At the moment I do not even have an application for consent to do that.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 447, 1,115, 1,286, 1,519, 1553 and 1,615.

[*Text*]

EXPENDITURES IN NEW WESTMINSTER

Question No. 447—**Mr. Leggatt:**

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

Hon. Bud Cullen (Minister of Employment and Immigration): $24,426,802.

For the Department of Manpower and Immigration: (fiscal year), 1970-71, $1,321,042; 1971-72, $2,540,033; 1972-73, $3,252,085; 1973-74, $1,929,381; 1974-75, $2,718,200; 1975-76, $2,927,937; 1976-77, $4,057,109; 1977-78 (to September 30, 1977, $1,906,341; $20,652,128.

For the Unemployment Insurance Commission: (salaries and overtime) (calendar year), 1971, 1972, 1973, 1974 The information is not available; 1975, $1,210,991; 1976, $1,204,-872; 1977, $1,358,811.

For the UIC the financial system is not designed to identify costs other than those for salary and overtime by constituency and to attempt to provide a reply to this part of the question would be a very lengthy and costly procedure.

EXPENDITURES IN NICKEL BELT

Question No. 1,115—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the constituency of Nickel Belt by the Department of Employment and Immigration and those agencies that report to it?

Hon. Bud Cullen (Minister of Employment and Immigration): $39,938,255.

For the Department of Manpower and Immigration: 1970-71, Not available; 1971-72, $2,059,620; 1972-73, $2,284,192; 1973-74, $3,359,861; 1974-75, $5,173,803; 1975-76, $5,366,-925; 1976-77, $7,120,138; 1977-78, $5,571,793 (to December 31, 1977): $30,936,332. (Above totals include personnel costs and other expenditures).

For the Unemployment Insurance Commission: Personnel costs (calendar year): 1971, Information not available; 1972, Information not available; 1973, $656,487; 1974, $723,413; 1975, $828,981; 1976, $711,522; 1977, $790,047; $3,710,450. Other Expenditures (Fiscal Year): 1970-71 Not available; 1971-72, Not available; 1972-73, $774,890; 1973-74, $892,-898; 1974-75, $989,820; 1975-76, $909,612; 1976-77, $800,-398; 1977-78, $923,855.00; $5,291,473. The amount reported above does not include the unemployment insurance benefit payments as the financial system is not designed to identify costs by constituency.

UNEMPLOYMENT INSURANCE ADVERTISEMENTS

Question No. 1,286—**Mr. Jones:**

1. Who pays for the unemployment insurance advertisements?

2. Is this in the long run the money of those who are collecting the benefits?

3. Should the advertisement then read, "Cheating on Unemployment Insurance is stealing from your neighbours, friends, fellow employees employers and the Government of Canada," and yourself?

Hon. Bud Cullen (Minister of Employment and Immigration): 1, 2 and 3. See Beauchesne's Rules and Forms of the House of Commons, citation 171 (a) and (j).

MR. A. E. MASTERS

Question No. 1,519—**Mr. Forrestall:**

1. Is Mr. A. E. Masters, president of the Maritime Employers Association, a member of the Montreal Port Authority and, if so, does the government consider this appointment an affront to the shipping communities in Halifax and Saint John and an antagonism to good management/labour relations in the ports?

2. What was the total payment to Mr. Masters' by the government for each year of his appointment?

3. Will the government remove Mr. Masters' immediately from his position as member of the Montreal Port Authority?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. Mr. Masters has been a member of the Montreal Port Authority since it was established as an advisory body. The port authority membership includes representatives from both labour and employers, and Mr. Masters' knowledge and expertise in labour matters associated with shipping is considered an asset in providing advice to those responsible for management at the Port of Montreal.

2. 1972, $3,225; 1973, $2,237.50; 1974, $2,600; 1975, $2,650; 1976, $2,300; 1977, $2,400.

3. No.

QUEBEC AND ONTARIO FAMILY ALLOWANCE

Question No. 1,533—**Mr. McKinnon:**

1. How many new-born babies were added to the (a) Quebec (b) Ontario family allowance rolls during the year (i) 1973 (ii) 1974 (iii) 1975?

2. Is the (a) Quebec (b) Ontario region for family allowance purposes coincident with the boundaries of the Province and, if not, what are the differences?

3. For the year 1975, what were the ages of the mothers in part 1?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Statistics Canada reports the following live births:

	Ontario	Quebec
1973	123,776	84,057
1974	124,229	89,364
1975	125,775	93,597

These figures do not provide an answer as to precisely how many new family allowances accounts were opened on behalf of new-born babies in those years because: (a) the children's parents may not have been residents of the province in which the birth was reported; (b) applications are not made on behalf of all surviving live births; (c) applications include those on behalf of new residents of the two provinces.

2. (a) and (b) Yes.

3. Information not available.

MR. LIONEL ORLIKOW

Question No. 1,615—**Mr. Epp:**

1. Did Mr. Lionel Orlikow receive funding in the form of a grant, loan, payment, etc., from the government for services rendered in fulfilling a specific contract, mandate, arrangement, entered into exclusively or jointly by the government and Mr. Orlikow and, if so (a) in what amount (b) for what purpose (c) for what period of time?

2. Is anyone working with him or for him?

3. Is he working in conjunction with any provincial or municipal government?

Hon. John Roberts (Secretary of State): 1. No. (a), (b) and (c) Not applicable.

2. Not applicable.

3. Not applicable.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 1,468 could be made an order for return, this return would be tabled immediately.

[*English*]

Mr. Speaker: Is it the pleasure of the House that question No. 1,468 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

EXPENDITURES IN RIMOUSKI

Question No. 1,468—**Mr. Allard:**

1. Since the implementation of the Local Initiatives Program, did the government allocate money to the constituency of Rimouski and, if so, in what amount?

2. For each project accepted, what was the (a) name of the project (b) amount allocated (c) year of acceptance (d) name of the municipality involved (e) number of jobs created?

Return tabled.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Tuesday, June 13, consideration in committee of the whole of Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Ethier in the chair.

The Chairman: When the committee rose on Tuesday, June 13, 1978, clauses 6 and 17 were allowed to stand, and clause 30 was before the committee.

On clause 30—*Deduction from tax otherwise payable.*

Mr. La Salle: Mr. Chairman, I should like to add to the remarks I was making a few days ago. I think it is still important to remind the committee of the fundamental principle we have always fought for on this side of the House, namely that arrangements should be made between governments, federal and provincial, not only when dealing with Quebec but with all the provinces. I know the minister has reminded us repeatedly that there were agreements with eight out of nine provinces. The position of my colleagues, which is also mine, has always been that whenever one province cannot accept the federal proposal, it is possible—and there have been precedents—for the minister of the federal government to enter into special arrangements in order to allow the citizens of that province to benefit from the generous proposal now before us.

● (1212)

I really think, Mr. Chairman, that I am not exaggerating when I say that Quebec did submit such a proposal. We remember full well, and we have even repeated it, that the Minister of Finance proved that Quebec did not commit itself with regard to the proposal made by the Minister of Finance, and that it should. That is one interpretation that could be discussed at great length. The Minister of Finance also knew that the Quebec budget had not been brought down. The Minister of Finance should therefore have expected Quebec, in response to the federal government proposal, to try and direct those credits to the areas experiencing severe problems.

In general, I am sure people would not blame any government for trying to stimulate those areas while at the same time allowing the citizens of Quebec to benefit from that money, according to the method suggested by the Quebec government, namely a cut in the 8 per cent sales tax. To that, of course, some will answer that Quebec or any other province are quite free to reduce their taxes as they see fit. But the fact remains that the proposal submitted by the Quebec government, in the present state of the situation in Quebec as we know it, was designed to meet a special need which all hon. members do recognize.

So, my question to the Minister of Finance is this. I am well aware that there is a bill before the House and that we are considering it in committee. I think that the minister gave the impression that he did not want to amend the bill. The Quebec premier, in his phone call yesterday, qualified, I believe, Quebec's position—and I must agree with the Minister of Finance that in my view, Mr. Parizeau's proposal or letter was not clear enough. It recognized the authority of the federal government and also noted that if the government's position remained unchanged, Quebec did not want to loose these millions of dollars.

We also acknowledge that the second proposal contained in the letter is closer to the formula proposed by Mr. Ryan, the leader of the Quebec Liberal party, and also that Quebec

would have preferred this proposal. In any event, the minister will recognize that Quebec would have preferred the second proposal. The minister is saying: I have introduced my bill and I do not intend to amend it. Nevertheless, it remains that normally the federal government should do its utmost to come to an agreement with the provincial governments. The second proposal contained in this letter would meet much more the wishes of all members and all parties in the National Assembly. I would therefore ask this question of the Minister of Finance:

Would the Minister of Finance be willing to reconsider today the clause before us and attempt to come to an arrangement with the Quebec government under which the federal government would not pay the taxpayers directly, but which would meet the objectives that the Minister of Finance set out in his budget?

Mr. Chrétien: Mr. Chairman, I have tried time and time again to come to some agreement. Since the budget was brought down, I have made four additional proposals to the Quebec government which were all turned down with a good deal of arrogance. I called the Quebec finance minister several times but he called me for the first time only recently, and last Monday, I confirmed to him that I was proceeding with the bill in its present form. I should like to point out to the hon. member, more especially as he just said that the sales tax provision was included in Mr. Parizeau's budget, that it is not so. He made unilateral tax changes on a Wednesday, outside the agreement which the other provinces and outside his budget which he did not table before the following Monday. Therefore, he acted unilaterally and gave me only a three-hour notice. He did not negotiate, he just said: "I'm doing it alone". I replied: "You certainly have a right to do so, it is your tax, your jurisdiction, you do as you please." But you accept only part of the federal proposal. And, ultimately, I agreed to pay the $40 millions for which Quebec qualified.

Then, two weeks ago, I had several contacts with Mr. Parizeau, and, in order to avoid confusion, I even invited my colleague, the Minister of State for Federal-Provincial Relations to attend a telephone conference like those that are announced every day on television, and at the other end of the line there was at least Claude Morin, the minister of intergovernmental affairs. So there could be no confusion, since there were also a group of officials in my office at that time, and I suppose there were some other people in the other office too. Even after that, my proposals were rejected. One week later, that is on June 7, I received a letter from Mr. Parizeau in which he said, concerning that proposal we are discussing today, and I quote:

"—on the very basis of the originality of the economic and tax policies of the government of Quebec—"

That was not in his letter, but at the press conference he held at that time—

[Mr. La Salle.]

"—I would like to examine the first one—", but that is the one we are considering now and proceeding with.

Last Wednesday he told me: whether you choose 1977 or 1978, it makes no difference to me. That was quite an about-face compared to the position they held before. He also said that in terms of the originality of the economic and fiscal policies, that was the one he preferred. But it was exactly what I had proposed on May 15 and the Quebec government tells me: We can accept that! When I have been trying for almost a month to convince everybody that it was acceptable. I report to my colleagues in the cabinet and they say: Congratulations! At last they see it your way! Last week, instead of gloating over it, because it was a significant retreat on the part of the Quebec government, I was even very modest when I received Mr. Parizeau's letter. So I proceeded as I had been announcing for a month, reduction of $85 so that the money can flow immediately into the Quebec economy.

Mr. Parizeau said in his letter last week that he intended to recover. He can recover whenever and whatever he wants. He is responsible in his own field. If he spends money before receiving it, I am not the financial critic who will hold him responsible before the National Assembly. But I decided that, as the government of Quebec did not subscribe to our national plan endorsed by the other eight provinces up to $186 million, and as the hon. member for Joliette came in the House at that time saying that we were unfair towards Quebec, I would not penalize Quebeckers and I would reduce their income tax. That is what we did, and that is what we are doing today.

If Mr. Parizeau needs $186 million, $190 million, $300 million or even $50 million, he simply has to increase his taxes. I do not want the Quebec taxpayers to be penalized. If he can convince them that it would be in their best interests to do something else than take the money I am offering Quebec, and if they accept that, good for him. However, he refused to go along with a national agreement, but he was free to take part. I did not force him.

He said "no", two days later and he acted on a unilateral basis in his own jurisdiction, according to his own priorities. This proves that I did not interfere with his area of responsibilities. But since he did not qualify on a national basis for this amount of $186 million, and we wanted to inject $186 million into the Quebec economy we decided on a tax abatement for 1977. The reason why we chose the 1977 fiscal year, and I repeat it once again, is that 200,000 taxpayers would not benefit if we had chosen the 1978 taxpayers' list; moreover, the money would not reach the Quebec economy until 1979. So this is quite fair to Quebeckers. If Mr. Parizeau now realizes "he has painted himself into a corner" that is his problem, I was willing to co-operate. I am not the one who refused to agree. And then in yesterday's letter he tells me to forget about last week's letter. Listen, we are no longer kids. You saw Mr. Parizeau's press conference last week. He was very confident, all smiles, and said that if Mr. Chrétien chose option No.

1, that was the one he preferred because the originality of his fiscal and economic policies will be improved. I imagine the originality disappeared during the week and the minister now has problems.

● (1222)

That is too bad, I have problems too. The hon. member for Joliette gave me a couple. He also created problems for himself and I find that at this point when we are talking about good relationships in Canada, it is rather surprising to see the premier yesterday threaten me on television and threaten the Parliament of Canada. I think that is going a bit too far. Earlier the hon. member for Joliette who is the ambassador of the Parti Québécois to the Tories, if not this House, rose and said: What do you want? Accommodate them! I made accommodations, Mr. Chairman, more than would have been expected under these circumstances. However, I think that what I am doing is quite fair to Quebec taxpayers. But Mr. Parizeau painted himself into a corner; he says he wants $186 million, he spent $186 million and put it down in his books, in his budget as an account receivable from the federal government—without an agreement. Any business accountant who would do a thing like that would get fired. There was no contract, there was no contractual obligation between the federal government and the province, he possibly thought that politically he could twist my arm, well, he possibly assumed that, and I showed a lot of flexibility but for him it was all or nothing.

The hon. member for Joliette spent whole question periods telling me: Send Quebeckers a cheque. It took me weeks to make them understand that we were not sending the other provinces any and that I could not do it for Quebec. Eventually, Mr. Parizeau recognized that I was right, that it was logical, then he asked me for a collection agreement, contrary to all Quebec traditions since 1954. The last time we spoke about that, that is Tuesday, the hon. member for Joliette said if he were Parizeau he would never have asked for it because it was betraying the Quebec traditions since 1954, if I understood him correctly.

And now they are in a bind, they want us to help them out. They should have tried to co-operate with us from the beginning. Again last week they were saying: Do as you wish with your taxes, Mr. Chrétien, it is your jurisdiction. I recognize he may do whatever he wants in his jurisdiction, so there is no problem. I do what I want in my jurisdiction and he does what he wants in his. He says: Do what you want! I decided to go ahead with my bill. Now that I have made this decision, he turns around once more and demands exactly the opposite of what I wanted to do. I hope it is a serious government. When he writes to the Minister of Finance of Canada, I expect him to stand by his word. On budget night, Mr. Parizeau did not answer yes or no.

I was justified in being furious because the others did respect the agreement. I thought that throughout this dispute it was possible for the Minister of Finance of Canada who has a national responsibility to talk with Mr. Parizeau as a minister of finance without any consideration for his political goal—the destruction of Canada—that I could deal with him as I did with the minister of finance of Ontario or of British Columbia. And when I met him in Montreal with Mr. McKeough, he told me himself that for the first time in the history of Canada before presenting a budget the Minister of Finance was talking of fiscal economic policy, of the monetary policy of the Bank of Canada, of the value of the Canadian dollar and its effect on the economy of Quebec or Ontario. I was told it was fantastic. But he should have played the role of an elected government trying to provide good administration and not only trying to prove that Confederation does not work.

He could have suggested amendments to my proposal at that time and perhaps I would then have become his ally. But he preferred to remain silent and after an agreement was reached 48 hours later, I was accused of being inflexible. I believe I went very far in my offers. I even offered the full Ryan formula two weeks ago. Now, it is no longer the Ryan formula, it is something else which includes interests and $40 million cash. There is no end to this. We have been trying to solve this problem for two months. The House lost many hours before June 7 when Mr. Parizeau said: You are entitled to do what you did and the Quebec government will let you do as you wish.

I have now made my choice and as I said before I have no intention of changing my mind. Now, I am being threatened. Threats do not scare me. If Mr. Parizeau needs $200 million, $500 million or $1 billion, this does not bother me, it is his problem. When I have problems, I try to solve them. He must do the same. He must now face reality. He has strutted like a peacock for two months and now he must pay the piper. Let him do so. For my part, I shall go on being fair with Quebec citizens, and I shall send them up to $85 for each taxpayer in 1977. Mr. Parizeau wants to take his tax roll from 1977 and send us a bill of $85 or more if he needs more. That is his business. It is his problem. The voters will judge. For my part, I shall have reduced the taxes of Quebec taxpayers by up to $85. If Mr. Parizeau wants to get it back from the taxpayers, let him do so. If he wants to get more, let him do so. The taxpayers will know that the federal government has reduced the taxes of federal taxpayers. In this way, justice will be done.

Mr. La Salle: Mr. Chairman, I would like the minister to tell us if it would be possible for him to establish an agreement under which the taxes paid by Quebeckers to Ottawa could be freed to allow the Quebec government to recuperate these taxes, as this would change nothing to the proposal, would not increase by one cent the contribution of the federal government, and would also meet one of our basic principles, that is that the agreements would be between governments. I would

like to know if the minister could do this. I would like him to tell us if he could do this and then I have other questions to ask him. I believe the minister has every means to do this if he so decides.

Mr. Chrétien: Mr. Chairman, the government took a long and hard look at this issue on many occasions. We took a decision within our jurisdiction. As you know, it was impossible to reach an agreement with the Quebec government. From the outset I was looking for an agreement and I came up with four additional proposals. But it is obvious he does not want any agreement. Again yesterday they did not try to get an agreement. They said: "Accept our conditions or else". Big words. Listen, we are not kids anymore. I have seen worse than that. I am not impressed by those threats. That is no way to work out solutions. I made five proposals but Quebec refuses to accept them. What can I do?

As a member of the National Assembly told me last night, they came out with that last night because they wanted to draw the attention of reporters away from the bloody mess which the government finds itself in after the National Assembly was closed down because of a demonstration. They wanted to empty the press gallery so no one would see that the government was in trouble with a motion which would have forced it to recognize that the justice minister was wrong. I cannot make a judgment, but the newspapers reported that he refused to have the doors of the assembly opened by the police. And then to get the reporters out of that debate, they held a press conference at 8:50, right in the middle of the speech of opposition leader, Mr. Gérard D. Lévesque. What can I do? We are now at the eleventh hour. For two months and four days now we have been stuck with that issue, a measure supported by all people in Canada, that is a sales tax reduction to improve demand.

• (1232)

Last week, after several attempts and even after endorsing the Ryan formula, not without some misgivings, I decided to go ahead, come what may. If they have problems, let them solve them. When I have problems, I deal with them, even if the opposition members make my life very difficult and I do not blame them. What can we do? That is democracy. I assume my responsibilities, and I did so upon receipt of the letter of June 7, after untold negotiations and interventions by many people from all sides who tried to help us find a solution. I am going ahead with what was in fact my original proposal which was agreeable last week to the Quebec government and that became suddenly, one week later, socially unfair. Let us not forget that there is nothing unfair in tax cuts. They go to taxpayers. Not to people who do not pay taxes.

When I cut taxes by $100 in January it was for the benefit of taxpayers. Those who do not pay taxes, are on welfare or unemployment insurance, have other programs and are not affected by tax cuts. Only taxpayers are affected by tax cuts and there is nothing socially unfair in this. I believe that there is much fairness in giving out $85 because if I had applied a tax percentage formula, the better off would have got much more than $85 and I wanted to give the maximum. As we are talking about social justice, I wish to mention to the hon. member that in Mr. Parizeau's proposal, when he cuts the sales tax it is on luxury items. Someone who buys a $10,000 fur coat saves $800 on the sales tax. If you buy Roche-Bobois furniture imported from France at Valiquette's in Montreal, or that kind of stores, you are going to save $800 on a $10,000 purchase while with my proposal even a millionaire gets no more than $85.

Mr. La Salle: I would rather not discuss the government's proposal. It was recognized as valid and effective, a view shared by other provinces. I think that the Minister of Finance who is accusing the Quebec government of having changed its mind, has himself changed his mind and I am not blaming him for that. At first, he refused categorically to accept a selective tax reduction but now he accepts it and the Quebec government will be able to play with that money any way it wishes in applying a selective tax reduction. This means an 8 per cent increase in the taxpayer's income, whichever way we look at it, and I believe is a good measure. We think that it is possible to reach an agreement with other governments and we are convinced that the Minister in spite of his stubbornness should come to an agreement, not to indulge Mr. Parizeau but as a matter of principle. We would be very glad to see the two governments enter into an agreement and we would support any amendment aiming at a settlement on a government to government basis. When the minister repeats that he made four or five proposals which were all turned down and that he too, refused offers which were extended to him, nevertheless we insist an arrangement should be worked out which would allow the federal government to abandon the field of taxation altogether as refunds are being given to all other provinces, pursuant to agreements which have been going on for years. In the present case I am sure the Finance Minister could suggest an agreement which we would be able to support and which would be made on a government to government basis. We are ready, if necessary, to put forward specific proposals ourselves to induce the government to seriously consider such an arrangement in keeping with basic principles of federal and provincial co-operation. In so doing, our purpose is not to ingratiate to Mr. Parizeau and I agree with the federal finance minister that he has unfortunately rejected too hastily the last proposal made by his federal counterpart. Forty-eight hours before it was turned down, we tried again to induce the Minister of Finance to come to an agreement with the Quebec government, and if it were a Liberal government, we would have done the same thing. The government can keep on trying to fool us as it has done for the past two months with all kinds of arguments and reasons.

The Minister of Finance mentioned earlier the problem which the Quebec government had yesterday with its civil servants. It is none of our business, Mr. Chairman. I think that we are dealing presently with clause 30 and if Mr. Parizeau is having problems with the civil servants, I do not even want to talk about it today. If he were willing to put aside his stubbornness, the Minister of Finance could move an amendment to his bill which, we in the opposition would fully support in order to safeguard this basic principle, namely to come to an agreement as was done with the other provinces between the two levels of government.

Mr. Chrétien: Mr. Chairman, I have stated on several occasions that I have tried repeatedly to reach an agreement. This has not been possible. I think that our position is the most equitable, the clearest and the most in keeping with the spirit of the negotiations I had with the other provinces. The other provinces might also have wanted a selective cut. I called the finance ministers of the other provinces and asked them whether it was acceptable to them that I agree to the Quebec proposal. I called three finance ministers. They answered me: not at all, because had we been given the same choice, we would have done the same thing. So it was too late. The provinces did not agree. Besides, Mr. McKeough of Ontario made two speeches on this subject.

We therefore decided not to penalize the Quebec taxpayers because they have a higher level of taxation. That suits me fine because my proposal is quite flexible. In the maritime provinces, we have paid for the three percentage points. In the case of Quebec, we have paid $40 million to the provincial government because it went along with the national scheme to the extent of some $40 million. There has been a great deal of flexibility. Quebec has left $186 million on the table. The fairest and most equitable way of rebating that money is to repay Quebec taxpayers, who will know that in Chrétien's budget of April last there are incentives for Quebec's economy. And if Mr. Parizeau in turn wants to provide incentives in his budget, that is his business. This way people will know for sure that I operated within my jurisdiction, and he did in his jurisdiction. So they can give credit where credit is due, for better or for worse. It will be the electors' choice. Nobody will suffer there. In the motion the hon. member for Lévis was attempting to read in this House concerning the unanimous vote in Quebec's National Assembly, he was referring to a just solution for Quebeckers. But Quebeckers as Quebeckers are losing nothing, absolutely nothing, as taxpayers. This is fair and just.

The hon. member for Joliette wants me to make an arrangement with Quebec's government. I tried. I am glad he now recognizes I have been making efforts. He calls on still more flexibility on my part. Listen, I tried everything. There are 24 hours left before second reading. There have been no counter-offers. This is an ultimatum. It is either this, or else. Well, this does not impress me. So I go on with my bill. And anyway Quebeckers lost nothing, it is altogether fair that those who paid taxes in 1977 get tax credit, the vacating of a fiscal field.

Anytime the Quebec government may occupy a fiscal field. In January, when I cut the personal income tax by $100, they would have taxed those $100. Only, Quebec taxpayers will know of course the Quebec government did it. What do they want, finally? They would like to get all the credit for what they did with sales taxes, then they would like me to come up and fill the gap. Is that two-way federalism? I do not believe so. That is not fair. I want to show Quebeckers that the Canadian government stimulated the economy to the tune of $186 million, not including the $40 million sales tax for which they qualified. Nobody is losing. If Mr. Parizeau wants to collect that money rather than face a deficit, as Mr. Lévesque indicated last night on TV, he is free to do so. Last week, as I said a while ago, he thought that it was for the originality of the Quebec economic and fiscal policies. Well, alright, let him be original in his fiscal and budgetary measures.

● (1242)

Mr. Joyal: Mr. Chairman, the Minister of Finance recognized that Quebec is trying to achieve the purposes set forward in his budget of April 10 last. This is why he admitted that he must refund $40 million to Quebec. The $186 million payment remains in abeyance. The minister suggested in his bill a direct and immediate refund to Quebec taxpayers. This is provided in clause 30(b). This proposal, in my opinion, has some major disadvantages and raises a basic question. On the one hand, it is costly for all Quebec taxpayers. Indeed, the cost of issuing refund cheques and the corresponding collection costs by the Quebec department of revenue will come to about $3 million. That is what the Joint Committee of the Senate and of the House of Commons recognized at page 51, chapter 20 of its 1972 report, and I quote:

> With regard to the method of compensation provided in the federal government's proposal should a province elect to opt out, direct reimbursement to individuals is unacceptable to us. From the administrative standpoint it implies that all individuals in a non-participating province would first pay a certain amount of tax in one form or another to the federal government; they would then receive a cheque or a tax credit from the federal government; finally these same individuals would be taxed again by their provincial government, which would likely want to set up a program to replace the one in which it refused to participate. Administratively, this procedure seems too unwieldy.

On the other hand, the repayment formula, as described in section 30(b) is likely to create important distortions in the current operations of the government of Quebec: it implies that, in order to make up for the missing sums, the government of Quebec would have, through immediate legislation, to impose a special tax with a view to recovering the $85 Ottawa is paying to Quebec taxpayers.

The whole operation takes on a special connotation at this stage of the constitutional debate. As a matter of fact, the white paper entitled "A Time for Action" states, under the heading "Renewing the Practice of Federalism", and I quote:

The character of Canadian federalism has varied with time, so that today the federal and provincial governments are more interdependent than at any point in our history.

The federal government proposes the following objectives so that this interdependence may operate effectively while permitting each order of government to serve its citizens as well as possible:

—to bring about a less contentious federal-provincial relationship;

—to eliminate wasteful duplication of legislation, regulations, policies, programs or services, and generally to make the effective provision of services by government less costly.

An a little further on:

To take deliberate steps to ensure that, for its part, the federal government takes fully into account the constitutional responsibilities and priorities of provincial governments, by consulting the provinces when preparing a legislative proposal, formulating a policy, or designing a program that is in an area of shared jurisdiction or that could have a significant effect—financial or other—on an area of provincial responsibility or an activity within that area;

In the federalist system, when one level of government decides to withdraw partly from a program whose aim touches the field of its exclusive jurisdictions, the corresponding compensation to the taxpayers of that province must not be made over the head of the provincial government concerned. In this case, the Quebec decision to selectively remove the tax on four particular items was not a decision that was made, in our political regime, by individual taxpayers. It was made by their government, a government formed after a democratic election.

Since the political and constitutional responsibility for this decision rests with the government of the province of Quebec, it is with this government that the federal government must agree on the compensation formula. This is at the very heart of the sharing of responsibilities in a federal government structure. Of course, the Quebec minister of finance can write to his federal counterpart that "if you do not amend Bill C-56, the government of Quebec will take the necessary action to recover a global amount equivalent to the sum which otherwise would have been paid to the province by the federal government". However, should the federal government persist in this attitude, it would go against the spirit and the general philosophy of a federal experience which they precisely intend to renew, according to their own words. Respect for the legislative and executive independence of each level of government in a healthy federal structure demands that the responsibility for decisions taken remains in the hands of governments.

Under the formula described in clause 30(b), the federal government would directly return to the taxpayers part of the taxes it collected as compensation for a decision made by an autonomous and legitimate provincial government. Under the second formula, which provides for a tax rebate, or a cut in the tax to be paid in the next taxation year, the federal government would avoid the process of tax collection and reimbursement and leave the corresponding tax room to the province.

In the first case, the federal government collects taxes and reimburses them; in the second case, it lowers its taxes. In other words, in the first case, the government reduces its revenue, and in the second case, it cuts down on its expenditures. This is a major difference since the power to tax matches the power to spend. In the case of clause 30, a basic question is asked: How may the federal spending power be exercised? In other words, does the federal government have the power in our federal system to hand out directly to the citizens of a province a financial compensation when the government of this province partly withdraws from a program dealing with something that properly falls within an exclusively provincial jurisdiction?

If the answer is yes, what is there left of the jurisdiction of exclusive powers of the provinces? Can this precedent not serve in the future to justify some federal intrusion, even of a temporary nature, in the field of education, for instance? The limits to the federal government spending powers were partly defined in a judgment rendered in 1937 by the Privy Council in the well-known case of unemployment insurance. In this regard, the Privy Council ruled that the federal parliament is empowered.

—to collect taxes to establish a special fund which would be used to pay subsidies to individuals, corporations or public agencies in the interest of the whole population, but in so doing, the federal parliament cannot take any action which "can intrude on the provincial civil rights or be related to the areas exclusively under provincial jurisdiction.

However, as Professor Ivan Bernier of Laval University wrote, from this point onward, nothing is clear:

Should it be considered that the federal Parliament has full discretion to act in areas of provincial jurisdiction so long as it does not legislate as such? Or, on the contrary, that the federal parliament must not encroach upon areas under provincial jurisdiction or that it can spend in those areas, but without laying down any conditions.

Yet, neither the provincial government nor the federal government have tried since to have this issue clarified by the courts. We can then conclude that there is a *modus vivendi* which allows the federal parliament to initiate measures in areas that come clearly under provincial jurisdiction without the province openly challenging the legality of such measures, as they prefer to benefit from the amounts offered to them.

But on the political level, the debate is going on. In 1969, the federal government published a white paper suggesting that the Parliament of Canada has the power to make conditional grants in areas coming under exclusive provincial jurisdiction and to compensate directly the taxpayers of the provinces which would refuse to participate in all or part of the program put forward by the federal government.

The final report of the joint special committee of the Senate and the House of Commons tabled in 1972 stated that the repayment was to be made directly to the government of the province.

Since then, no discussions nor rulings have shed light on that debate.

The letter of the Quebec finance minister dated June 7 does not shed any more light on that debate. It leaves the federal

government free to choose between a direct payment to the taxpayers or a tax rebate at the end of the next taxation year.

The first proposal contained in Mr. Parizeau's letter dated June 7 may seem surprising when one reads the briefs and position statements submitted by Quebec at previous constitutional conferences and during prior discussions on the limits of the federal government spending power. Quebec has always maintained that the federal government could not in the exercise of its spending powers intervene in areas of exclusive provincial jurisdiction and pay contributions directly to the citizens of an opting out province.

● (1252)

The letter of June 7 does not contain any reassertion of the traditional Quebec position with respect to the spending powers of the federal government and the direct reimbursement of taxpayers. Nor does it express any intention of questioning the constitutionality of clause 30 of Bill C-56 the nature and limits of which, needless to remind you, have not been defined by the courts. Nor the letter of June 14 which was made public yesterday reiterate the essence of the principle involved in clause 30. Yet the question remains unanswered and the debate open. There is no doubt in my mind that we must avoid creating a precedent that would only postpone a definition of federal spending powers commonly acceptable to the federal government and the provinces in the constitutional debate that is getting under way.

Therefore, considering the arguments previously made I believe that the hon. Minister of Finance should undertake to reimburse Quebec taxpayers using the tax abatement formula set out in subclause (1) of clause 30(a) and to withdraw subclause 30(b). By doing so the spirit of federalism would be observed, a practice the federal government wants to renew; he would avoid the distortions caused by the imposition of a special tax and he would put an end to the political debate which rallied unanimous support in Quebec. Otherwise, the debate which should redefine the constitutional balance in this country will be seriously endangered. I would like, Mr. Speaker, to put a question directly to the Minister of Finance.

The hon. Minister of Finance has said that one of the reasons why he wants to reimburse directly Quebec taxpayers is to immediately inject an amount of $186 million in the Quebec economy. Will the minister not recognize however that the effect of that stimulus will certainly be limited and short-lived since it is not at all certain that the tax-payers who will be receiving it will use it to increase their spending but rather that they will put it in their savings accounts or spend it abroad. Does he not also recognize that the stimulus will certainly be short-lived because according to the letter of June 7, Quebec will soon retrieve a similar amount from the taxpayers?

Mr. Chrétien: Well, Mr. Chairman, I think that if Quebec had accepted my proposal last April and reduced its tax on all items within the economy of Quebec just as the other provinces had agreed to do, we would not have had any problems and this is the direction in which we would have liked Quebec to move. However, they even refused to talk about it and failed to answer yes or no. Because we have no agreement with Quebec and since they did not accept the national scheme, the other alternative was to reduce our Income Tax and that is what we are actually doing. With respect to the national scheme, I can say that they have stimulated the Quebec economy for up to an amount of $40 million and this is what we are acknowledging.

As for the balance, we are doing what we intended to do, namely reducing our federal income tax. Sure enough, if Mr. Parizeau turns around and retrieves that amount, the effect of the measure will be nil but Mr. Parizeau alone and not I will be blamed for it.

In addition, I would like to go over the hon. member's remarks when he says that I am making ill use of my spending power. I am not doing so in any way. There has been an agreement covering these $40 million and that we acknowledge. As far as the balance is concerned—the money which remains on the table—we could have told them that since they chose not to accept it, we were going to keep it in the bank for as long as they refused to take it, even for years to come, as it was the case under Mr. St. Laurent with the funds that were meant for the universities. The federal money would go into a trust account or in escrow and remain there for years until Quebec would decide to make use of these funds.

We did not want to do the same, we put the money immediately into the Quebec economy and the money will be there immediately. If Mr. Parizeau recovers it, well the electors or the taxpayers will judge Mr. Parizeau's actions. The hon. member says that the principle of fiscal withdrawal is very good. But what is the difference between withdrawing from a tax field in 1977 or in 1978? It is the same thing. When Mr. Parizeau says that it will cost him $1.5 million to recover it, well what can we do about it? If we are willing to accept this argument, we could also accept the argument put forward by the federalists back in 1954 to the effect that Quebec made a ridiculous move by establishing a department of revenue in Quebec which costs more than $100 million a year, which implies that each taxpayer should fill in two income tax returns, have two tax inspectors. However, it was said that the economy of Quebec might well foot that bill.

People may say that it is necessary, others that it is not, but the provinces can act as they please in their area of jurisdiction. We acknowledge that and we are acting with the utmost expediency. This is not a compensation I am offering the Quebec government because they turned down the scheme I had proposed. I never imposed anything upon the Quebec government. I asked them whether they wanted me to help them in such and such a way. After I had negotiated for three weeks the terms and conditions of my proposal, they did not deem appropriate to notify us of their own idea about selective cuts. I am not to blame for that. However, because of this innovation, and because it was the first time a federal minister of finance was consulting with his provincial counterparts and

trying to agree on a joint program with the provinces, Quebec decided to go ahead with their own scheme after I had brought down my budget and before they introduced their own. They chose to reduce unilaterally their sales tax, just as Ontario had done some two years ago. The Ontario government had acted unilaterally when they had reduced their sales tax on cars from 6 per cent to 0 per cent. They did not ask the federal government to compensate for that, for they had acted in their own best interests, without ever taking into account the economic interests of the nation; they did not therefore seek any compensation from the national government. Since we were left with $186 million, I funnelled them into Quebec's economy as fast as I can. And if Mr. Parizeau wants to recoup them, I made fiscal room, as I had done in January last when implementing the $100 income tax cut. If they want to fill that room let them do so. They will do it now. If the hon. member wants to avoid a lot of problems, if he wants to put an end now to all this fuss, here is the answer: I cut my own tax . If Mr. Parizeau feels he must go and get it, let him do so next month, or next week, and that is the end of the debate. I cannot see why people are concerned with the 1977 or 1978 issue. In both cases it was a personal income tax cut, and the alternative would have been a collecting agreement.

I must tell the hon. member, when I made that proposal during the negotiations that the Quebec government in that area only reacted like offended virgins. "Mr. Chrétien, how dare you propose such a thing? There is no way that we Quebeckers will ask the Canadian government to collect our taxes." But now they are stuck, and all of a sudden no mention is made of autonomy and so forth. After trying for two months to get into my hair. Well, that is that. We made a decision, we made fiscal room as the hon. member is requesting it, and if the Quebec government want to step in, let them do so. That is their privilege, indeed it is their duty if they feel that it is needed. The fact is that we will have vacated a $186 million tax field, and this is not a payment to taxpayers as intended in the proposals because we are not vacating a tax field. We made a proposal which Quebec felt was unacceptable, and $186 million were left on the table so we are now giving that money back to the Quebec taxpayers. Things are not as they were, we wanted to act as soon as possible. So my feeling is there is no basic disagreement between the hon. member's proposal and mine. He wants this to be done next spring, and I said that we shall do it now so that we do not hear any more about it.

Mr. Joyal: One of the reasons he would make direct payment was that there were no estimates for interest on the loss of revenue until the next fiscal year. However, will the minister not agree that if the amount of $186 million remains in the federal treasury until the end of the current fiscal year, it will bear interest that could eventually be used to cover interest on income lost by Quebec.

Mr. Chrétien: Mr. Chairman, the hon. member assumes that there is an agreement with the government of Quebec. There would be such agreement if they had agreed to cut their sales tax the same way the other provinces did; then we could have negotiated such an arrangement. But there is no such agreement because, without taking into account the priorities of the federal government, Quebec decided to act unilaterally in its best interest according to its own views.

Of course, I would urge the hon. member to read carefully the finance minister's letter to the Association of Shoe Manufacturers where he laughed at the idea of lowering the sales tax from 8 per cent to 0 per cent. That was not a long time ago; that is very recent. But when he shows in which spirit he acted, we can see that he was just trying to trip us, while we were only seeking to improve the economic performance of our country. That is what people do not understand or do not want to understand in our proposals. Last week, even though Mr. Lévesque had not even seen the white paper yet, he found it altogether insignificant. It is always like that. What do you want? I find it difficult to act as Minister of Finance for all of Canada and integrate everybody in the best interest of the Canadian economy when you know that the very aim of one government is precisely to prove that the Canadian federation cannot work. I acknowledge the hon. member's lofty motives, but I would like to mention that he did not say a word about that. Following representations made by many members from both sides of the House, I have shown great flexibility, but this was matter-of-factly ignored by Mr. Parizeau.

The Chairman: Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2 p.m.

[*Translation*]

The Chairman: Order, please. When the committee took recess at one o'clock, clause 30 of Bill C-56 was under consideration.

On clause 30:

[*English*]

Mr. Clarke: Mr. Chairman, I should like to ask the minister some questions concerning the treatment of taxpayers in some provinces compared to the treatment of taxpayers in other provinces. The Prime Minister has tried to explain to the House a number of times that the treatment was exactly the same for taxpayers in British Columbia, for instance, as for taxpayers in Quebec. May I ask the Minister of Finance if he sees the treatment of taxpayers in the province of Quebec the same as the treatment of taxpayers in British Columbia and, if so how?

Mr. Chrétien: Mr. Chairman, on the night of the budget I reduced the income tax of the province of British Columbia up

to $100 per citizen, as in clause 38. In the case of the province of Quebec, I am reducing their income tax by $85, so there is approximately $15 that I am not paying to taxpayers in Quebec because Quebec qualified only partially under the program. As they have their own system of taxation and so on, I am paying $40 million to the Quebec government. There is a distinction that way. The Quebec taxpayer is receiving $15 less of a tax cut than the taxpayer in British Columbia.

Mr. Clarke: Mr. Chairman, the minister fails to explain how a reduction in a 1978 tax is the same or similar—

Mr. Chrétien: I am sorry, Mr. Chairman. Of course there is another difference. Rather than taking the list of taxpayers in 1978, I am taking the list of 1977 for the reasons I gave the House many times.

Mr. Clarke: Mr. Chairman, the minister said just now "another difference is"—so he then admits there is a difference between the treatment of taxpayers in British Columbia who are not getting any money in their hands and the taxpayers of Quebec who are getting $84 cash in hand. I know from the debates in this House that the taxpayers of Quebec are not happy about that and the representatives of the taxpayers in Quebec are unhappy about it. In fact, by a unanimous motion of the Quebec National Assembly this was declared an improper move on the part of the federal government.

When I go to British Columbia my taxpayers want to know when they are going to get their refund, cash in hand, such as the minister is giving to the taxpayers of Quebec. Can the minister give me an answer to take back?

Mr. Chrétien: Mr. Chairman, the hon. member can take back a very good answer. I reduced the tax of taxpayers in British Columbia by $100. The same day the British Columbia government increased the tax of the same taxpayers by $100. As we collect the money for both, it is channelled directly to the coffers of the British Columbia government. We do not have a tax agreement with the province of Quebec, so we cannot operate in the same way. We have not collected, Quebec provincial tax since 1954; the provincial government collects that and sends its own assessment to the taxpayers.

The night I reduced income tax by $100 in British Columbia the provincial government raised the provincial income tax of the same people by the same amount of money. By the end of the year when they file their tax return, they will have paid $100 less to the federal government and $100 more to the provincial government. We do not operate that way in Quebec because we have not collected their taxes since 1954. If British Columbia had been in the position of Quebec, collecting their own income tax, we would have sent $100 right to British Columbia taxpayers and the minister in British Columbia would have been obliged to raise his taxes by $100.

Mr. Clarke: I will try to explain that when I go back to British Columbia tonight, Mr. Chairman. I hope I will have as much success as the minister seems to indicate.

Let me refer to another difference. In the case of a taxpayer in British Columbia who is being given a sales tax reduction from 7 per cent to 5 per cent with the help of the federal government on all retail purchases, he will get real benefit from that for nine months regardless of which government it comes from. How does the treatment offered by the minister to the taxpayer in the province of Quebec equal that kind of treatment when I hear the minister saying over and over again that he will give an $85 refund by cheque to the taxpayers of Quebec—to those people fortunate enough to pay at least $85 in income tax? In other words, the poor individual in British Columbia who pays no tax, or less than $85, will get some benefit because the sales tax on such basics as telephone service, electric lights, clothing, toothbrushes and practically everything has been reduced. The person in Quebec who does not pay income tax will not get any benefit from the measure the minister offers. How does he see that as equal treatment of taxpayers in different provinces?

Mr. Chrétien: Mr. Chairman, I made precisely the same offer to the Quebec government and they refused it, so taxpayers in Quebec who buy a car, say, do not benefit. They can blame their government as they turned the offer down. As over $186 million was left I decided not to penalize Quebec citizens because there was no agreement with the federal government, and the provincial government did not want to comply with the national plan. Therefore, Quebeckers who buy a toothbrush will pay more tax than people in British Columbia. I offered to reduce taxes by the same amount as British Columbia, but Mr. Parizeau refused. As it is a provincial tax it is up to the provincial government to decide. In the scheme of Mr. Parizeau in Quebec, the person who buys a fur coat for $100,000 will have the benefit of an $800 tax cut. The person who buys $10,000 worth of imported furniture will get a tax benefit of $800. Mr. Parizeau's scheme is worse than what I am doing for Quebec. I gave a maximum of $85 to Quebeckers. Mr. Parizeau can give them almost unlimited benefit if they buy the four items on which the sales has been cut.

Mr. Clarke: Mr. Chairman, I will try that one on, and see how it applies in British Columbia. May I ask the minister what the estimated cost amounts to of the total reductions that are being offered to all of the provinces?

• (1422)

Mr. Chrétien: Mr. Chairman, in our calculations I cannot give you a precise amount, but the federal part is $825 million. Perhaps later on I will be able to give you the exact amount. I can inform the hon. member that $847.3 million was our estimated cost to the federal treasury. We predicted the cost to the provincial treasury would be the difference—we used to speak about $1.1 billion, so it is less than $300 million.

Mr. Clarke: Mr. Chairman, since there is an $847 million cost, as the minister indicated, for this scheme, how was it that the minister took such objection to ideas put forward by this side to have some further income tax reductions to spread the goodies around among the taxpayers? Why was it so much more sinful to spend, say, $1 billion on reducing income taxes, or spending $1 billion on reducing sales taxes in a field which the minister really did not have the right to get into?

Mr. Chrétien: Mr. Chairman, first I want to tell the hon. member that all observers of the economic scene last week attributed the good performance of the American economy to the fact that demands has increased very substantially. The best way to help stimulate consumer demand in Canada is to reduce the tax paid at the consumer level, which is a tax that is applied by the provinces. The government offered the provinces a scheme to reduce that tax. Eight provinces accepted the offer, and Quebec refused. The government could not force Quebec to reduce its sales tax. It was quite evident that they decided to do something other than what the other provinces wanted to do. But the federal government does not have to pay for that. The government just pays that portion that complies with the national scheme. We decided not to penalize the Quebec citizens and to return to them in the form of a tax rebate the $186 million, which amounts to $85 for each taxpayer according to the 1977 list.

[*Translation*]

Mr. Lambert (Edmonton West): Mr. Chairman, if I enter the debate on this bill at this time it is because for several reasons I preferred to concentrate on something else. I have heard the remarks made by several members of this House and listened to the questions asked during the question periods, and for several days I have read the newspapers. I am surprised that my good friend the Minister of Finance should have unfortunately stepped into a trap from which he has great difficulty freeing himself. It is good to see that there has been an agreement. An effort was made to come to some agreement with the provinces in order to offer a common front concerning a budget proposal.

[*English*]

I am going to say to the minister that he has no business using his spending power. I am speaking on behalf of a province that is not directly affected by his original proposal with regard to the sales tax. But may I say at the outset that his statements that there are other compensations—and incidentally statements of the Prime Minister—in the budget for the people of Alberta may come to pass only if certain, shall we say, operations are put into play over the next few years with regard to the development of non-conventional oil resources. In so far as the citizen of Alberta is concerned, he is directly discriminated against. Albertans should be entitled to some relief if we use federal funds to compensate citizens of other provinces generally. What is wrong with the people of Alberta? I know my colleagues from Red Deer and from other constituencies in the province have argued this point but I am arguing it again because the minister has moved away from the field of sales tax, and he has entered the domain of income tax, which brings up an entirely new ball game.

Why should the citizen of Alberta not be compensated in so far as income tax is concerned? He is as much a taxpayer as any other taxpayer in Canada. Why should he be discriminated against in this proposal?

If the minister's proposal with regard to sales tax has been turned down by the government of Quebec—and I say the government of Quebec is fully entitled to move in the field of retail sales tax as it, and it alone, sees fit—so can the government of Newfoundland, and Newfoundland has variations on sales tax. There are some things which are not taxed in Newfoundland that are taxed in other provinces. We can go right across the country and see variations in the sales tax which are perfectly in accordance with the constitution. But, no, the minister here by his proposal has said, "You must remove 2 per cent of the sales tax for nine months, or 3 per cent for six months. And this must be across the board. There has to be uniformity across the country." I cannot see that, nor can I see the Prime Minister who said that everything must be done the same way. The government has not done that for Alberta. That is an example of discrimination right there in their plan. That was item No. 1.

The second discrimination exists in the system itself, as I have pointed out. Various provinces have exceptions to the sales tax. That is of their own doing. Now, because Quebec chose to act in its own way with regard to the sales tax, the minister says, "All right. I am going to compensate the people of Quebec for a portion of what would be the allocation to Quebec, and we are going to compensate income tax payers." But they are not the ones who are paying the sales tax. The minister, in his wildest dreams, will never insist that all sales taxpayers in Quebec are income tax payers. So the compensation is different. That is another form of discrimination.

Then I come to my third point which is the element of rebate of income tax to an individual Quebec taxpayer. I say that is a discrimination against income tax payers of the province of Alberta. They do not get any adjustment for sales tax because there is no sales tax in that province.

• (1432)

When it comes to the income tax rebate, the federal government is trying to stimulate the economy. When the Minister of Finance makes his payment of the income tax rebate to the citizens of Quebec, he has to admit it is for the purpose of economic stimulation in that province. Why not the same for Alberta? The provisions of Bill C-56, in so far as they affect the petroleum industry at some indefinite time in the future, are no compensation for the immediate spending power of the citizens of the province of Alberta, or of Newfoundland, Nova Scotia or wherever. They are entitled to it just as much. For that reason, I oppose clause 30.

[*Translation*]

I want to deal with another matter, Mr. Chairman, namely the speech made this morning by the hon. member for Maisonneuve-Rosemont who is opposed, not to the principle of stimulating the economy of the province of Quebec or of any other province, but to the federal government encroaching upon an area of provincial jurisdiction.

[*English*]

It is a total breach of the spirit of our constitution.

[*Translation*]

This is not the first time we have seen it happen. So, I invite my colleagues, here, in the House of Commons, to read the speech made by the hon. member for Maisonneuve-Rosemont—I had hoped he would be here this afternoon, but he made his contribution this morning—as I say, I therefore invite the hon. members from the province of Quebec, to set aside petty politics and acquaint themselves with what their colleague from Maisonneuve-Rosemont had to say about federal encroachments upon provincial jurisdictions. This is actually a rape. But we saw the same thing when the federal government tried to gain control over natural resources when we moved in the oil area against the province of Alberta.

Mr. Chairman, in view of this and the fact that we will have a tax allocation for the people of Alberta, I would move an amendment to clause 30 as follows:

That Bill C-56 be amended at clause 30, at page 34, by striking out lines 14 to 35 and substituting therefor the following: (a) $100 for an individual residing in any province other than Quebec, $85 for an individual residing in Quebec, and (b) the amount that would, but for this subsection, be the tax payable by him under this Part for the year.

I have it here in both French and English.

Mr. Pinard: Mr. Chairman, I listened carefully to the amendment moved by the hon. member and I suggest that on procedural grounds it is out of order as it goes directly against the amended ways and means motion, and more particularly it goes against and is in total disagreement with the provisions of clause 13 of the amended notice of ways and means motion.

Mr. Chairman, you will recall that the Speaker of the House made a ruling not long ago, that is on May 19, 1978, forcing the Minister of Finance to amend the notice of ways and means motion and specify in clause 13 of that motion the details corresponding to subclause 30(b) of Bill C-56. But even if at that time we had suggested to the Chair that it is not necessary to have a notice of ways and means motion when reducing taxes, in the ruling of the Chair it was clear that since it had been deemed appropriate to put it in a ways and means motion and it had been deemed appropriate to include a clause 13 dealing with clause 30 of the bill but that we had to be consistent and amend the ways and means motion to complete it and make it consistent with clause 30(b).

That has been done, Mr. Chairman. Now what the hon. member suggests is to delete paragraph (b) from clause 30 and to include the province of Quebec in the first part of clause 30, and to provide a special status, that is he now wants an income tax deduction of $100 for the residents of the other provinces for 1978, as provided for in the first part of clause 30 and, still for 1978, the amendment suggests that the reduction be $85 for Quebec taxpayers.

Mr. Chairman, here is the proposed change. According to the provisions of clause 30 of Bill C-56, before the proposed amendment, the rebate will be $85 for 1977 for Quebec. However, clause 13 of the ways and means motion includes two items: first it says the 1978 taxation year and second the 1977 taxation year. What the hon. member proposes is to have only 1978 for all provinces, and of course that is contrary to the ways and means motion as amended which hon. members now have. I certainly would not expect the House and you, Mr. Chairman, to read clause 13 in full because it is quite long.

● (1442)

Mr. Chairman, I would like to draw your attention to Standing Order 60(11) which clearly states the following:

(11) The adoption of any ways and means motion shall be an order to bring in a bill or bills based on the provisions of any such motion.

We have agreed to the amended ways and means motion, Mr. Chairman, and what the House decided at that time now constitutes an order to bring in the bill now under consideration, which must be based on the provisions of this motion. According to the provisions of this motion, for all provinces except Quebec, the year involved is 1978, and for Quebec, it is 1977. Any amendment to change this, Mr. Chairman, goes clearly against the ways and means motion, which must be strictly followed under our standing orders, and I would like to refer in this regard to the ruling of the Speaker which appears in the *Votes and Proceedings* of Friday, May 19, 1978. This ruling starts on page 784 and ends on page 786.

To support my argument, Mr. Chairman, I would like to read two quotations from this ruling. The first reads as follows—and these are the words of the Speaker:

That is, it appears that section 122.1(2) to be enacted by clause 30 represents a substantial departure from paragraph (13) of the ways and means motion or from any other part of the ways and means motion besides, paragraph (13), in endeavouring to deal, not with the residents of a prescribed province, not for the taxation year 1978, but with the residents of a province which is not a prescribed province and for the taxation year 1977, depending on the ultimate interpretation to be placed on the language which I, of course, do not now decide.

A bit further on, Mr. Speaker said the following:

We must begin from the premise that a ways and means motion as the basis of a tax bill is the procedural device used to protect the financial initiative of the Crown.

Mr. Speaker went on to say:

The cure is simple. It requires a ways and means motion to cover the provisions of section 122.1(2) to be enacted by clause 30 of the bill.

And to conclude, the Speaker of the House ruled and I quote:

Meanwhile, the bill may proceed certainly through second reading, and if necessary into committee up to and including clause 29 of the bill. We have examined carefully the procedents which would support this point. They are clearly recited in Erskine May's Parliamentary Practice, nineteenth Edition, page 790, which reads as follows:

—and he quoted Erskine May.

Mr. Chairman, I say that, by deleting paragraph (2) of Bill C-56, to amend paragraph (1) and to include $85 for the province of Quebec, but for taxation year 1978, the hon. member contradicts paragraph 13 (*a*) of ways and means

motion that says that the first provision of clause 30, 122.1 (1) and I quote the motion:

(13) That,

(*a*) for the 1978 taxation year, . . .

—this is important—

. . . the tax otherwise payable by an individual, . . . resident in a prescribed province on December 31, 1978,

—be reduced by $100.

Then the hon. member proposes:

(*a*) $100 for an individual residing in a province other than the province of Quebec—

—by including this provision, as he wishes to do in Section 122.1(1), the hon. member contradicts completely what suggests the ways and means motion at paragraph 13(*a*) that says that it will strictly apply to the taxation year 1978 and to prescribed provinces, and that the amount paid will be $100. In fact he proposes the payment of $85 and prescribes that it will be for the province of Quebec. By deleting paragraph 2 in clause 30, section 122.1(2) he renders useless the amendment made to paragraph 13(*b*) of the ways and means motion. So, on several counts, the member is clearly out of order and goes against the ways and means motion. He is also doing precisely the opposite of what the Chair has instructed us to do before we could consider clause 30. What he is suggesting is that we go back. Mr. Chairman, I am not for all practical purposes preventing members of the opposition or members of the House in general from amending a bill in the committee of the whole. But what I am suggesting, Mr. Chairman, is that when we are considering bills which result from a budget or bills which require a ways and means motion, the procedure to amend such bills is very limited. When we are dealing with bills resulting from a budget and tax bills, what parliament has tried to do is to allow the Minister of Finance and the government to decide in which areas taxes would be collected, and that cannot be changed at will.

The act requires us to introduce and have adopted a ways and means motion which has been amended at the request of the Speaker to the satisfaction of the House. Mr. Chairman, the amendment moved by the hon. member only goes against our rules and procedure and only does the opposite of what parliament allows us to do. For these reasons, Mr. Chairman, while reserving my judgment at this time, I would not want my intervention to be considered as a discussion on the merits of the amendment but strictly on procedural grounds and for technical reasons. I say that the amendment is unacceptable and that valuable time would be lost debating it, since the Chair is quite likely to reject it as unacceptable from a procedural standpoint. Furthermore, Mr. Chairman, in conclusion, I wish to point out to the hon. member an answer given last week by the Minister of Finance to the member for Lafontaine-Rosemont to the effect that he may well get most, and I repeat most, of the results sought by his amendment without having to—

[Mr. Pinard.]

The Chairman: The hon. member is entering the debate, the substantive debate. I do not think that this would help the procedural discussion at this stage.

Mr. Lambert (Edmonton West): Mr. Chairman, I find it very surprising that the parliamentary secretary managed to have my amendment declared out of order on procedural grounds. He is presently refuting the argument put forward by my colleague from York-Simcoe and myself when we told the Speaker that Bill C-56 was not in order, because it was contrary to section 59(11) of the rules of the House and because it introduced in the bill an important element which was not covered by the ways and means motion. That is one thing. But the parliamentary secretary now indicates that once a ways and means motion has been passed, there cannot be any amendments to the bill. Who says so?

Mr. Pinard: Our Standing Orders?

Mr. Lambert (Edmonton West): Someone says our "Standing Orders". But if I want to replace the year 1977 by 1978, that is in order. That is the point. The hon. member is shaking his head. Well, frankly, he is mixed up, because my amendment is quite in accordance with section 122.1. The reimbursement formula is varied, I agree, but I have the right, and it is the right of the hon. members to change the law. And I suggest we do that for the benefit of the Alberta people. They would be entitled to a $100 rebate, and I have the same right as the hon. member, to lower a tax. It has always been acceptable that we reduce taxes. I may not increase them but I may put forward an amendment, and it has been acceptable over the years that a member may affect legislation through an amendment lowering taxes, and this is all I have done. Therefore, Mr. Chairman, it follows in my view that my amendment would be acceptable from a procedural point of view.

Mr. Chrétien: Mr. Chairman, first this may involve major technical problems, because if the amendment put forward by the hon. member for Edmonton West were to be accepted, we would have to amend other clauses. He failed to provide for consequential amendments, and furthermore there is no point in expanding on the procedural aspect that has been so aptly explained by the Parliamentary Secretary to the President of the Privy Council. We are now, Mr. Chairman, in a somewhat ludicrous situation. In mid-May, when the bill was first introduced, the opposition objected that clause 30(b) was not covered by a notice of ways and means motion and the Chair supported their contention. When, however, we vote on a ways and means motion, we are giving an order to the House, if I understand the procedure, to proceed according to the ways and means motion. And it is because the opposition fought for a ways and means motion covering clause 30(b) that our margin for amending clauses 30(a) and 30(b) is so much more

restricted. Ironically, a point made by the opposition is today restricting the committee's flexibility to proceed in any way.

● (1452)

[*English*]

Mr. Stevens: Mr. Chairman, I would like to make a very brief comment following the comments of the minister, who has clearly misunderstood the procedural argument put forward before Mr. Speaker, with which he agreed. Initially, the ways and means motion which the minister suggested the House concur in referred only to the year 1978 and only to a reduction of $100 as far as taxpayers were concerned. The bill he brought in, Bill C-56, clearly was drafted after the initial concept which went into the original ways and means motion had changed. In short, Bill C-56 which is now before us includes the proposed subsection (b) to which the minister has referred but which in no way was encompassed by the original ways and means motion. Our argument was that in his wisdom the minister wanted to amend the ways and means motion as was indicated in clause 30 of Bill C-56, to give him greater parameters. The minister now turns that around and says that we are arguing against subsection (b). All we are saying is that the ways and means motion which he now has before us does allow a parameter which is sufficiently broad to allow proposed subsection (b) to be considered. However, we do not think subsection (b) should remain in the legislation, and we state that while it can be considered, it should be deleted. We are asking that the committee of the whole now delete it.

Before we vote, perhaps the minister could expand on what specific clauses would have to be amended should our motion carry. He has made a representation in his classic fashion in which he makes statements like that only to find he usually cannot back them up. I would like him to tell us what clauses have to be amended.

The Chairman: I do not think the question in itself has anything to do with the point of order because I might say at this time that that argument does not stand.

[*Translation*]

In my view, the point made by the hon. member on the need to amend other clauses if we were to carry the amendment put forward by the hon. member has no bearing whatsoever on the proposal's acceptability. It is not for the Chair to decide whether a piece of legislation makes sense or not, whether a clause is good or bad, nor whether an amendment is positive or negative. The Chair must only consider the proposal from a procedural point of view. This is a point I should like to clarify. I do not know whether there will be other speeches in this debate on the proposed amendment. If there are members who want to notify me, I am ready to hear them.

Now, with reference to the very interesting and enlightened comments of the Parliamentary Secretary to President of Privy Council, I wish to point out to him that in his ruling, the Speaker of the House especially asked the government to apply the same principle to all provinces as far as clause 30 is concerned and more or less concluded that if the government had deemed it fit in its ways and means motion to include a provision dealing with the first part of clause 30, that is the part dealing with some specified provinces, the Speaker logically asked the government to amend its ways and means notice to give it the same effect in the case of an unspecified province. The parliamentary secretary wants to refer to part of a ruling appearing on page 785 of *Votes and Proceedings* of May 19, 1978, which states the following and I quote:

> However, clause 30 in the bill goes on to deal with matters not contained, in my opinion, in paragraph (13) or elsewhere in the ways and means motion, to deal with those taxpayers not in a prescribed province and perhaps even not in the same taxation year. That is, it appears that section 122.1(2) to be enacted by clause 30 represents a substantial departure from paragraph (13) of the ways and means motion or from any other part of the ways and means motion besides, paragraph (13), in endeavouring to deal, not with the residents of a prescribed province, not for the taxation year 1978, but with the residents of a province which is not a prescribed province and for the taxation year 1977, depending on the ultimate interpretation to be placed on the language which I, of course, do not now decide.

At that stage, the Chair indicated quite clearly that he did not want to give his decision as to the need to have a notice of ways and means motion to comply in principle with clause 30. But I want to deal briefly with that matter, and perhaps to indicate that the implications of Ways and Means motions and those of royal recommendations are different. The ways and means motion deals with taxation and the royal recommendation relates more to expenses which may be incurred.

The parliamentary secretary claims that the hon. members would not have the right to bring in at this stage an amendment which would somehow amend the bill before us, simply because this amendment would amend the bill and would make it somewhat different from what the proposal in the ways and means motion could be. I would like to refer to the remarks made by the parliamentary secretary on the possibilities which are open to the hon. members in the face of such bills, namely taxation bills.

I suggest that he should read Beauchesne's Parliamentary Procedure, citation 265 (1) which says and I quote:

> No member other than a minister of the Crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the House enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

Without agreeing completely with the suggestion of the hon. member for Edmonton West, I shall point out to hon. members that the purpose of the proposed clause 30 is tax reduction. It is not a taxation measure, it is intended to reduce taxes paid in the 1977 or 1978 taxation year. On that point, I shall now quote from Erskine May, nineteenth Edition, at the top of page 780, which deals with tax reduction. I quote:

● (1502)

[*English*]

Alleviation of Taxation

Provisions for the alleviation of taxation are not subject to the rules of financial procedure. The repeal or reduction of a tax, for instance, by the finance bill, is sometimes preceded by a—

[*Translation*]

And I think this may, at the same time, refute somewhat the objection of the hon. parliamentary secretary, and I repeat—

[*English*]

—specific ways and means resolution. But this procedure is not necessary if the House has agreed to a resolution for the general amendment of law.

[*Translation*]

To my mind, the hon. members have enough leeway to move amendments reducing even further the cut, so to speak, provided for in clause 30 of the bill. It remains to be seen whether the proposal of the hon. member for Edmonton West meets all those requirements, or whether it exceeds what is allowed because it goes beyond the scope of the original proposal in the ways and means motion, and in the bill now before the House, by in fact including a province which, though not one of the prescribed provinces, was not covered in the government bill. On this particular point, I should like the committee to allow me to suspend consideration of clause 30 for further consideration of the matter or else to carry this study further while leaving it to the Chair to issue a ruling at the next sitting of the committee. On this last point, I would like to hear the comments of the hon. members.

Mr. Chrétien: Mr. Chairman, I think your suggestion to wait until the next sitting before issuing a ruling on this matter is quite adequate and that you have dealt very fully with the point that was raised. Personnally, and following representations made by the parliamentary secretary, I think that, on the basis of the ruling made recently by Mr. Speaker, it might be wise to let His Honour give his own point of view in this matter.

Mr. Lambert (Edmonton West): Mr. Chairman, I should like to add this comment. The question of a province prescribed is subjected to an order in council. So let's listen carefully. If the government, even under the law such as I propose to amend, because it says, at the beginning of clause 122(1), which reads as follows:

122.1(1) An individual . . . who resided in a prescribed province . . .

This question results from an order in council and, actually, given the circumstances, the government could keep from prescribing the province of Alberta and that would not go beyond the subject matter of the notice of ways and means motion. But I would say that it is precisely on that point that the matter has been well settled.

Mr. Chrétien: Mr. Chairman, we do not have to go on on a debate concerning the form and the hon. member is presently talking about the substance while we are discussing the procedure. We could have a whole debate because I have not had the time to discuss the substance of the hon. member's motion, and before discussing that, I would like to know if the form is in conformity with the prescribed rules. Mr. Chairman, you proposed to reserve your decision about the form of the motion until you can consult with the Speaker of the House. We could pursue consideration of section 30 without having a debate on the substance of the amendment, as was proposed by the hon. member for Edmonton West.

[The Chairman.]

The Chairman: Before recognizing the hon. member for Winnipeg North Centre, I want to tell the hon. minister that I have received the remarks of the hon. member for Edmonton West without changing my decision concerning reserving my ruling, a decision I will render as a responsible Chairman of the committee, without any obligation for consultation nor directives, but I will take my responsibilities concerning other decisions I have made.

[*English*]

Does the hon. member for Winnipeg North Centre wish to add a comment which would be helpful to the Chair before next Monday?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, that is my middle name, being helpful to the Chair.

May I say that I concur in your suggestion that you be permitted to reserve your decision on this matter, and I should like to support the statement you made a moment ago that the decision is one for you to take, although you still have the right to ask for advice from anyone you wish. But since I did not take part in the procedural discussion earlier, I should be grateful if you would let me have a couple of minutes to express my view on what I think is important about the issue now before us, speaking in procedural terms.

First, I think it should be clear that the fact that Mr. Speaker ruled that there had to be a ways and means motion supporting the provisions in the bill does not mean that, once that ways and means motion has been carried, the House is required to pass what the government puts in the bill on the basis of that motion. We still have freedom in committee of the whole to make our own decision about clauses, whether to pass them or reject them or try to amend them. I say, therefore, that I think all of the argument that was made on the ruling given by Mr. Speaker that there had to be an amended ways and means resolution does not get in the way of what the hon. member for Edmonton West is trying to do.

So far as the ways and means resolution is concerned, it seems to me that the only question that now has to be asked is whether the clause, if it were amended by the proposal of the hon. member for Edmonton West, would still come within the terms of the amended ways and means resolution. As I read the first paragraph of resolution 13(a), it seems to me that it does cover the proposed amendment because in fact it permits the reduction of the tax by $100 across the board; the amendment suggests it be $100 in some provinces and $85 in others.

The only other point I wish to make is to confirm, and to put myself on the side of, the argument you have already given from the chair, that members in committee of the whole on a taxation bill do have the right to move amendments that alleviate taxation or cause a reduction. I hope that you will give consideration to these points between now and Monday when you try to make up your mind on this very important procedural decision.

Mr. Stevens: Mr. Chairman, on your observation that you thought a province was being added as a result of the amendment of my colleague, the hon. member for Edmonton West, I would point out that under section 248(1), which is a definition section of the Income Tax Act, the word "prescribe" is defined. When we find "prescribe" in the context of the Income Tax Act, it is described as meaning:

"prescribed", in

The case of a form or the information to be given on a form, means prescribed by order of the minister, and, in any other case, means prescribed by regulation—

● (1512)

The point I am trying to underline is that the import of my colleague's amendment is not to add a province. He is saying simply that the province could be added, if the minister saw fit. For that reason, we think the amendment generally is desirable. Quebec and Alberta could be added as prescribed provinces.

The Chairman: I thank the hon. member for his explanation in addition to what was said by the hon. member for Edmonton West. This decision is important. We do not meet such difficulties or controversies that often. Since the change of the rules in this House, it is difficult to interpret exactly citations or previous decisions, especially with the elimination of the resolution stage of a bill. As I have requested, I should like some time to make a decision not later than next Monday. It is clear in my mind that I must examine the entire pattern. I am sure that would be to the benefit of us all.

Is there any objection to standing clause 30, or should we stand the amendment and continue debate on clause 30?

Mr. Stevens: Mr. Chairman, our general disposition would be to stand clause 30. The disposition of this amendment will have a substantial bearing on clause 30 itself. Clauses 6 and 17 were stood. Perhaps we could gain a little time by reverting to clause 6 for debate, then proceed to clause 17, followed by clause 31 if we get that far this afternoon.

Mr. Chrétien: Mr. Chairman, yes, I am willing to discuss other clauses; but before doing that, I should like to talk about the substantive aspects of the amendment of the hon. member for Edmonton West.

Mr. Clark: A point of order, Mr. Chairman.

Mr. Chrétien: Is that not acceptable?

Mr. Clark: No, it is not.

Mr. Chrétien: Why not? I do not know why hon. members opposite do not want to hear an argument on an amendment to clause 30 which was put forward. We can still deal with clause 30 if we want.

Mr. Clark: Surely it is quite clear to the Minister of Finance that he cannot have things both ways in the House, even though he may be able to get away with it outside the House. His parliamentary secretary, on instructions from the minister, introduced a procedural argument to stop this committee from dealing with the substance of the amendment introduced by the hon. member for Edmonton West. The chairman has quite properly ruled that he wants to reserve his decision on that. I think it is most irregular for the Minister of Finance to attempt to rise, in the face of such a ruling, to discuss the substance of the matter.

Some hon. Members: Order, order!

Mr. Lumley: That is for Mr. Chairman to decide.

The Chairman: Order, please. I am sure the hon. Leader of the Opposition did not want to reflect on the intervention of the parliamentary secretary. Hon. members are adult enough to stand up on their own feet and answer for themselves. The hon. parliamentary secretary has proven in the past that he is able to contribute seriously in this place, as was the case today. I accept the rest of the points made by the hon. Leader of the Opposition.

Mr. Clark: Of course my point was not to reflect on the parliamentary secretary of Your Honour. It was simply to stop the Minister of Finance from getting away with a most improper procedure. For the benefit of those who might not understand exactly what his motives were, what precisely was he attempting to do?

Mr. Chrétien: Mr. Chairman, I want to be agreeable to the committee. I have some good arguments on the substance of the motion put forward by the hon. member. We are still on clause 30, and permission to return to clause 6 was requested. I said yes, but I wanted to make some comments about the motion of the hon. member. We can stay on clause 30 and debate it if we want. As yet, we have not agreed to go on to the consideration of other clauses. The hon. member for York-Simcoe asked us to return to the consideration of clause 6. I indicated that was agreeable, but I should like first a few minutes to deal with some aspects of the hon. member's amendment. Hon. members opposite do not agree with that, and the hon. Leader of the Opposition is suggesting motives for this. It is always the same tactic.

Some hon. Members: Oh, oh!

Mr. Chrétien: Hon. members opposite do not want us to tell them in the House that they are trying to pay off the PQ.

Some hon. Members: Hear, hear!

[*Translation*]

The Chairman: Order please. I would like to indicate to the minister that even if the hon. member for Edmonton West and all other members were ready to discuss the proposed amendment, this cannot be done since the amendment has not yet been accepted by the Chair nor been submitted to the committee. We would discuss clause 30 in its present format, but only, in my opinion, with unanimous consent. In view of the fact that consideration of clause 30 has reached a point where the Chair is not ready to hand down a decision on the amendment, I think that, but for unanimous consent, we cannot continue with consideration of this clause without a ruling on my part. I have asked hon. members to give me until Monday to hand down a decision. If the minister does not want me to delay my decision, I shall hand it down immediately and then he may perhaps debate the amendment if I accept it, otherwise we would have to proceed with another clause, as was suggested by hon. members.

Mr. Chrétien: Mr. Chairman, as we are intent on co-operating with the House and proceed as quickly as possible with consideration of the bill, we would be willing to consider clauses 31, 32, 33, 34 and 6, the other standing, as I did not foresee discussing it this afternoon. I would prefer to go on with clauses 31, 32, 33, 34 and some hon. members are ready to ask questions on that. I know that some members have important questions to raise, but since there is only 40 minutes left it might be better to go on to other less controversial clauses.

[*English*]

The Chairman: Is the committee agreeable that we stand clause 30 and proceed from clause 31 onward?

Some hon. Members: Agreed.

The Chairman: If clause 30 is stood by consent, we can then consider clause 31; but to return to clause 6 also would require unanimous consent, and there does not seem to be such consent. Does the committee consent to standing clause 30?

Some hon. Members: Agreed.

Clause 30 stood.

[*Translation*]

On clause 31—*Deduction from corporation tax*

Mr. Chrétien: Mr. Chairman, I should like to give the usual explanation concerning clause 31, and I quote:

> Since January 1, 1978, the Northwest Territories have been collecting a 10 per cent tax on the taxable income which a corporation has earned during the year in the Northwest Territories. The purpose of the technical change to section 142(1) of the act would allow a corporation with a permanent base in the Northwest Territories to deduct from the federal tax which is otherwise payable an amount equal to 10 per cent of the taxable income it has earned during the year in the Northwest Territories. Therefore, there is no change in the total amount of the tax to be paid. Corporations with a permanent base in the Yukon will not be able to avail themselves of such a deduction because, unlike the Northwest Territories, the Yukon does not have its own tax system.

[Mr. Chrétien.]

• (1522)

[*English*]

Clause agreed to.

On clause 32—*Qualifying taxable dividends paid*

Mr. Chrétien: Mr. Chairman, clause 32 makes important amendments to the computation of the cumulative deduction account, the technical term for a corporation's post-1971 retained business income. This is an important computation since the special low rate of corporate tax for small businesses is only available if such retained income is $750,000 or less.

The purpose of the amendment is to prevent an artificial increase in the $750,000 ceiling. Through the creation of holding companies, certain corporate groups could be structured to effectively circumvent this ceiling in the $750,000 total business limit and thereby take undue advantage of the small business deduction. This situation arose as a result of the exemption from part IV tax of dividends received by a corporation with an interest of more than 10 per cent in another private company.

Mr. Stevens: Mr. Chairman, I am glad that the Minister of State (Small Business) is in the House today. Perhaps we could hear from him as to how the government of which he is a member can be so utterly deceitful when dealing with the small business community in this country. I am referring to the fact that this proposed clause 32 imposes, a serious limitation, if it is carried, on the effect of the small business dividends position as far as the Income Tax Act is concerned. As the minister has indicated, the effect of what they intend to do in section 32 is to disqualify dividends which small business corporations may make in the future with respect to their cumulative $750,000 over-all limit. The effect of this clause would be to limit the deductibility of dividends which go to other corporations that have invested in the small business concerned.

Perhaps I can put it this way, Mr. Chairman. Many small businesses in this country have been able to raise equity funds through other corporations, some of them even being venture capital corporations, which are willing to take the risk of putting new capital into a small business in anticipation of getting dividends back if the business makes a profit. The thrust of what the minister is proposing in clause 32 is to say that, in the event that that occurs and the dividend is paid by the small business corporation, not to an individual but to a corporation—and as I say, it may be a venture capital corporation—then that dividend shall not be given the same weight. In fact, it will be given no weight as far as the over-all cumulative $750,000 of retained earnings is concerned, which the Income Tax Act allows a small business corporation to build up and still preserve their relatively low income tax.

That is why I am pleased that the Minister of State (Small Business) is here, because how this government in the one breath can be talking about doing such great things for small businesses, and in the other breath the Minister of Finance comes into the House today and through this section proposes

something that would make a very, very difficult situation—and in some cases even create a hardship—for small businesses, is certainly hard for many of us on this side of the House to understand.

Having said, that, I would like the minister to indicate to us how many corporations he feels are getting out of this income tax net at the present time without this section being passed. How serious a problem is this of dividends going from small business concerns to other corporations, and does the minister feel there is a leak that should be plugged, such as he is proposing in clause 32?

Mr. Chrétien: Mr. Chairman, we do not have the numbers of the corporations that use this route to avoid paying their normal share of the tax burden. We do see the danger of this situation arising and we merely wish to make sure that it is not abused. Of course, we have done some very positive things for small businesses in the last while, and it would not serve any good purpose to permit some big corporations to abuse or use that route to obtain some benefits which are not necessarily in the best interests of small businesses.

What we want to do, Mr. Chairman, is to have the small entrepreneurs expand, and we have many new measures for this. I would like to congratulate my colleague the Minister of State (Small Business), who has done a very good job since taking over that portfolio, to communicate with small businesses and to perform a series of things that have been accepted by the small business community in Canada. I had the pleasure the other day of meeting the president of the Canadian Federation of Small Business, Mr. Bulloch, and he was telling me that they have made more progress in the last one and a half years than has been made with the government in years. The crocodile tears of the hon. member for York-Simcoe are unwarranted because under the present government, and especially under the leadership of my colleague the Minister of State (Small Business), we have made a lot of progress.

To give a technical explanation, I will read the statement. The small business deduction permits a Canadian controlled private corporation to pay a reduced rate of corporate income tax of up to $150,000 of active business income earned in Canada in each year, until the corporation has accumulated $750,000 of active business income. The technical mechanism that keeps track of the business income accumulated by the corporation for the purpose of the $750,000 test is referred to as the cumulative deduction account, CDA. The CDA is increased by active business income earned and is reduced by dividends paid out of such income.

Bill C-56 will restrict the deductions for dividends paid in computing the CDA in certain circumstances. Let me explain why. Prior to April 10, 1978 the tax system permitted dividends paid by one private corporation to another to be received free of the 25 per cent part IV tax which normally applies to such dividends, provided that the recipient corporation owns more than 10 per cent of the equity of the payor and that the recipient and companies associated with it have not yet accumulated $750,000 of active business income.

This technical structure had two serious defects. First, it frustrated corporate joint ventures involving medium and large sized private corporations. This was highly undesirable and the source of numerous representations. Secondly, it provided a mechanism whereby shareholders of many small Canadian companies could recognize their holdings and, in effect, multiply the amount qualifying for the low rate of tax. These reorganizations involving the use of holding companies could be used to multiply the amount of income subject to a low rate of tax so that, in extreme cases, the $750,000 limit might effectively be increased to a $7.5 million limit. Then, of course, it is not any longer small business.

• (1532)

This was clearly inappropriate. The government moved to solve both these problems. First, subclause 42(2) will facilitate joint ventures involving medium and large sized private corporations. Then, in order to check the abuse that already existed and the further abuse that would be possible as the result of subclause 42(2), the government proposed clause 32.

Clause 32 would restrict the deduction for dividends paid in computing the CDA. In effect, the payor corporation or, if the payor is a member of a corporate group, the group, can deduct in computing its CDA only those dividends on which the recipient pays income tax. This is appropriate. It prevents the game that was being played by certain taxpayers prior to April 10 whereby they organized their holdings to facilitate payment of exempt intercorporate dividends to reduce the CDA. It prevents the multiplication of the amount qualifying for the low rate of tax through the use of holding companies.

A number of representations were received by my officials to the effect that clause 32 would produce an unduly harsh result where dividend income flows through a private holding company. Subclause 42(1) should resolve any difficulties in this regard. It allows a private corporation in receipt of a taxable dividend to elect to pay the refundable part IV tax, with the result that the dividends will reduce the payor corporation's CDA.

Mr. Stevens: Mr. Chairman, I think it is very clear from the remarks of the minister that he is trying to cope with something when he does not know the size of the problem. This is typical of this government's actions. They set up a provision allowing small businesses to have the advantage of relatively low income tax up to $125,000 per year or a cumulative amount of $750,000, and then panic when they find that some small businessmen actually take advantage of this. I asked the minister in how many situations this had become a problem and he said he could not put a number on it. Reading his prepared text, he said several times that he had many representations on it.

My question to the minister is very simple. If he cannot tell us how many situations are actually involved in this type of payment of a small business corporation dividend to another corporation, could he indicate why he has not at least left an opening so that if a dividend is paid from a small business corporation to another corporation which, in turn, pays a

dividend to individuals, it can be treated as an ordinary dividend without saying that it is disqualified with respect to the cumulative dividend account of the small business corporation?

Mr. Chrétien: Mr. Chairman, we will achieve that effect with clause 42(2). In reply to the previous question, the hon. member wants to know exactly how many people abused this system. That is a very funny comment to make. He says, in effect, "don't move until they have run away with the government's money." When we see there is a danger of loopholes and tax evasion, we have to make sure, if we want to have small business, that big business does not run away with the taxpayers' money. It is as simple as that. The hon. member would be the first one to get up a couple of years from now and ask why we did not block it when we heard about it. When I saw it was a loophole I blocked it, because I knew that everyone has to pay his fair share of the tax burden. We want to have small business and we do not want big business to use the channel of small business to run away with money that they should take to the treasury. The blue collar workers pay their taxes at the source and do not have all those loopholes.

I am concerned that we keep a fair system of taxes. I can see the hon. member for York-Simcoe is always comfortable in loopholes. Probably he knows more than anybody else about loopholes in the tax system. My job is to plug them, not to help people to run away with a free ride on government money.

Mr. Abbott: Mr. Chairman, I simply want to join with the Minister of Finance—

Mr. Baker (Grenville-Carleton): That is a pair of incompetents.

Mr. Abbott: Thank you—in saying that, notwithstanding the fact that measures are introduced to provide small businessmen with opportunities under the tax system, any one of us knows there is always the possibility that the breadth of such a provision will allow people to take advantage of something that was never designed for them. The system which was provided is, in all honesty, designed for people who are earning under $150,000 and who have not accumulated $750,000 retained earnings.

For the hon. member for York-Simcoe to speak as though we have betrayed the small business community just because some slick player that he may be acquainted with is unable to take advantage, is, I would suggest, an outbreak of hypocrisy that we are all too familiar with around here. The fact is that when one speaks of things that are pretty shabby, unfortunately in many communities, and in the business community, there are people who can look with sharp-eyed interest at provisions that were not designed for them, take advantage of them and make a big dollar. We have even known, Mr. Chairman, of people who have taken advantage of the banking system to make a fast dollar.

Mr. Stevens: Mr. Chairman, I might make the passing comment that if the Minister of State (Small Business) knows of somebody who has taken advantage of the banking system to make a fast dollar, he should stand up and make it clear what case he is referring to. I know of none and I do not think any members over here know of any.

Mr. Abbott: Mr. Chairman, the hon. member for York-Simcoe and his friends put a bank together under the banking system, made a very comfortable profit out of it and left a lot of other people holding the bag.

Mr. Stevens: Mr. Chairman, I should like the minister to back up that statement. If he is referring to me, I can assure him that I did not make a nickel. In fact, I lost money out of the promotion of the Bank of Western Canada for which, incidentally, we still have a charter. If the Minister of Finance would like to activate the charter I am sure many Canadians, especially in western Canada, would not mind activating that bank.

I ask the minister to withdraw the allegation that I made any profit out of the promotion of the Bank of Western Canada, because that is simply an untruth and he has misled the House with this statement.

Mr. Abbott: Mr. Chairman, I certainly will not withdraw the implication that the hon. member formed a bank with other associates and partners. If he is saying to me that he made no money out of that operation, then this statement comes as a surprise. What we do know without any question is that a great many innocent shareholders lured into the enterprise by him and his associates lost a great deal of money.

Mr. Stevens: Mr. Chairman, I now ask the hon. minister to withdraw two statements; first of all, the statement that I made a profit out of the promotion of the Bank of Western Canada, and second, that others got lured into it and lost a lot of money. Both statements are totally untrue and the minister is misleading the House.

Mr. Baker (Grenville-Carleton): Mr. Chairman, yesterday when an altercation took place between the Prime Minister and other members of the House, Mr. Speaker indicated that when the Prime Minister made a statement of what he said in the House of Commons we had to accept that statement. The hon. member for York-Simcoe is in no different position than is the Prime Minister or any other minister. From time to time we can play games with each other. A lot of people do not understand those games, but I think it is part of the traditions and rules of this House that when a member of this House makes an assertion with respect to a particular matter and that assertion is denied, that ought to be accepted.

It should be accepted graciously by the Minister of State (Small Business). The hon. member for York-Simcoe has made an assertion in answer to a charge, an imputation by the Minister of State (Small Business). I think in all decency and propriety, having regard to the rules of the House, the hon. minister should stand and withdraw.

Mr. Abbott: Mr. Chairman, if the hon. member for York-Simcoe, having full knowledge of the business, asserts that he

made no profit in the bank and derived no net profit from his participation in that venture, then I must accept his word. He was very close to the scene, so I will withdraw the comment.

● (1542)

If he is also saying that I must withdraw the comment that shareholders were encouraged to purchase stock and subsequently lost money, my information would be to the contrary and that that indeed did happen. So I do not think I can withdraw that point. But I must agree that, if he asserts that he made no profit in that venture, I must accept his word.

Mr. Stevens: Mr. Chairman, I thank the hon. minister for withdrawing the first allegation, but I would reiterate that I asked him to withdraw the second allegation because he does not know of what he speaks. The fact is people were not lured into the bank, as he is representing. The fact is that shareholders of the bank received their money back, not as he is representing, that there was substantial loss to those shareholders. In fact, Mr. Chairman, I resent this remark very much, having spent one-quarter of a million dollars of my own money trying to ensure there would be no rip-off of the shareholders of the Bank of Western Canada. I am not going to stand in this House or any other place and have any member insinuate that, somehow or other, they were ripped off by inference on account of something that I did.

Some hon. Members: Hear, hear!

Mr. Abbott: Mr. Chairman, I never said anybody was ripped off. The hon. member said that nobody lost substantial amounts. Is he prepared to say they lost amounts which might have been, in their judgment, substantial, or in his? Is he saying that nobody lost any money in that venture?

Mr. Hnatyshyn: Shoddy practice.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Chairman—

The Deputy Chairman: Order please. Hon. members are now getting into a debate. The hon. minister withdrew his first statement, and we accept the word of the hon. member for York-Simcoe. Therefore, I consider the matter closed.

Mr. Baker (Grenville-Carleton): Mr. Chairman, that would be a very convenient way of getting over what is a difficult situation on a Friday afternoon, but there is outstanding an allegation that a member of the House has said—

Some hon. Members: Order.

Mr. Chrétien: There was a ruling.

An hon. Member: Sit down.

Mr. Baker (Grenville-Carleton): Mr. Chairman, there is an allegation outstanding with respect to a member of this House. The member has said it was false and untrue. The Minister of State (Small Business) was gentlemanly enough to withdraw his comment with respect to the first matter on a denial by the hon. member for York-Simcoe. I believe he should do the same thing with respect to the second matter.

Mr. Hnatyshyn: He was not convicted, so you better watch it.

An hon. Member: He doesn't have a record.

Mr. Baker (Grenville-Carleton): It is important that he should recognize that what applied in the first case should in all propriety apply in the second case.

The Deputy Chairman: Order please. I suggest to all hon. members that the minister said there was money lost and the hon. member for York-Simcoe said there was no money lost. Therefore, I suggest we examine the blues on Monday and we will render a decision at that time.

Mr. Stevens: Mr. Chairman, in getting back to clause 32 I may make the passing reference that I always know when I am getting to the quick with these Grits, who always like to refer to the Bank of Western Canada.

The Deputy Chairman: I suggest we return to clause 32.

Mr. Stevens: Mr. Chairman, if the minister ever wants a reference to any committee of this House with respect to the Bank of Western Canada, I would be more than willing to give it, and I will tell a few things that have never been disclosed before.

Some hon. Members: Hear, hear!

The Deputy Chairman: Order please. I suggest we all get back to clause 32.

Mr. Stevens: Mr. Chairman, if I could come back to clause 32—

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Chairman, let there be no doubt, I have noticed the little seals are banging their desks—

The Deputy Chairman: Order please. I point out to the hon. member for York-Simcoe that clause 32 was under discussion and I suggest we return to that clause.

Mr. Stevens: Mr. Chairman, if the rabble over there would quit interrupting me, I could come back to clause 32.

Some hon. Members: Order.

Mr. Stevens: After all, it was not my doing to introduce the Bank of Western Canada; it was the Minister of State (Small Business) who did so. Dealing with clause 32—

Some hon. Members: Oh, oh!

An hon. Member: Who lost the money?

Mr. Stevens: Dealing with clause 32, the minister has referred to the effect of clause 42, which is consequential upon the passage of clause 32, if it does pass. The minister has left the inference that somehow or other the point that I was raising concerning the payment of dividends from small businesses to a corporation and then out to an individual is not covered. The minister has left the inference that the effect of clause 42 would be to permit that payment of a dividend through the corporate chain. As I understand it, clause 42 simply facilitates the payment of the dividend, but there is no credit left with the small business corporation respecting their cumulative dividend account.

Mr. Chrétien: Mr. Chairman, I think it is exactly as the hon. member has concluded; the transfer of money can be made under clause 42. But when transferred to that type of corporation, the income of the corporation, up to $750,000 is affected in a different fashion.

Mr. Stevens: Mr. Chairman, that is just my point. What they have done is that they have set up—and we endorsed it as hon. members will recall—a special provision with respect to small businesses, giving them the privilege to have a relatively low income tax on $150,000 per year to a cumulative amount of $750,000. To the extent that they pay dividends out, they can credit those dividends against the cumulative $750,000 account. The thrust of this section is to take away the dividend credit provision if the dividend is paid to a corporation.

The point I am trying to make, Mr. Chairman, is that surely this is a backward step. When we become analytical as to where the dividends are being paid from the small business corporation, we are automatically, by that restriction, curbing the amount of capital small businesses will have available to them in future. My point is simply that when something appears to be working, when there is some flow of capital coming into small businesses, why is that now being killed by saying that, in the event that small business pays a dividend to the corporation that put up the capital, we are going to take away the cumulative effect of the over-all provision that we have said is available to small business? It is just the reverse of the situation that one would normally expect if we want to encourage venture capital in this country to go into small businesses in order to give them a shot in the arm.

I will ask the minister once again—I see he is anxious to reply. What is the rationale in killing off this type of activity when apparently it has been working a little better than the government expected?

Mr. Chrétien: Mr. Chairman, I explained that clause 42 facilitated the flow through of the dividends. But what I explained in the earlier written note that I gave the committee is that it is possible with the present system for companies having the proper set-up to receive the preferential rate of taxes that goes to small companies not up to the amount of $750,000 of cumulative profit, but up to $7.5 million. You can do that by using the rules. A clever person with lawyers and so on and a very complex system could have not only $750,000 of taxes paid at the lower level, the preferential level, but have it accumulated up to $7.5 million. For that reason, it would be unacceptable for us not to move when we see a potential loophole like this. The hon. member should congratulate my officials for being able to forecast that loophole. If we had not forecast it, he would be the first in a few years from now to say we had not done our job properly.

• (1552)

What we are trying to do here is help small business. We do not want to create the situation where there is a loophole for big business. In order to give some further explanation of a more technical nature, may I have permission to read this text. To correct this situation, the amendments provide that dividends on non-control holdings that are exempt from part IV tax will not reduce the payer's cumulative deduction account. This ensures that, to the extent the part IV tax is not paid, the payor corporation's small business deduction entitlement is limited to $750,000. A consequential amendment to part IV permits the receiving corporation to elect to pay the part IV tax on otherwise exempt dividends. In this manner the payor corporation's cumulative deduction account is reduced, its small business entitlement is refreshed, and the part IV tax serves to ensure that an appropriate rate of corporate tax is paid on surplus retained in the corporate sector.

In structural terms, the amendment to subsection 125(6) modifies the definition of "cumulative deduction account" to provide that those dividends paid after April 10, 1978 to non-controlling private corporations owning more than 10 per cent of the payer's voting stock do not reduce the payor corporation's cumulative deduction account. Subsection 125(7) provides an exception to this general rule for dividends on which the recipient private corporation elected to pay the part IV tax.

Mr. Stevens: Mr. Chairman, I think I have made the point. The minister has read what the officials have given him as an explanation. He obviously does not understand the thrust of the clause. He simply has to read what he is handed.

Mr. Chrétien: Mr. Chairman, if we were to give prizes in this House, the hon. member would receive the prize as the one who throws around more cheap shots than anyone else. I will explain it in French.

[*Translation*]

Let us take nine companies . . . As it is too technical for them in English I will explain it half in French and half in *joual* and perhaps they will understand. Mr. Chairman, if nine companies decide to merge, they could control only 11 per cent of all shares, and with these nine different companies controlling 11 per cent, they would be able to get the preferential tax rate of this little company, abusing the system. In other words, those companies with interests in the small company could manage things so that this small company would declare a maximum profit of $7,500,000 to avoid the rate applied to bigger corporations. In my mind, Mr. Chairman, there is a real danger of people abusing the advantage which we are

seeking to give to smaller companies. What we want here is to allow smaller companies to obtain a preferential rate, to reward initiatives in Canada and to allow them to pay only half the usual rate applied to larger corporations. But what can we do? As my good friend the late hon. member for Témiscamingue, Mr. Réal Caouette, used to say, financial sharks might come and create corporations with shares in small companies to avoid paying the normal tax rate which applies to corporations. In view of the circumstances we are trying to block this kind of loophole. This does not mean that we are against investments by corporations in smaller companies. But this must not become a way out for bigger companies anxious to avoid paying the normal rate applying to them. If the hon. member still does not understand, what can I do? I cannot explain it any better.

[*English*]

Mr. Huntington: Mr. Chairman, I rise on a point of order. I wonder if I might be allowed to pass to the Minister of Finance or his parliamentary secretary some amendments that I have just finished reading and preparing concerning clause 6. May I be allowed to pass them across so that they can study them on the weekend in the hope that we can get to clause 6 on Monday of next week?

The Deputy Chairman: I suggest to the hon. member that he can do that directly to the minister or his parliamentary secretary.

Mr. Chrétien: Mr. Chairman, if the hon. member wants to give me notice of amendments he wants to introduce on Monday, I will be delighted to see whether something can be done about them. If they are good ideas but cannot be accommodated in the last hour on the bill, I want him to know I always welcome good ideas. I know this hon. member brings out some good ideas. If he will give them to me, I will be pleased to study them.

Before resuming my seat, I want to read something prepared by my officials. They have been good enough to put it in another language. We will use another language because we know this is very difficult for the hon. member for York-Simcoe. It would take a month and a half for this hon. member to understand this. We would be glad to give him seven, eight or nine versions of what, in my opinion, is very simple.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I rise on a point of order. Before we reach four o'clock and rise from committee of the whole, for the record and for the benefit of those who might be following today's proceedings it should be made clear that Friday afternoons are not always like this. It is nice to see so many members with us today, but they should know that usually this is a pretty peaceful place on a Friday afternoon.

Mr. Chrétien: Mr. Chairman, I am very grateful to the members of my party who are here in such great number to support my proposition.

Some hon. Members: Hear, hear!

Mr. Chrétien: I wish to set the record straight. When a private corporation pays a dividend to a holding company which, in turn, pays a dividend to an individual, clause 40 permits a flow-through. The small business company paying the dividends to the holding company can deduct its dividends in computing its CDA.

The Deputy Chairman: Order, please. It being four o'clock p.m., it is my duty to rise, report progress, and request leave to consider the bill at the next sitting of the House.

Progress reported.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): It being four o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions, public bills and private bills.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, it seems that there is unanimous consent to proceed with the debate on notice of motion No. 5, without prejudice to the previous notices of motions.

The Acting Speaker (Mr. Turner): Is it agreed that items Nos. 13, 3, 7, 9, 2, 18 and 12 stand by unanimous consent and that we proceed with item No. 5?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It is so ordered.

● (1602)

FOOD

ADVISABILITY OF PROVIDING INTERNATIONAL AID

The House resumed from Friday, March 10, 1978 consideration of the motion (Mr. MacDonald) (Egmont):

That, in the opinion of this House, the government should consider the advisability of providing (*a*) international food aid at an annual level at least equal in nutritional value to the amount by which Canadians consume more than the world's average *per capita* protein diet (*b*) international agricultural development assistance at an annual level at least equal to the gross revenues accruing to Canada from the world arms trade and the vigorous advancement of these initiatives for adoption and implementation by the United Nations.

Some hon. Members: Question!

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, I am pleased to have an opportunity to take part in this continuing debate on the subject of the supply of food to many millions of

people around the world. This is an area in which I have been very interested for a number of years. I have a professional background in agriculture and I have studied the question in some depth.

In the last day or so I have had an opportunity to read the remarks of the Mister of Agriculture (Mr. Whelan) on the occasion of his address to the fourth session of the World Food Council in Mexico City. I want to be among those congratulating the minister on what I thought was an excellent presentation and I would commend his remarks to the attention of all hon. members. I believe the mover of the motion before us would be encouraged by the response of Canadian farmers to this most urgent problem.

In discussing a subject as significant and wide ranging as this, it would be well to situate our views in the global context of food production and nutrition. The Minister of Agriculture dealt extensively with this issue. I might also remind the House that last year in Ottawa, at Carleton University, a symposium was held on the subject—I am sure members on both sides followed the proceedings closely and, quite likely, made contributions to them.

It is generally agreed that while some progress has been made, the international community has not been very successful in overcoming the world food problem. In too many countries there are acute food shortages. Although, on a global basis food production per capita has kept pace with the growth in population and mass famine has been avoided, we have not been able to give a consistency to efforts to overcome food shortages over time and in different parts of the world.

Since the end of World War II, opinions about the magnitude of the world food situation have swung like a pendulum between pessimism and optimism. Thus, in 1945, the main problems were rehabilitation of agriculture in war-devastated countries and formulation of agricultural policies that would bring stability and prosperity to farmers all over the world. However, as surpluses began to accumulate in North America in the early 1950s, it seemed that getting rid of the surpluses was more of a problem than shortages. There was a wave of optimism. It appeared that the world was on the verge of a food breakthrough. But by the mid-1960s, acreage controls, food aid programs, unfavourable weather in a number of countries, as well as increased exports by major suppliers, reduced the surpluses. In 1966, world grain stocks were rapidly drawn down, mainly as a result of greatly expanded imports by India and the U.S.S.R. Pessimism crept in. More and louder statements were being made about the impending shortages.

By 1972, any optimism about the world food situation and prospects that was prevalent in the previous decade gave way to widespread anxiety. The world food situation in 1973 was the most difficult since the years immediately following the devastation of World War II. Supplies were down. We had a World Food Conference to work out an international program to increase food production, to improve human nutrition.

Agricultural production, especially grains, did recover in 1975-76 and food production by 1976-77 was at a record level. The strong demand, short supplies and higher prices led to a substantial increase in grain production, especially in North America which now provides about 80 per cent of the world's grain exports. Larger crops in these two years have enabled a rebuilding of world cereal stocks which had been drawn down for three consecutive years to their lowest level in 20 years. According to FAO, at the end of this past crop year these stocks totalled 163 million tons, or 18 per cent of apparent consumption. Carry-over stocks of wheat at the end of the 1976-77 crop year were the highest since 1969-70.

Both total and per capita food production, as recorded by the Food and Agriculture Organization of the United Nations, rose in 1975 and 1976. Following a gain of about 3 per cent in per capita food production in the developing countries as a whole in 1975, there was a further rise of about 1 per cent in 1976. By developing regions, per capita food production in 1976 was at or close to peak levels in each, with the major exception of Africa. FAO also reported that in general, dietary energy supplies which dropped sharply in many developing countries, particularly in 1972 and 1973, appear now to have recovered approximately to the levels prevailing in 1969-71. There are, however, many countries, especially in Africa, where recovery has not yet taken place.

On the whole, I would say that we are now in a period of cautious optimism. The magnitude of the world food situation now and to 1985 should be viewed in the light of the following data, none of which is new, relating to population, land resources, income, consumption and food requirements and investment:

1. Currently four billion people have to be fed. By 1985 it will be around five billion people.

2. In 1976, there were 115 developing countries—the majority being new nations—with a population of nearly three billion, or 73 per cent of the total world's population, and will likely reach 75 per cent in 1985.

3. It is expected that the marked rural-urban migration will continue and the trend toward urbanization will accelerate, especially in the developing countries. The effect of this urbanization is a progressive disappearance of good farmland and an increase in the number of people seeking employment off the farms. This rapid urbanization in the developing countries will result in a more intensive competition for capital between the rural and urban areas and this may affect seriously agriculture's capacity to expand food production.

4. Among the factors of production, the world has the people—the working force. It also has the land, but not enough of it is in production. On the whole, the land resource is not a major factor in retarding the rate of expansion of food production, although there is a growing concern over availability of water and the encroaching desert.

Not long ago I had an opportunity to attend a meeting with the Minister of Agriculture and during his remarks my hon. friend dealt rather extensively with the effect of the encroachment of desert on good agricultural land. This was something I had not really thought about or read very much about. I found it a very interesting phenomenon, but if it is as extensive as some of the people who have given scientific papers dealing with climatology and the encroachment of desert indicate, I think this will be one of the emerging issues we will be talking about a great deal in the years ahead as agricultural production is affected.

● (1612)

I do not recall accurately the numbers the minister was using that evening, but it did seem to me that the magnitude of the expansion of desert into good agricultural land was greater by a large measure than any encroachment of the urban society into good agricultural land, and therefore might give some indication of the size of the problem we are talking about. I am sure my good friend across the way is quite an authority on this. Perhaps he will be speaking later in the debate, and perhaps he might address some remarks to this question, because if he did he might enlighten a large number of members of this House on this interesting and very serious problem.

The real problem comes down to more effective use of the land resource. The ratio of the total land under cultivation to total population is .6 hectares per person in developed countries and .3 hectares per person in the developing countries. Those statistics indicate the high degree of efficiency which exists in North American agriculture and the long way efficiency has to go in developing countries.

There is a considerable amount of potentially arable land in the world. We could probably double the area under cultivation. However, as various studies have shown, it would require substantial sums of money to get this potential agricultural land under cultivation. Perhaps I might also add that it seems to me that even in Canada—and I have a much better knowledge of Ontario; I was born and raised in a farm community—the number of acres under cultivation could be greatly increased. In fact, I am sure it could be doubled. I just wanted to interject my own point of view.

When we start talking about the world food supply, we always seem to talk about the potential to produce, and somehow we leave the impression that our agricultural sector is not doing its share. The agricultural sector in Canada is, I suppose, one of the most productive of any in terms of the productivity we often talk about in this House. I think the agricultural sector in Canada has increased its productivity on a percentage basis faster and further than almost any other sector. In terms of encouraging more land use in Ontario and across the country, it should be stated that this would be fine if someone other than the farmer was willing to pay for it.

Food Aid

Many people in our urban society continue to think that there is the potential in Canada to feed the rest of the world. I think I said that 85 per cent of the world's grain production is on the North American continent. If we are going to increase land use, people other than farmers should have to bear the costs of continued low prices for marginal operations. If exports to developing countries need to be financed, and in many cases underwritten, that should be the responsibility of some sector other than the farm community. I suggest that the farm community in Canada is ready, willing and able. It has been demonstrated by outstanding new farmers that they can get started, and some report to me quite often that they are making substantial progress. This could be achieved quite easily, but the people of Canada must decide that they want to contribute in a more substantial way to a world food program. That assistance and that commitment should be financed either by the treasury of the Government of Canada or in some other way, but it should certainly not be the responsibility only of the farm community.

The Food and Agriculture Organization states that about two billion people out of the three billion in developing countries are dependent on agriculture for a living. They produce only 40 per cent of the world's food. By country, the proportion of population turning to agriculture for a living in developing countries ranges from 50 per cent to 90 per cent. There are thus too many people in agriculture in developing countries, and they are not producing enough food.

I am sure all members of this House have listened a number of times to the Minister of Agriculture when he has talked about the tremendous increase in productivity we have experienced in Canada since World War II. One Canadian farmer produces enough food for himself, his family and 50 other people. That is almost double the production of back in the fifties. Contrasting that with the situation in developing countries, I can understand the changes which will be required to make agriculture a highly productive occupation and to utilize the land in terms of its potential to feed people.

On a per capita basis it is estimated that developed countries produce annually over 600 kilograms of grains, while developing countries produce close to 200 kilograms. Again, that indicates that agriculture in this country per man produces something like three times what developing countries are producing, and with a third or less of the manpower.

On the income side, the average per capita income in developing countries is less than one tenth of that in developed countries. This in itself is a very large problem. Because per capita income is so low, it is almost impossible for people to accumulate enough capital to enter into extensive mechanization. It must be very difficult to enter into any type of program which would allow land assembly of sufficient quantity that mechanization would make any sense. I suppose in most of these countries the only solution would be fairly extensive

assistance from government to assemble larger blocks of land and to finance mechanization.

Indeed, those very well may be the kinds of things world organizations should be looking at, because if we look back on the history of agriculture even in this country, that was one of the severe problems experienced. Farm communities could not generate enough capital to assemble large acreages which would make mechanization possible. An entirely new approach was taken by lending institutions after the second world war which made this possible, and that allows us to be one of the best fed nations in the world and one of the most productive from an agricultural point of view.

The average per capita income in developing countries is less than one tenth of that in developed countries. In 1973, for instance, the per capita gross national product in developing countries was estimated at U.S. $310 compared with the average of $4,180 in developed countries and $5,372 in Canada. One has only to stop and think about those figures to see the magnitude of the disparity. If in fact in Canada many agricultural sectors are very marginal with regard to size and it is common to generate an average income of about $5,400, one can imagine when in other countries that income is only about $300 how far we have yet to go in the global development of agriculture. The income disparity is greater than the averages indicate. In developing countries there are some 300 million people who are unemployed or underemployed. Estimates made by the World Bank indicate that 750 million people in the developing world are considered to be poor and, of these, 85 per cent are in absolute poverty, based on an arbitrary criterion of annual per capita income of $50 or less.

My colleague the hon. member for Scarborough West (Mr. Martin) has had the opportunity to travel to certain parts of the world and has seen how great this poverty really is. I think all members of this House and particularly those from agricultural communities would agree that the fundamental thing which has to happen to change this situation is the development and the maturity of agricultural organizations within each of these developing countries.

The total grain consumption per capita in one form or another in developed countries is somewhat over 500 kilograms, and in developing countries with market economies it is only about 180 kilograms. About 10 per cent of the grain consumption in this latter group was from imports. In some countries the percentage of grain imports over consumption was even higher. One might reach from that figure the conclusion that Canadians are well fed with a great variety of high quality food, and in spite of the questions and statements expressed in the House in the last few days, as a percentage of total income, food continues to be one of the best bargains there is in Canada. I think that when we are debating our current concern about consumers with respect to food prices, we should not be doing it from the point of view that somehow farmers are presently making a fortune. I suggest that many farmers in Canada are making a good income at this time, but they require a good deal of it to pay off some of the losses.

● (1622)

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the parliamentary secretary that the time allotted to him has expired.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, first of all, I wish to say that I did not intend to take part in this debate, but when my agricultural colleague the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) started to speak, I must say he attracted my interest and I decided I would like to make a few comments.

His theme appeared to be the importance of food production at the local level, and he seemed to zero in on the speech of the Minister of Agriculture (Mr. Whelan) made recently in Mexico. I want seriously to suggest that he did not mention in any way the politics of world food production or even the politics of domestic food production, and that is a very important aspect of food production.

I want to say a few words now about the involvement of politics in our domestic food production. Believe me, I have been very much involved in that over quite a number of years and I can think of a number of political involvements which, looking back over the years, we might have been better off avoiding. First of all, I will mention the famous LIFT program, the lower inventory for tomorrow program, which was developed when we had the so-called surplus grain. It is true we produced an immense amount of grain and it seemed as though we would have trouble marketing it.

The initials of the program were quickly twisted around to mean "lower incomes for tomorrow" program. The impact of that totally political program was to interrupt in a massive way the whole program of grain production and livestock production on the prairies for a number of years. I do not think the public at large is quite aware of how significant was the interruption that took place as a result of that program, together with the complementary program which encouraged grain farmers not only to go out of grain production, but to re-seed their cultivated lands to forages, and there was a significant shift to forages. Of course, the only way they could harvest forages is to introduce livestock, mainly cattle, to graze those forages. This was the beginning of a distortion in our cattle cycles, and we are still suffering from it. It enhanced the swings of the cattle cycle. Again this was a solely political decision, and a federal one.

Now I want to speak about more recent developments and comment on another issue, which I am sure is well within the memory of everyone in the House. I am thinking now of the political decision which was made in 1976 in the face of unrestricted access to our Canadian beef markets. The government of the day and the present Minister of Agriculture

permitted offshore imports to come into Canada in substantial quantities. Actually, about 186 million pounds of it came in in 1976 from Australia and New Zealand in the face of the highest ever domestic production of our own beef. If you do not think that caused consternation and grave hardship in our domestic cattle industry, Mr. Speaker, then all I can say is that you are not aware of the facts of cow life, if you like, especially in western Canada. That situation more than any other single factor prevented the beef cattle cycle from turning around at least one year earlier. The upturn that finally came early this year in the turnaround in beef prices, and all cattle prices, I am sure would have come at least a year earlier had it not been for that one situation in which the Government of Canada permitted unrestricted imports of offshore beef for nine months in 1976. We should never forget about that.

In addition to that, the hon. member spoke about desert regions encroaching on good farm land. I must say I took special interest in that comment; it reminded me of a situation very close to my own home. Whether I like it or not, I am a product of ten years of drought in southern Alberta and southwestern Saskatchewan which took place in the 1930's. I was only 13 years old when it started and I lived through the whole ten years of it. I know what drought has done in western Canada, although most people nowadays are not aware of, and do not seem to be interested in, what can happen when our climate plays tricks on us and we get into a prolonged drought.

I want to remind the hon. member that we had a grim taste of that ten-year drought period last year. I spoke about it many times in the House but I felt I was not taken very seriously. All of last year, beginning with the previous winter, we had a situation which was in every respect as serious as the three worst years in the 1930s, 1931, 1932 and 1937. With respect to soil moisture, the year 1977 was as serious as any of those three years in the 1930s. With respect to surface water, on our cattle ranges especially but anywhere as far as that goes, whether on cultivated land in the form of a prairie slough, dams, dugouts, streams and even sources of water in dug wells, the situation was worse for farmers than at any time in the 1930s.

This was unusual in that since the 1930s we have had millions of dollars worth of really good conservation projects developed on the prairies through the PFRA. That agency has done a tremendous job in that respect. I say this not because I am implying that that combination of geography, the chinook winds and the dry climate, is the result of a political decision in any way, but when we politicians think that we can interfere and distort or change—thinking we are going to do some good—patterns in which nature has a bigger hand, we should be exceedingly careful before taking on such an undertaking.

I think that in agriculture especially we have not learned the lessons we should have learned from the drought times of the 1930s and from the single bad drought year last year. I think we should reflect on that before we forget about it. Perhaps also it is fair to say that more damage was done over the years in agriculture by too much political involvement or intervention rather than too little. We should keep that in mind, especially when we start long range planning.

• (1632)

I should like to refer to a program which exists in the cattle industry. Canadian cattle producers should be commended for their new Beef Watch Program. This program was financed by the cattlemen; there is not a nickel's worth of government money in that program. It is financed by check-offs. Most of the check-off money which finances this program comes from Alberta and Ontario, with some from British Columbia, Saskatchewan and Manitoba. The biggest portion comes from where most of our cattle are, Alberta and Ontario. Anyone who will take the trouble to read the reports of this program will be carefully advised. Hopefully the provincial and federal governments, as well as the cattlemen, will read these reports. A concise report is given twice a year in the months of November and May. It started only last fall, but will continue every year. It will assist both producers and governments in understanding the beef cycle as well as the total cattle industry. We would do well to study that report. So far the Beef Watch Program is only in its infancy. The two reports which have been issued are exceedingly good. I sent copies of those reports to every member of the House.

As I said at the outset, Mr. Speaker, I did not intend to take part in this debate, but I am pleased to have made this contribution.

Some hon. Members: Hear, hear!

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, there are hundreds of millions of starving people in the world, according to the estimates of the United Nations. It is clear that hon. members on both sides of the House are equally agreed that we have a heavy moral responsibility to provide aid to those less fortunate than ourselves. It seems to me that a highly desirable way to exercise that responsibility is to make every effort to assist these countries in becoming self-sufficient in food production.

Rural development generally, and development of the agriculture sector specifically, are of vital importance to the future of the less developed countries of the world. Since 1970, Canadian food aid to the third world has risen by more than 19 per cent every year, to approximately $225 million in fiscal year 1975-76. This $225 million is about one-quarter of all CIDA disbursements for the fiscal year. The initial figures for fiscal year 1977-78 show more than $230 million in food aid.

Canada's food aid program has now been operating for more than 25 years and has provided the world's hungry countries with food valued at approximately $1.7 billion. Obviously we must continue to respond to these needs; but as I said before, we must also help these countries become self-sufficient. The

bilateral programs of CIDA offer an excellent opportunity for Canada to deal with individual countries in the development of food production. For instance, our experience in wheat growing is being utilized in the development of third world wheat production. Many countries, including some of the poorer countries in Africa, are working currently toward self-sufficiency in wheat production through CIDA funding and technology transfer from Canada. Our contributions to multilateral organizations are also in direct support of this agricultural development, in addition to our assistance to the numerous non-government organizations.

However, food aid represents a small proportion of the food requirements of developing countries. Indeed, all food aid accounts for about 5 per cent of their consumption. Hence, the long term solution to bridging the food gap is in development programs to enhance food production in less developed countries. CIDA is increasing its efforts in food production, handling, and preservation in less developed countries as rapidly as Canadian resources permit.

In developing countries, the agricultural sector—principally farming, but forestry and fisheries as well—is a most important source of employment, income, foreign exchange earnings, and investment capital, in addition to its most obvious role as the source of food. Under point seven of Canada's Strategy for International Development Co-operation, 1975-80, the Canadian International Development Agency gives priority to food production and rural development, both crucial requirements for development in the third world.

Four years ago during fiscal year 1973-74, 6.3 per cent of CIDA's total bilateral budget was allocated toward development projects in the agricultural sector. In 1975-76, an average of 13.9 per cent or about $65 million of all bilateral disbursements were for such projects. For 1977-82, agriculture will be the most important single sector to be handled by bilateral programs, CIDA's largest branch. Disbursements of about 33 per cent of total bilateral funds are anticipated. All figures are exclusive of bilateral shipments of fertilizers which obviously play an important role.

CIDA bilateral programs are handled by five regional divisons: Asia, the Caribbean, Latin America, Francophone Africa, and Commonwealth Africa. These divisions handle agricultural projects in eight main categories: crop production, crop storage, animal production, irrigation and drainage, agricultural inputs, agricultural services, fisheries and forestry.

Through its multilateral programs branch, CIDA supports various international and regional institutions engaged in agricultural development, such as financial institutions, United Nations agencies, and agricultural research institutions. Approximately 20 per cent or about $65 million of all multilateral funds are channelled through these institutions for agricultural projects in developing countries.

[Miss Nicholson.]

Canada works through five major lending institutions: the World Bank group, the Inter-American Development Bank, the Asian Development Bank, the African Development Fund, and the Caribbean Development Bank. Over-all, an averge 33 per cent or about $2.5 billion in loans by these banks in 1976 went to agricultural projects. As all multilateral contributions by Canada are categorically untied aid, and since CIDA disburses approximately 50 per cent of all multilateral assistance through these banks, this is one of the more important ways Canada helps agricultural progress in developing countries around the world. One hears often in the developed countries that the untied nature of our agricultural aid, which is geared toward helping countries become self-sufficient, makes that aid acceptable to developing countries.

Essentially there are three United Nations agencies which are involved in agricultural development: the United Nations Development Program, the Food and Agriculture Organization, and the International Fund for Agricultural Development. Canada has given or committed substantial amounts of funds in support of these institutions. During fiscal year 1976-77, for instance, CIDA contributed at least $34 million to UN agencies, of which about $29 million was in support of UNDP alone. As about 25 per cent of total UNDP outlays go to agricultural development, this is another example of Canada's role in the development of agriculture in the Third World. Furthermore, in support of the IFAD, a new addition to UN specialized agencies, Canada has committed through CIDA an estimated $6 million in funds for the fiscal year 1976-77.

● (1642)

The WFP is the main focus of the UN's food aid activities, and it uses contributions from many national sources to organize projects that fall into three main categories: food for work projects intended to help the recipient country improve its food production by offering food as a partial wage for workers engaged in development projects; vulnerable group feeding projects for children, nursing mothers, and the elderly; emergency relief projects for victims of natural and civil disasters.

For 1977-78, Canada pledged $150 million in food aid to the WFP, with an additional $50 million for 1978 should the need arise. Furthermore, the United Nations Relief and Works Agency for Palestine Refugees received $1.89 million from Canada in food aid in 1975-76 for refugees from the Middle East wars of 1948 and 1967.

Meanwhile, the United Nations children's fund, UNICEF, received during the same period $3.5 million as general UN funds, $3 million from bilateral funds for UNICEF projects in Indochina, and $2 million in food aid for the poorest developing countries. The work of the various international institutes engaged in agricultural research is co-ordinated by the Consultative Group on International Agricultural Research (CGIAR). Sponsored by the World Bank, the UNDP and the FAO, the group backs research at 11 centres around the globe,

dealing with all major food crops of importance to the Third World and covering the majority of the planet's ecological zones. CIDA has also contributed to ten of these research units in the year 1976-77.

One might also mention the non-government organizations. CIDA has provided matching grants in support of many NGO's to a total amount of $38 million during the fiscal year, and at least 30 per cent of this total was spent on projects for agricultural development. These, then, are some of the tools that are at our disposal, and we must remain firm in our commitment to use them.

Hunger remains a vicious assault on the well-being and dignity of mankind, but perhaps an equal threat to the dignity of human beings is to be constantly dependent. Hence, our solutions to dealing with hunger must include ways of helping people help themselves.

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, my colleagues the hon. member for Peel-Dufferin-Simcoe (Mr. Milne) and the hon. member for Trinity (Miss Nicholson) gave a detailed description of the Canadian food aid programs intended for the developing countries and of the aid that Canada is giving to those countries to help them attain a higher degree of self-sufficiency where food is concerned and improve the welfare conditions of their rural communities.

I would like, in turn, in the few minutes that are left to give a general picture of the main problems relating to rural development in third world countries and the role that Canadian technology is expected to play in those parts of the world.

It is important at the start, Mr. Speaker, to distinguish between two types of technological changes in agriculture: first, there are the innovations with respect to plant biology and soil improvement; the second, the introduction of various types of farm machinery. Obviously, there is a clear difference from the functional point of view. The inputs where soil improvement is concerned are precisely those that are intended to increase the production yield per land unit whereas the various types of machinery are intended to replace human or animal energy or both with mechanical energy. Taiwan and Japan are two examples of countries having experienced the former type while the agricultural revolution in Mexico went for the second type. With rural communities that represents 70 per cent to 90 per cent of their population, most third world countries must necessarily rely on agriculture to get them going economically. A few exceptions such as Algeria, Nigeria and Zambia are lucky enough to have their own mineral resources, but the commodities that are thus produced are generally exported and rarely serve as a basis for local industry.

Because of the population explosion those countries have experienced in the last 20 years, they are all facing a very serious problem of underemployment. To solve that problem, many efforts and investments have been made in the last 20 years to industrialize the urban areas—I am still talking about third world countries. As a consequence, several underdeveloped countries are now faced with a series of serious and now well-known dilemmas, whether economic, social and cultural, political, or even environmental.

The recent oil crisis, among other benefits, has forced us to review the relationship between technology and development. Such a policy of urban industrialization having failed to create the employment that was anticipated, third world countries, particularly those with little or no mineral resources, opted for rural development as a basis for their economic development. Generally, the objectives of that rural development are as follows:

First, to make the country as self-reliant as possible as concerns food production and second, to create employment and improve the standard of living of rural communities. However, the basis of rural development in underdeveloped countries remains agricultural development and the marketing of the resulting products on the home and foreign markets. Apart from food production, the areas of food and irrigation as well as low-cost housing are those where proper technology can make the greatest contribution at the present time. Since these are priority areas in the developing world, it follows that the research and development of appropriate technologies must be concentrated first on those areas. I shall come back later to the area of food production, but for the moment, I would like to talk about the problem of water supply for domestic and agricultural purposes.

Mr. Speaker, in too many areas throughout the world, this supply is on the decrease or only sporadic. A series of technological devices to collect rain water and develop underground water sources is required in addition to simple distribution and pumping systems. In spite of their surprising power of survival, rural communities have the major inconvenience of not being able to increase their production with their present basic and even primitive tools and technology. This technology is just sufficient to allow a farmer working with his wife and two or three children to cultivate, under difficult conditions, over half an hectare, often with no other tool than a pickaxe, and if climatic conditions are favourable, this can provide the strict minimum for the family to survive.

To improve the social and economic conditions of agriculture and farmers and to give back their former prosperity as much as possible, to rural areas, which are constantly losing their leaders to the cities, we must improve the efficiency of agricultural equipment and technology. These equipments and technologies will be adequate as long as they allow small farmers to stay on their farms and increase their production without a corresponding reduction in farming employment. Second, this equipment must be easy to maintain and durable

to avoid a stoppage of the operations because of a lack of replacement parts, which happens very often with "over-sophisticated" tools. Third, this equipment should be produced in small rural plants and repaired by local craftsmen to create employment in the community and ensure a better use of local resources. Fourth, it should reduce the dependency of developing countries by reducing the importation of tools and replacement parts that might represent too heavy a burden on the national budget.

Trying to increase the production of small farms with North American or European equipment would prove too costly and create an unacceptable level of social and economic dependency for developing countries. This is the situation as far as power equipment is concerned particularly since the skyrocketing increase in oil product prices. Animal driven machinery for which the energy is supplied by locally produced feed grains is a better solution. Fifth, that new technology should be accepted by the local people. In fact, it is the acceptation, ownership and management levels of a technology that to a large extent will determine its integration into the activities of the community and its efficiency as a development tool.

Mr. Speaker, it reminds me of a remark I heard while on an African trip to drought striken areas of Sahel where we had to supply water to people suffering from lack of water. The Government of Canada and other countries wanted to help them by drilling wells and installing pumps. It was a marvelous idea. We drilled several wells and installed several pumps and it was fine as long as the pump was working. In case of a breakdown, they had no trained personnel or skilled labour to repair those engines or pumps. That is why we say it is better to use a technology which is better suited to the level of those developing countries. The small farmer will adopt farming innovations, but only if the three following conditions are met: for instance, if his operation is profitable, the condition applies to the investment required for larger quantities of a same resource as well as to the adoption of a new method. Before investing in a new resource, the farmers of those countries will have to be shown a tangible example of the possible profits they might get from that new production, in easily comparable conditions. Hence the need for an acceptable level of knowledge and the importance of rural counselling and advising services. The farmers must also be able to finance those projects. Even if the project seems profitable, the small farmer must have the means to take the risk and have access to credit to finance those innovations.

Unfortunately, innovations that increase the value of the land, such as irrigation, fertilizers and new seeding methods do have a bearing from the point of view of the size of the business. The majority of poor farmers, to wit, India since the start of the Green Revolution, does not have access to non-usurious credit, and the lack of efficient vulgarization services deprives them of the chance to pass judgment on the profitability of innovations that are clearly financially advantageous. Even when conditions allow it, the inevitable time lags before farmers can adopt those new methods are extremely long. That is what is known as the progressive nature of innovation. According to a recent survey made in India, the average time that elapses between the moment when a small farmer first hears about a new method and the time when he finally applies it is 7.2 years in the case of new seeding methods, 5.2 in that of the use of new chemical products, and four years in that of the Japanese method of growing rice.

Finally, it must be recognized that appropriate technological changes, even in the best possible circumstances, will not supply jobs to all rural families. Farming as well as non-farming industries will have to be developed in rural areas. We must also be conscious of the fact that there is a price to pay in underdeveloped countries to ensure the application of a technological change in farming, whatever the benefits may be. Indeed, a technological change requires an incentive under the form of public investment. Thus it can be necessary to develop an education or a credit program; the innovations will perhaps have to be made suitable to local conditions and the costs of new inputs will perhaps have to be directly or indirectly subsidized, especially if the proposal is inflexible.

What can Canada as well as its International Development Agency do? The underdeveloped countries insist that industrialized countries should devote .05 per cent of their gross national product, or about 10 per cent of their research budget, to develop technologies which would meet their special needs, that research being preferably carried out by the underdeveloped countries themselves. Without supporting the idea of a set and arbitrary objective, the Canadian International Development Agency recognizes the importance of proper technology as a tool for development and supports this proposal from the developing countries, especially since Canada is making great efforts towards that end, particularly in research programs and research encouragement.

At the meeting of the United Nations Committee on Trade and Development, UNCTAD IV, which was held in May 1976 in Nairobi, CIDA, through the Canadian delegation at the conference, proposed the pairing formula between, on the one hand, Canadian government and provincial research institutes as well as universities, and, on the other, scientific institutes from developing countries so that Canadian researchers might become aware of technological problems in developing countries, that these—

● (1652)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business has now expired.

It being 5 o'clock p.m., this House stands adjourned until Monday at 2 o'clock p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, June 19, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

TEMPORARY REMOVAL OF CUSTOMS DUTY ON U.S. BEER—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that employees at Manitoba breweries have been on strike for several weeks, thus depriving citizens of that province of beer during a time of suffocating heat, and in view of the federal government's apparent lack of concern regarding the plight of the Manitoba drinker, particularly the working man who cannot always afford the higher-priced spirits, I move, seconded by the hon. member for Churchill (Mr. Smith):

That this House instruct the Minister of Finance to do the following: first, remove the customs duty on American beer until the strike is over, thus enabling thirsty Manitobans to bring beer back from neighbouring North Dakota and Minnesota at reasonable prices; second, to relax the import rules relating to bilingual labelling of beer until the strike is over. This, combined with the lifting of the duty, would enable American distributors to supply the Manitoba market with beer without having to alter labelling techniques.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL MUSEUMS

APPOINTMENT OF SECRETARY GENERAL—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would like to move a motion under Standing Order 43 on a deeply disturbing matter. In view of the fact that the government has refused to appoint Ms. Jennifer McQueen as Secretary General of the National Museums of Canada, thus providing yet another example of discrimination in senior public service appointments, following as it does a similar case involving the Anti-Dumping Tribunal, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the government's repeated failures to promote qualified women to senior government positions and urges the Prime Minister to reverse this most recent example of discrimination by appointing Ms. McQueen as the new Secretary General of the National Museums of Canada.

Mr. Speaker: This motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FISHERIES

CANADA-U.S. AGREEMENT ON FISHERIES AND BOUNDARIES—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Having regard to the meeting today being held in Ottawa to resume negotiations for a permanent Canada-United States bilateral agreement on fisheries and boundaries, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That this House approve an open-ended reference permitting the Standing Committee on Fisheries and Forestry to meet, as circumstances warrant, to examine matters related to these important conversations.

Mr. Speaker: The presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

TRANSPORT

CREATION OF MERCHANT MARINE TO REDUCE UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

Considering that thousands of Canadian shipyard workers are unemployed, considering that it would be in the general interest of Canada to set up a merchant marine contributing to

the economic development of the country, I therefore move, seconded by the hon. member for Roberval (Mr. Gauthier):

That this House recommend to the Minister of Transport to order the construction of ships which would provide employment to skilled workers in that field and enable Canada to take advantage of its navigable waters as well as the sea.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

FINANCE

CAPITAL GAINS TAX ON FAMILY FARMS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of importance arising from contradictory statements made by the Minister of Finance, the Minister of National Revenue and the Minister of Transport related to the deferral of capital gains tax on rollover of family farms. The statement made by the Minister of Transport added to the confusion when he said in the House on June 6 that Bill C-56 is complete in this regard, though in fact it is not. I would therefore move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Finance withdraw Bill C-56 for appropriate amendment as he promised in committee on April 25.

Mr. Speaker: The unanimous consent of the House is required before such a motion can be put. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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SENIOR CITIZENS' WEEK

RECOGNITION BY IMPROVING PENSIONS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43, and seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), I move:

That this House notes that in many parts of Canada this is Senior Citizens' Week and expresses its appreciation of the contribution our senior citizens continue to make to the life of the nation and calls on the government to express that appreciation more substantially by taking steps to raise the basic amount of the old age pension, to make the pension available to persons between 60 and 65 who are out of the labour market and, in particular, to improve the position of those of our older people who suffer most, namely, single, widowed and other unattached women, it being the view of this House that these steps be taken without delay, preferably in the present session of parliament.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion for debate?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

NATIONAL UNITY

MINISTERIAL COMMITTEE TO DEAL WITH INEQUALITIES SUFFERED BY FRANCOPHONES—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity. In view of the fact that it is important to recognize the grievances reiterated a thousand times by the Federation of Francophones outside Quebec, that the federation has clearly indicated what the situation is in its now famous report entitled "Lord Durham's Heirs", that a study was published recently comparing the situation which is made to the English-speaking minority inside Quebec to the situations which are made to the French-speaking minorities outside Quebec, and that this subject deserves the full attention of the House, I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That an interdepartmental committee be set up to meet the main officials of the Federation of Francophones outside Quebec for the purpose of discussing the study entitled "*Deux poids, deux mesures*" and proposing solutions to correct these unfair and regressive inequalities.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

NATIONAL SECURITY

ALEXANDER PETER TREU—LIFTING OF SECURITY CLEARANCE BY DSS

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I should like to address a question to the Prime Minister on the subject of industrial security. It seems that the security clearance of Alexander Peter Treu was lifted by the industrial security branch of the Department of Supply and Services back in 1973, but that Treu nevertheless continued to get a very substantial number of NATO contracts—

Mr. Basford: Not classified ones.

● (1417)

Mr. Stanfield: I would like some explanation, and I am certainly seeking information as to how it could happen that he could continue to get contracts from NATO, especially since apparently the industrial security branch of the Department of Supply and Services is also the security liaison for NATO in terms of issuing these kinds of contracts in Canada.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am glad the hon. gentleman asks the question. I wish those who were writing abundantly on that matter had thought of asking questions too. The simple answer, as the Minister of Justice indicated, is that the contracts received from NATO during the latter period were not classified as confidential.

Mr. Stanfield: Mr. Speaker, when the security clearance is lifted, as it was in these circumstances, is the person affected notified of this? Was Treu, for example, notified that the security clearance had been lifted back in 1973, or is this something which is not done?

Mr. Trudeau: Mr. Speaker, it is my understanding that the security clearance was attached to the particular function Mr. Treu was then exercising. He was working for one of the major companies in security areas and when he left the company his security clearance ceased by the very fact of his leaving.

Mr. Stanfield: Mr. Speaker, was Treu informed that the security clearance had been lifted, and is there any provision for appeal in these circumstances? Is there any procedure laid down for an appeal so that a Canadian citizen who is affected in this way will know that he has been affected and will know what procedure he can follow if he considers himself to be unjustly dealt with?

Mr. Trudeau: Mr. Speaker, I would have to find out if he was actually informed, but I repeat that it is my understanding that Treu was cleared for security and for working during the period he was working for a certain company, and when he left that company where he was cleared ex officio, he was no longer cleared. I do not know if there was a positive gesture made to inform him that he was no longer cleared. I suppose that he concluded he no longer had the clearance of that job, but I will inform myself of that. I will do the same thing as to the appeal procedure.

CRITERIA USED TO DETERMINE SECURITY RISK

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a supplementary question for the Prime Minister, in the absence of the Minister of Supply and Services. My question relates to the criteria used by the industrial security branch to determine through its director, Mr. Jenkyns, who or what is a security risk. As it appears that there may not be an appeal from either a refusal to pass security clearance or a revocation of a previous security clearance, it makes the criteria doubly important. Can the Prime Minister tell the House whether these criteria are in written form and, if so, would he undertake to table them?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I cannot answer that question. I will take it as notice.

Mr. Jarvis: Mr. Speaker, the Prime Minister will understand that there might be concern about an inability to table. I accept his undertaking, but an inability to table would naturally and reasonably lead one to believe that the criteria may not exist.

I wonder if the Prime Minister's recollection will enable him to answer another question. Did the cabinet at any time approve security clearance criteria for use by the Department of Supply and Services through the director of this particular branch?

Mr. Trudeau: Not, to my recollection, while I was Prime Minister. There may have been some criteria established before. But I will find out. There are, of course, practices which exist and which provide for an appeal for civil servants who are not satisfied with the treatment they receive. However, to what extent these practices apply to security matters is something into which I will have to inquire.

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ADMINISTRATION OF JUSTICE

NUMBER OF SECRET TRIALS HELD IN CANADA

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my final supplementary is to the Minister of Justice, on the broader issue of the Treu case. Is the Minister of Justice aware of any prosecution in Canada in the last 111 years—except, of course, during wartime—under any Canadian penal statute, whether it be the Criminal Code, the Official Secrets Act, the Unemployment Insurance Act, or what have you, where the entire trial from its inception through to judgment was held in secret? An obvious exception, of course, would be the recent trial of Dr. Treu. Has there been any other case in Canadian history, except during war years, which has involved secrecy?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I do not know the answer to that. If there have been, the number would be extremely small because the number of prosecutions under the Official Secrets Act has been extremely small. If long ago any were held totally in camera—not in secret, but in camera—I, literally, do not know. I can inform myself of that and inform the hon. member.

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ENERGY

DECISION OF OPEC COUNTRIES TO FREEZE OIL PRICES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of the decision taken over the weekend by the Organization of Petroleum Exporting Countries to freeze oil prices at current levels until the end of the year, could the minister tell the House whether the Canadian government will follow this example and cancel the current Canadian policy of increasing the price of oil by $1 a barrel and the price of gas 17 cents per 1,000 cubic feet on July 1 which, if allowed to take place, would add approximately 1 per cent to the consumer price index and cause an increase in unemployment by approximately 30,000?

● (1422)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I, too, was very pleased to see that the Organization of Petroleum Exporting Countries decided not to increase the price of oil at this time. This is very much the position taken by the Canadian government. Representations were made to OPEC urging moderation on their part.

As to the question of Canadian oil prices, the hon. member will know that a year ago an arrangement was reached among the consuming and producing provinces to move our prices up toward world prices in orderly jumps of $1 every six months. That particular move will take place effective July 1 of this year. For the information of the hon. member, that would still keep Canadian oil prices significantly below world prices and significantly below the average price in the United States.

Mr. Broadbent: It was widely assumed among OPEC a year ago that they would probably have a further increase on July 1. They had enough sense to change their mind because, as they pointed out on the weekend, further increases in the price would only cause further deterioration in world economies and lead to more unemployment. The minister is factually wrong in terms of the comparison with the U.S. price.

I should like to ask whether, in light of this, the minister will confirm that studies undertaken by his department show that if the $1 per barrel increase is allowed to go ahead on July 1, for the first time in recent history the oil price for Canada will be almost identical to that in the United States, taking away from us the $1 competitive advantage for Canadian industry which is so central a concern and need right now, with the high unemployment levels we have?

Mr. Gillespie: No, Mr. Speaker, I have already referred to the fact that our studies indicate that there will be a continuing and significant differential between the Canadian price and the U.S. price.

Mr. Broadbent: It will not be the first time that the minister's figures and ours have differed. Ours show that the gap is going to be almost wiped out entirely. Apart from that important fact, is he saying that the government will not reconsider its position and will cancel the intended increase in price that is coming on July 1, which will be so disastrous for the consumers of Canada and for Canadian industry which needs all the competitive advantage it can get?

Mr. Gillespie: I have already referred to the fact that the price increase which will take place this summer was arrived at through negotiation with the producing and consuming provinces of this country, that it was supported by a majority of the consuming provinces of the country and, further, that the federal government is providing in the order of $1 billion in subsidies in order to cushion the effect of higher international prices against the Canadian price.

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[*Translation*]

TRANSPORT

FUTURE USE OF "MACLEAN"

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, in the absence of the Minister of Transport and of his parliamentary secretary, may I direct my question to the right hon. Prime Minister?

Considering that the *MacLean*, owned by the Department of Transport, is lying abandoned in the port of Quebec, could the Prime Minister tell the House what will become of this ship which has honoured Canada for many years? Will she be turned into a national museum or sold to private enterprise?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am aware that this matter is of highest concern to the Minister of Transport, and he will give an answer to the hon. member when he is back in the House tomorrow.

* * *

[*English*]

FINANCE

DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS

Mr. Ron Huntington (Capilano): Mr. Speaker, as the Minister of Finance is not in his place, I will direct my question, if I may, to the right hon. Prime Minister. Can he tell the House what the rate of dumping duty on wide-flange steel beams will be after June 29?

Mr. Speaker: The hon. member might want to repeat his question. It seems to ask for a specific point of information.

Mr. Huntington: I wish to ask the Minister of Finance if he can tell the House what the rate of dumping duty on wide-flange steel beams will be after June 29.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we are looking into the problem, and we do not know as yet.

Some hon. Members: Oh, oh!

Mr. Chrétien: When I have a specific answer, I will be glad to inform the hon. member.

Mr. Huntington: In light of the fact that Algoma's production is at capacity, that shipments are allocated and that British Columbia fabricators cannot get their supplies within practical time limits, in addition to the fact that offshore steel is more expensive than Canadian-produced steels, will the Minister of Finance explain the need for dumping duty safeguards? I ask this question in view of the fact that the minister said the following as reported in *Hansard* of February 20, 1978:

● (1427)

B.C. producers will always have access to international steel as long as it is not dumped on the Canadian market.

On the same day he said:

If the steel is not dumped, there will be no special duty applied; it will be just the normal duty.

Mr. Chrétien: Mr. Speaker, I repeat the same statement; we welcome steel coming from abroad as long as it is not steel dumped on the Canadian market.

Mr. Huntington: Mr. Speaker, my final supplementary question is directed to the right hon. Prime Minister. Why does he consider it bad economics to limit the safeguards for dumping on the market within Canada where safeguards are needed as a result of the threat or reality of injury, and leave other markets in Canada not facing the threat or reality of injury free of safeguards?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the producers in Canada expect to be able to produce for the entire Canadian market. If they are precluded from producing for a province because it has privileged access to some overseas market, then obviously the producers in Canada will not reach their optimum size.

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GOVERNMENT CONTRACTS

POLITICAL CLEARANCE BEFORE MAJOR CONTRACTS AWARDED

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the right hon. Prime Minister. Last week I read from the 1975 minutes of a meeting attended by the then minister of state for urban affairs and the then chairman of the National Capital Commission. The minutes read as follows:

The minister wants to make sure that firms chosen for major contracts of this sort are cleared politically with the ministers responsible through his office.

At the time, the Deputy Prime Minister and President of Privy Council stated that he did not see anything wrong with that statement. Does the Prime Minister see anything wrong or abnormal with that statement? Is it the practice of his government to make sure that individual firms are cleared politically before major contracts are awarded? I want to emphasize that I am not talking about joint projects, but firms and contracts being cleared politically.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I heard the Minister of National Defence answer that very question at great length last week.

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URBAN AFFAIRS

CLEARANCE OF SEWER AND ROAD CONTRACTS FOR HULL, QUEBEC

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, since the Prime Minister declines to answer my question, I ask the Minister of State for Urban Affairs if he can state straightforwardly who in general cleared the firms and contracts for the sewer and road network in Hull, which contracts are still continuing?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am not too sure what the hon. member is talking about.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: I heard that it was Gus MacFarlane.

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IMMIGRATION

ESTIMATE OF REFUGEES ALLOWED INTO CANADA THIS YEAR

Mr. Jake Epp (Provencher): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In statements attributed to the minister last weekend, he indicated that Canada, upon the request of the United Nations commissioner on refugee matters, would be prepared to take additional refugees. Can he tell the House how many refugees he expects to land in 1978, notwithstanding that he will have to make that statement in November of this year when he gives the annual global flow? In his talks with United Nations officials, was there any discussion as to whether the definition of refugees should be expanded or modified?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, given the situation in Southeast Asia, first of all, Canada responded to the small boat refugees and agreed

to take 50 families per month in addition to those we have already taken. I am not sure whether they have landed today or not, but one group will be landing very shortly: they were picked up by a Greek freighter. Second, we focused our attention on the overland refugees in Thailand. There were some 180,000; it is down to approximately 100,000 now.

Thailand has indicated that it is prepared to help with resettlement, as the United Nations has requested, on the understanding that some countries will take some of the South Vietnamese refugees. We are looking at the numbers we feel would be appropriate for us. I will make representations to my colleagues to take more in addition to the 7,000 we have taken already since 1975. Probably we will take more on a family basis, bearing in mind the reunification aspect.

Mr. Epp: Mr. Speaker, can the minister indicate whether he had any other refugee movements in mind when he made the statement that we were aware of the boat families and the Vietnamese refugees? Specifically, in respect of groups which are now defined as displaced persons by the United Nations or by the international community, as opposed to the definition of refugee, will the minister indicate whether he is considering changing the definition of such persons from "displaced person" to "refugee"? Would he also indicate whether, as a result of his discussions with the commissioner, persons coming from behind the iron curtain could also be classified as refugees more easily than is now the case?

● (1432)

Mr. Cullen: Mr. Speaker, I apologize to the hon. member in that I did not answer the latter part of his first question. We did not get into discussion at all about changing the United Nations' definition of "refugee". They may very well do that on their own initiative after discussions—I do not know—but that did not come up. What we are endeavouring to do, in so far as people behind the iron curtain or in eastern European countries are concerned, is find a mechanism whereby we can be of help to them when they come out of the country and have to settle in refugee camps.

They are not, technically, refugees within the meaning of the act, and we are trying to find some way to help them. We think we have done so in the sponsorship program that I announced. We shall see how that works. But so far as changing the definition of "displaced person" to "refugee" is concerned, that has not come up and has certainly not been brought to my attention.

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HOUSING

DEFAULTS IN AHOP MORTGAGES

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is for the Minister of State for Urban Affairs and has to do with AHOP defaults. In view of the fact that in respect of his new housing proposal, namely, graduated payment mortgages, there has been some reluctance on the part of major lending institutions to participate because of problems regarding debt being greater than equity after a period of five or ten years, will the minister indicate whether he has done an assessment of AHOP, a program that has seen more defaults in the first three months of this year than was the case totally last year?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker, we have done a survey and, as the hon. member asked two weeks ago, we sent him statistics which indicate quite clearly that in spite of the fact that he wants to promote these defaults as being a big thing, they represent less than 1 per cent of our total loan guarantees in Canada for people buying new homes. Therefore, it is a very minimal percentage of all loans are being made in Canada. I really do not know why the hon. member is trying to make such a point of something that is not, in fact, a big factor.

Mr. Whiteway: Mr. Speaker, my supplementary question has to do with AHOP defaults as well as with several studies, one of which is an interdepartmental study by his own department and the Minister of Finance and the other by Treasury Board specifically at the urging of major lending institutions and with reference to AHOP defaults. My information is that the study was classified as a national security document. Will the minister indicate whether that study is so classified and, if so, why? If it is not so classified, will the minister undertake to table it in the House this afternoon?

Mr. Ouellet: Mr. Speaker, I think the hon. member has an obsession about whether or not studies are classified. When appearing before the standing committee of the House, we produced all the available material. We have given ample examples to the hon. member of the type of defaults. The statistics are there to be seen. I do not know what the hon. member is trying to pursue in dreaming of a so-called study that does not exist.

Mr. Whiteway: Mr. Speaker, would the minister not agree that since there are four times more AHOP defaults projected for this year than was the case last year, and in view of the fact that there are as many defaults in the first three months of this year as there were in total last year, he ought to reassess the AHOP program in conjunction with a reassessment of the new graduated payment mortgage program which is similar in its dramatic, disastrous effects?

Mr. Ouellet: Mr. Speaker, I do not know how the hon. member looks at these statistics; but if there was 1 per cent default on 100 per cent at one time, and there is now a default rate of four times that, that is only 4 out of 100, which is still a very minimal number. It was not even 1 per cent last year; it was a portion of 1 per cent. When multiplied by four, it is still less than 1 per cent. I think it is so minimal that we should not worry about it.

IMPROVEMENT OF AHOP TO ASSIST LOW INCOME EARNERS

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I, too, would like to direct a question to the Minister of State

for Urban Affairs in relation to the graduated mortgage scheme which he introduced as a strengthening or improvement of the AHOP program. In light of the fact that the CMHC budget has been cut by $500 million, and the fact that the government's new housing strategy rules out any form of subsidy to low income earners or to the poor, how does the minister intend to introduce this graduated payment scheme, and how does he intend to gain the support of lending institutions and the provincial governments in respect of his new scheme and new approach?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, this new technique was explained to the lending institutions in Canada and to the provinces specifically at the time of the last federal-provincial conference. It is not something new; it is something that exists with relative success in the United States. It exists in British Columbia with successful experience so far.

The response we have received from lending institutions has varied from enthusiasm to prudent reservation. Indeed, the co-operative movements, the caisses populaires and the credit unions, have expressed support for the program, while the banks have expressed some reservation. At any rate, we do not intend to force any lending institution to use the new, graduated payment mortgage program. It is there as an extra tool to be used. If some lending institutions use it, we will be pleased. We have already received indications that it is being used in some areas of Canada with success.

I believe that, like any other new financial scheme, it will take some time before it is in operation. I do not expect the banks to jump for it and to be the leading financial institutions in this regard. However, as the program materializes and shows success, I am sure that all the banks in Canada will approve the system, hopefully in the not too distant future.

Mr. Oberle: Mr. Speaker, in light of the fact that none of the lending institutions has so far agreed to proceed with this program, nor have any of the provinces agreed to support it, since the program is widely known among the poor as a reverse indexation of mortgage payments, and since the program does not work in the United States unless it is coupled with a write-off of the interest portion for income tax purposes, is the minister and the government prepared to bring in new measures and announce additional changes in strategy to allow middle, low income and poor people to continue to live in decent housing in this country?

Mr. Ouellet: Mr. Speaker, the government has, indeed, brought forward a substantial number of new measures to help low income people. All our new strategy is directed toward helping through the creation of a greater number of units for low income people in Canada. What the hon. member is talking about is perpetuating federal subsidies to people with higher incomes who in fact do not need government subsidies.

When the hon. member indicated earlier that the provinces and lending institutions had not accepted the graduated payment mortgage scheme, he was wrong. In fact, lending institutions have accepted it and some mortgages have already been granted in Canada since the suggestion made by the federal government.

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THE CANADIAN ECONOMY

POST-AIB MONITORING BOARD

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is for the Minister of Finance. I am sure we were all pleased to learn today that "the chairman of the Anti-Inflation Board denied that he was asking for pay increases for AIB employees that would be above those allowed for other Canadian workers". The chairman was also quoted by Canadian Press as saying that he had no idea when the board would actually close its doors.

● (1442)

Since the Economic Council of Canada has now agreed to take on the function of monitoring inflation, I wonder if the minister could assure the House that the Anti-Inflation Board will be closed down as early as possible in order to avoid duplication, unnecessary expense, and to support the business community of Canada?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it will, of course, be phased out as quickly as possible. The hon. member should know that a great number of companies throughout the country will have to report at the end of the year, for the third year of compliance with the program: their books will have to be inspected in order to ensure they have not abused the system. As soon as their books have been verified and everything has been accounted for, the AIB will wind down starting in the 1979-1980 fiscal year.

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ANTI-INFLATION BOARD

SALARIES OF STAFF

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I would like to ask a supplementary question of the President of the Treasury Board. I am not interested in what the chairman of the Anti-Inflation Board has to say; I want to know what the government's intention is in this regard. Apparently, the Minister of Finance says that the workers of Canada shall not receive any more than 6 per cent. Even though the chairman of the Anti-Inflation Board states he is not asking for, I believe, 11.5 per cent per year, could the President of the Treasury Board advise the House the government's position in this respect? I would hope the minister would indicate that under no circumstances would he countenance the AIB seeking anything more than 6 per cent. In other words, equality shall prevail: is that the position of the government?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, that is exactly the position of the government. The fact is there is no aberration of the anti-inflation guidelines. The increases proposed to the Anti-Inflation Board are completely within the guidelines. There is no special treatment and there are no extraordinary circumstances. While there is a fair degree of complexity in the calculation of the salary account, main estimates to main estimates which the question period would not permit me time to detail, I am sending all hon. members a more detailed elaboration of exactly how this takes place.

Had the reporters taken the responsibility to check out the story, this very damaging and erroneous impression would not have been left across the country. I hope that when the media receive the explanation which I am sending them today, they will give the same prominence—that is, headlines on the front pages of the newspapers and prominence in other media—as they gave the erroneous story on Friday.

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THE CANADIAN ECONOMY

REVIEW OF RATE OF INFLATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I am very pleased that matter has been cleared up. I will now ask the Minister of Finance a question. In light of the fact that inflation is now running at approximately 9 per cent or more, and given the fact that the Minister of Finance, in an arbitrary way, picked the figure of 6 per cent out of the air—I believe some time last year—is that figure under review at this time, in light of the hardship experienced by many Canadians suffering as a result of the incompetence of this government?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am not about to review those figures. If one looks at the internal inflation figures within the Canadian economy, internal inflation last year was 6.2 per cent.

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NATURAL RESOURCES

CANADIAN OWNERSHIP THEREOF

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I direct my question to the right hon. Prime Minister regarding a commitment he made during the federal election campaign of 1974. In June of that year, the Prime Minister made a commitment with respect to Canadian ownership of resource industries, in the following words:

> The Liberal party of Canada sets as an objective that major new projects in the natural resource field should have at least 50 per cent, and preferably 60 per cent, Canadian equity ownership.

I ask the Prime Minister if that commitment still stands with reference to the launching of new resource industries or the transfer of Canadian-owned industries to non-resident Canadians? Is that commitment still in operation?

[Mr. Alexander.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the commitment as it was made still stands.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that Saturday's Toronto *Star* claims to have a document that was issued last January, signed by the Minister of Industry, Trade and Commerce, in which he outlines four options with respect to Canadian ownership—one of which is that the 50 per cent to 60 per cent Canadian ownership clause be dropped, with the stipulation that no public statement be made regarding it unless the public should think that the government had made a retreat—I ask the Prime Minister if he can assure the House that before there is any change with respect to this ownership commitment, the government will make a public announcement; and secondly, if this 50 per cent to 60 per cent provision will obtain when the matter of the acquisition of the Husky Oil Company is before FIRA and before the cabinet.

Mr. Trudeau: Mr. Speaker, the hon. member refers to a document which I do not remember seeing, and certainly which is not before me now. I am not surprised that documents follow the guidance I issued in their presentation to cabinet. In other words, it presents the government with several alternatives, rather than presenting it with a solution which is sometimes inspired by the civil service as opposed to giving the politicians a choice between several options. I am happy to see that the document to which the hon. member referred has respected these guidelines and is giving some options.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the Prime Minister has done everything except answer the question.

Mr. Alexander: That is typical.

Mr. Douglas (Nanaimo-Cowichan-The Islands): I asked him, will he assure the House, in view of the comments of the Minister of Industry, Trade and Commerce about keeping any decisions secret, that if there is to be any change with respect to the Canadian ownership provisions, a public announcement will be made and that commitment will stand when the whole question of the acquisition of Husky Oil company is before FIRA and before the cabinet.

Mr. Trudeau: Mr. Speaker, the hon. member asks me what we will do if something happens. I think that even he will recognize that that is a hypothetical question.

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EXTERNAL AFFAIRS

AID TO ZAIRE

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Prime Minister, in the absence of the Secretary of State for External Affairs. Canada has announced that it will participate in a western aid package to Zaire, a total package of $116 million, of which Canada will

contribute $7 million in emergency food aid and other humanitarian relief. May I ask the Prime Minister if assurance can be given to the House that the committee which is being set up in Kinshasa to monitor this aid will have a Canadian representative? I ask the question in light of the $20 million in aid which has been given to Zaire in the past seven years and the reports of corruption and black markets operating in food aid in that country.

[*Translation*]

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, the Canadian delegation has not announced any new aid programs for Zaire, it simply announced the stepping up of the present program.

* * *

[*English*]

AGRICULTURE

EXPANSION OF BRITISH COLUMBIA DAIRY INDUSTRY

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, my question is to the Minister of Agriculture. If my information that a meeting of the Canadian Dairy Commission is being held today is correct, could the minister advise the House if he has asked the commission to consider the request of the British Columbia dairy industry that measures be taken to provide, through a higher percentage of the market share quota or some other mechanism, the opportunity for the industry to expand in line with its requirements in the province of British Columbia?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, any change in the market share quota is to be decided by the members of that committee which is made up of members from all the provinces participating in the dairy program in Canada and not just the dairy commission or the Minister of Agriculture. It would be decided by that group.

Mr. Patterson: Mr. Speaker, in view of the fact that the directors of the Fraser Valley Milk Producers' Association are taking under consideration the advisability of withdrawing from the national program, would the minister make it a matter of personal concern and bring it to the attention of the committee in order that some remedy might be found for the problem?

Mr. Whelan: Mr. Speaker, I am sure the committee is very much aware of the problem, and I am sure the Fraser Valley producers are very much aware of the economic loss they would suffer if they withdrew.

• (1452)

[*Translation*]

GOVERNMENT ADMINISTRATION

DECENTRALIZATION POLICY

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Secretary of State.

Is it his department's policy to decentralize its offices concerned with provincial administration, much as it is in the various other federal departments?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, that is our policy, and it is currently being implemented.

Mr. Caouette (Témiscamingue): Mr. Speaker, I would like to ask a supplementary question.

Since the Department of the Secretary of State has announced probable decentralization in two Ontario regions, namely Hamilton and Sudbury, can the minister explain why, contrary to what is happening in Ontario, and despite this decentralization policy, there are reports, in Quebec, of closing offices in Rouyn-Noranda, Sherbrooke and Trois-Rivières?

Mr. Roberts: Mr. Speaker, I am not quite sure I understood the first part of the hon. member's question. I will take his representations as notice and answer him directly.

* * *

[*English*]

FINANCE

PUBLICATION OF GNP FIGURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance and it is very simple. Could the minister indicate why the g.n.p. figures for the first quarter of this year have been delayed again? It was anticipated they would be released today. Why are they being delayed?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, those figures are produced by Statistics Canada, which is an independent organization that does not come under my responsibility.

Mr. Stevens: Mr. Speaker, I put the following question to the minister. Does he believe that his April 10 budget estimate of real growth in the economy of approximately 5 per cent is still on target, or is it anticipated there will be less growth, or more growth?

Mr. Chrétien: Mr. Speaker, when I have a statement to make about that, I will make it. So far, I have not changed my estimate that the growth in the Canadian economy will be close to 5 per cent.

Oral Questions

FISHERIES

CANADA-U.S. AGREEMENT ON FISHERIES AND BOUNDARIES

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Fisheries: it concerns the negotiations which will resume today on the bilateral agreement. The American negotiator, in a statement which was released, said he felt the earliest feasible resumption of reciprocal fishing would improve the prospects of reaching a long-term agreement, which is what they are attempting to do. The statement goes on to say that within the next couple of days it is expected that on the American side the interim agreement will be ratified. I ask the minister whether, in those circumstances, reciprocal fishing will be resumed.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, we have made it clear that local arrangements would be simplified if the agreement were ratified by the United States Congress. My colleague, the Secretary of State for External Affairs, and I have also made it clear that these current negotiations are not intended to restore the suspended 1978 agreement, but are to look at a long-term arrangement and especially at mechanisms to arbitrate interpretations or disputes of the type that led to this suspension. If the American negotiators have some proposals to make, we will examine them very carefully. The negotiations are not for resumption of the 1978 agreement, but for long-term agreements.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, is the minister saying that continuation of the present status, where Canadian fishermen may not fish in American waters and American fishermen may not fish in Canadian waters, will assist in the conclusion of a long-term agreement?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I believe it might help people to reflect seriously on the need for a long-term and permanent agreement with mechanisms to arbitrate disputes.

CONSIDERATION OF MINERAL RIGHTS IN FISHERIES' NEGOTIATIONS

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my supplementary question is for the Minister of Fisheries. To what extent are both sides concerned over mineral rights slowing down reaching a settlement on this thorny problem?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have no indication whatsoever that this is an issue in the present problem.

[Mr. Chrétien.]

INDIAN AFFAIRS

CLOSING OF OXFORD HOUSE SCHOOL IN MANITOBA

Mr. Cecil Smith (Churchill): Mr. Speaker, my question was to the Minister of Indian Affairs and Northern Development, but in his absence I will direct it to his parliamentary secretary. On June 9, the chief and council of the Oxford House band of Indians ordered the school on their reserve closed to its 370 students. This action was taken to prevent possible injury of students who travel by school bus over ungravelled roads which are in a deplorable and almost impassable condition. I ask the parliamentary secretary, what action has been taken over the past ten days to ensure that the roads will be repaired and the 370 students will be able to complete their term?

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, the House will remember that the hon. member raised this issue last Friday. Following his intervention, I asked the department for a report. I am informed that the road is not an issue. Last year, over $50,000 was allocated for the improvement of the road, and it is in very good shape.

There is a secondary issue relating to a contractor who took substantial amounts of equipment into the reserve, which is in an isolated location—as the hon. member well knows—over ice and snow, and with the difficulty of removing it he has lobbied with the band for some $750,000 for training within the reserve. We do not have this kind of money, and we do not intend to approve that kind of allocation when there is similar equipment owned by Indian people which could be used for this purpose if, indeed, there is a need. I think this matter should be concluded by an appeal from both sides of the House for the children to return to school.

Some hon. members: Hear, hear!

Mr. Smith (Churchill): Mr. Speaker, I understand that $50,000 was provided, but I ask the parliamentary secretary what the people are supposed to use to repair the roads. In Oxford House, the band has only shovels and wheelbarrows for road repair. Will the department look into this matter?

Mr. Milne: Yes, Mr. Speaker, we will satisfy ourselves on that point. I was under the impression that the Indian band made representations for the $50,000 so they could work on the roads themselves. This money was to purchase and haul gravel. I thought allocation of the $50,000 was in keeping with their request.

* * *

IMMIGRATION

ALLEGED UNNECESSARY DELAYS CAUSED BY IMMIGRATION AUTHORITIES

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is addressed to the Minister of Employment and Immigration. A member of the Bermudian government complained to

delegates at a Commonwealth Parliamentary Association conference that certain Bermudians coming to Canada as visitors were detained for a number of hours by immigration authorities and deported.

Quite apart from individual cases, is the minister aware that cases of discrimination are all too common at certain airports, such as Toronto, and cause deep resentment among members of the Commonwealth and Caribbean countries, contrary to the policy of parliament and the department's own policy? Will the department take active steps to ensure that immigration officials are adequately acquainted with Canadian policy against discrimination on the grounds of race?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, my deputy minister and I myself have visited the airports to indicate the government's policy in this regard. I am satisfied that there is no discrimination. That does not mean people are not going to cry discrimination every time there is a finding against them.

As far as the individual cases are concerned in which the hon. member says he is not interested, these people came in as visitors, one of them had a criminal record which he freely admitted and was put in a detention centre until transportation back to his home could be found; the other individual came here as a visitor and did not have a penny in her pocket or anyone to contact in Canada—hardly a bona fide visitor. If the individual who made the criticism had taken the time to contact our office and find out what the facts were, we would have made that particular statement.

Mr. Brewin: Mr. Speaker, may I say to the minister, in passing, that I was not asking about individual cases; I was asking about a practice which I know to be common and which he should look into.

My supplementary question is this: Has the minister or the government received a request from the high commissioner of the United Nations for refugees for Canada to accept a larger quota of political refugees, as distinguished from economic refugees, a matter which I think he discussed with the hon. member for Provencher? Will the government take positive action with respect to the commissioner's request, especially in light of the rapid and substantial decline in the flow of immigrants to Canada?

● (1502)

Mr. Cullen: Mr. Speaker, I want to dissociate myself from the comments made by the hon. member's saying that he is personally familiar with discrimination at various airports or any particular one. If he has specific cases, of course I want to root them out and find out about them. However, to make a blanket condemnation is a disservice to people who have a very tough job to do at our borders. When the answer sometimes comes back no and we get the criticism that it is because of race, I check into those cases. I will be happy to look into any which the hon. member has to raise.

With regard to taking prisoners, in so far as Chile is concerned we had 100 political prisoners and their families. We doubled that quota. We have also indicated that in so far as Brazil is concerned we will do what we can in that area, taking at least 100 prisoners and their families for starters. That is being negotiated by the United Nations high commissioner for refugees in co-operation with us and other countries.

* * *

PRIVILEGE

MR. DINSDALE—DELAY IN TABLING POST OFFICE ANNUAL REPORT

Mr. Speaker: I indicated last week that I would endeavour to rule today on two outstanding questions of privilege, the first raised by the hon. member for Brandon-Souris (Mr. Dinsdale) on June 8 relating to the late tabling of the Postmaster General's annual report.

At the time the hon. member raised the question, he made certain other complaints concerning the alleged illegal increases in postal rates and the lack of an adequate number of copies of the annual report for use in committee, procedures followed in committee for examining the estimates of the Post Office, and the making of an announcement outside the House concerning the creation of a committee to examine the advisability of transforming the Post Office into a Crown corporation. The hon. member made an argument that this series of complaints, taken in total, constituted a contempt of the House. The minister replied to those complaints on Wednesday, June 14, 1978.

Members will be aware, however, that in our practice the Chair has never allowed itself to be drawn into committee proceedings. Therefore, the procedures followed for examining estimates and the number of copies of documents available in committee are matters to be determined by the committee.

Similarly, there have been other occasions when members have complained that certain announcements ought to be made in the House rather than outside, and again the Chair has ruled consistently that is not a matter which can be determined by the Chair. These complaints have therefore been treated as grievances rather than as breaches of privilege.

The hon. member also alleges the government acted illegally in the manner in which postal rates have been increased. Hon. members will be aware that I have a duty to decide questions of order, not of law, and furthermore, I understand that this issue is now before the courts. In my opinion, therefore, it is an issue to be settled by the courts, and the Chair should not intervene.

That leaves us with the main issue of the hon. member's complaint, namely, the late tabling of the report of the Canada Post Office for the fiscal year ended March 31, 1977. Again, however, I feel that the hon. member is raising a grievance rather than a question of privilege. I do not see how, under the guise of privilege, the Chair can be drawn into determining a question of law. I would, in this connection, refer hon. members to a ruling of my predecessor on a related matter.

The Constitution

On June 27, 1972, the then hon. member for Wellington complained of the circumstances connected with the tabling of a report prepared by the National Harbours Board. He alleged that the procedure followed did not conform with the law or the Standing Orders. The Speaker ruled that he might have a grievance, but he had not established a case for priority of debate under privilege. With respect, I feel that this matter cannot be accepted under the definition of privilege.

MR. ANDRE—RESEARCH AND DEVELOPMENT—MINISTER'S STATEMENT

Mr. Speaker: Mr. Speaker, on June 8, 1978, the hon. member for Calgary Centre (Mr. Andre) raised a question of privilege in which he alleged that certain figures published in two documents tabled in the House by the Minister of State for Science and Technology (Mr. Buchanan) contained data that "are not fact and are not accurate."

He complained specifically of documents entitled "Research and Development in Canada—Discussion Paper" and "Measures to Strengthen and Encourage Research and Development in Canada."

In his reply on June 15, 1978, the minister acknowledged, and I quote:

Due to an oversight, the footnote to the table in my statement was not amended when the original data, from an August, 1977 publication, were changed to reflect the latest information available.

That having been said, however, I can still come to no other conclusion than that I reached initially during the course of the argument by the hon. member for Calgary Centre, that is, that the matter is not one of privilege, but clearly and fundamentally a dispute as to facts and to the interpretation of those facts and statements and, therefore, ought not to be accepted as a matter of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

THE CANADIAN CONSTITUTION

TABLING OF CORRESPONDENCE ON WHITE PAPER DEALING WITH RENEWAL OF THE CANADIAN FEDERATION

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, pursuant to Standing Order 42(2), I would like to table in both officical languages, my correspondence, in fact letters that I wrote to the premiers of the various provinces concerning the implementation of the proposals made last week in the white paper tabled here last Monday.

[Mr. Speaker.]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 128, 707, 779, 992, 998 and 1,523.

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

[*Text*]

DEPUTY MINISTERS AND ASSISTANTS

Question No. 128—**Mr. Herbert:**

Are there any persons who held positions as Deputy Ministers or Assistant Deputy Ministers in the past ten years presently working for Crown corporations and, if so (a) what are their names (b) what positions do they hold (c) on what date were they appointed?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Atomic Energy Control Board is concerned: (a) Dr. A. T. Prince, (b) President (c) February 20, 1975.

In so far as the Canadian Wheat Board is concerned: (a) Mr. Esmond Gervais, (b) Chief commissioner, (c) October 1, 1977.

In so far as the Canadian Broadcasting Corporation is concerned: (a) Mr. A. W. Johnson, (b) President, (c) August 1, 1975. (a) Mr. Arthur C. Boughner, (b) Vice-president, finance, (c) April 1, 1977.

In so far as the Federal Business Development Bank is concerned: (a) Mr. G. A. Lavigueur, (b) Executive vice-president, (c) March 1, 1977.

In so far as Petro-Canada is concerned: (a) Mr. W. H. Hopper, (b) President and chief executive officer, (c) July 15, 1977.

In so far as Loto Canada is concerned: (a) Mr. Guy Cousineau, (b) President, (c) June 8, 1976.

In so far as the St. Lawrence Seaway Authority is concerned: (a) Mr. Paul D. Normandeau, (b) President, (c) October 25, 1973.

In so far as the Export Development Corporation is concerned: (a) John A. MacDonald, (b) Chairman and president, (c) May 1, 1975.

In so far as the other Proprietary Crown Corporations are concerned: None.

DEPARTMENT OF JUSTICE

Question No. 707—**Mr. Howie:**

Since April 1, 1976, what amount was paid by the Department of Justice to outside lawyers practising in Fredericton, New Brunswick and to whom were such payments made?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the legal agents of the Minister of Justice are concerned for the period from April 1, 1976 to November

16, 1977: Name and Amount: Bryden, John, $220.00; Cochrane, Richard B. 1,308.75; Hoyt, W. L. 39,134.35; Hughes, David C. 1,072.00; Jackson, Leslie 1,764.88; Kenny, Robert 1,339.25; McKenna, Hubert 11,315.39; McNair, John C. 6,407.97; MacVoy, J. 409.80; Malone, Brian 62,088.54; Neil, J. Brain 1,410.00; Olmstead, David 2,455.46; Sargeant, Charles 1,409.00.

MR. ANTONIO GOUVEIA

Question No. 779—**Mr. Cossitt:**

1. What are the details of the case which the government brought against Mr. Antonio Gouveia, an employee of the Unemployment Insurance Commission in Toronto, and what are the results of any charges made?

2. Was the matter appealed to Mr. Edward B. Jolliffe, Q.C., Deputy Chairman of the Public Service Staff Relations Board and, if so, did (a) he state that "such a cavalier attitude is not impressive" in reference to the attitude of the Crown (b) he find that Mr. Gouveia was persecuted by his superiors (c) he report that the case represented a classic example of how a disciplinary problem should not be dealt with and did he refer to "the inappropriate formulation of five charges and the inevitable failure to prove four of them" (d) his report state that Mr. Gouveia's fiance was a victim of harassment and "what can only be described as a smear campaign"?

3. Does the case represent government policy insofar as treatment of UIC personnel is concerned and, if not, what steps will be taken to change the situation?

Hon. Bud Cullen (Minister of Employment and Immigration): 1 and 2. See Beauchesne's Rules and Forms of the House of Commons of Canada, citation 171(ff).

3. It was the policy of the UIC and continues to be the policy of the CEIC that its employees are responsible for administering the legislation, regulations and policies with probity, for serving the public without prejudice or preference, and for protecting public moneys. Employees who willfully contravene this policy are subject to disciplinary action and, in some cases, prosecution. Although adjudicator Jolliffe, in his decision of October 11, 1977, was critical of the handling of Mr. Gouveia's case, his imposition of a two-month suspension without pay indicates that he found Mr. Gouveia to have committed a very serious offence. Adjudicator Jolliffe's criticism, however, has prompted the CEIC to investigate the handling of the Gouveia case. The results of this investigation will determine the nature and extent of the corrective action to be taken.

LEGAL FEES

Question No. 992—**Mr. MacKay:**

What was the total amount paid for outside legal services for the prosecution of the Irving interests under the combines act and to whom was it paid?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): The total amount paid for outside legal services for the prosecution of the Irving interests under the Combines Investigation Act is as follows: William L. Hoyt, Q.C. Hoyt, Mockler, Allen, Dixon & Godin, Fredericton, N.B. (Crown Counsel); Legal Fees $154,751.50; Disbursements 31,580.34; Total, $186,331.84.

Point of Order—Mr. Cossitt

CONSUMER AND CORPORATE AFFAIRS

Question No. 998—**Mr. Howie:**

Since September 1, 1976, did the Department of Consumer and Corporate Affairs pay travel or other expenses to or for non-departmental persons or firms in New Brunswick?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Yes: Hoyt Mockler Allen & Dixon, Fredericton, N.B. $3,981.75; Community Planning Association of Canada, Saint John, N.B. $822.20.

GRANTS FOR HOUSING

Question No. 1,523—**Mr. Mazankowski:**

1. Has the government made any grants, loans or given any kind of assistance to the Ontario Union of Tenants, James House Crescent, Rexdale, Ontario and, if so (a) what was the purpose of the grant, loan or assistance (b) under which legislative authority or otherwise was any grant, loan or assistance issued (c) in the case of a loan, what is the amount outstanding, if any?

2. Has the government made any grants, loans or given any kind of assistance to the Council of Economic Development for Low Income, James House Crescent, Rexdale, Ontario and, if so (a) what was the purpose of the grant, loan or assistance (b) under which legislative authority or otherwise was any grant, loan or assistance issued (c) in the case of a loan, what is the amount outstanding, if any?

3. What are the names and addresses of the shareholders of the (a) Ontario Union of Tenants, James House Crescent, Rexdale, Ontario (b) Council of Economic Development for Low Income, James House Crescent, Rexdale, Ontario?

Hon. John Roberts (Secretary of State): 1. Nil.

2 and 3. Not applicable.

[*English*]

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

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POINTS OF ORDER

MR. COSSITT—ANSWER TO QUESTION NO. 347

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a point of order connected with my order paper question No. 347 answered by the Prime Mnister (Mr. Trudeau) on June 15, 1978 page 6442 of *Hansard*. In order to state my point of order clearly, the House and yourself, sir, should be aware of the nature of question No. 347 and its answer and, therefore, I shall read both quickly, as follows:

1. Did the Prime Minister during a recent visit to London and the western Ontario area in the course of a speech state that Canadians were too concerned with summer homes in the country and two cars in the yard and, if so (a) what were the exact words he used (b) in what location did he make the statement and to what audience (c) is the Prime Minister aware that radio news broadcasts carried voice clips of such a statement?

2. Has the government adopted a policy to close the Prime Minister's summer residence at Harrington Lake as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

3. Has the government adopted a policy to sell one of the two $85,000 Cadillacs used by the Prime Minister as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

The answer by the Prime Minister was:

See Beauchesne's Parliamentary Rules and Forms, Fourth Edition, Citation No. 171 (a), (e), (h), (l) and (g).

It is undoubtely, it seems to me, Mr. Speaker, axiomatic that any question accepted for appearance on the order paper has been approved, and therefore bears the same standing as if it were an oral question asked in this House. All hon. members, I am sure, have experienced representations from the officers at the table declining to accept a question for the order paper on the grounds that it is in some way out of order, or advising that the wording must be changed to make it acceptable. On all such occasions, I believe I am quite correct in stating that Your Honour, as would be expected, is the final judge, so to speak, as to acceptability or otherwise of the question, if a member disagrees with the ruling from the table officials.

First, therefore, I am contending that an accepted order paper question and an accepted oral question have the same status in so far as acceptability before the House is concerned, in that the ultimate authority of the Speaker has been applied to such acceptance.

Referring specifically again to question No. 347, it was obviously accepted for the order paper in the usual manner. I quite realize the Prime Minister, by the rules of the House, is not obliged to give any answer to a question. However, in this case he has not just given an answer but he has taken it upon himself, Mr. Speaker, to rule my question out of order by using Beauchesne's citations to do so.

In taking such a step the Prime Minister has therefore usurped the powers of the Speaker of the House of Commons. The Prime Minister may be, in his opinion, many things, but he is not the Speaker of the House of Commons, and his interpretation of a Beauchesne's citation therefore has absolutely no standing whatsoever unless Your Honour confirms it after hearing argument from any members who wish to present a case.

● (1512)

Certainly it cannot seriously be contended that the Table officers cannot possibly examine in detail all submitted written questions, because that is the actual procedure we presently follow. Nor can it be argued that the Prime Minister, whatever views he may hold, is permitted to decide arbitrarily that a question is out of order. Only the Speaker of the House of Commons has such authority, I would think.

In my view, Mr. Speaker, I would respectfully submit that question No. 347, and any other questions ruled out of order by the Prime Minister, a minister or a parliamentary secretary in this session of parliament, on the basis of a citation in Beauchesne should be restored to the order paper forthwith. If table officials accept a question which subsequently is ruled out of order by the Prime Minister or by a member of the government, as it now stands Table officials refuse to accept the question again for the order paper because they naturally claim it is a question which has already been asked. Thus we have the ridiculous situation in which Table officials are confirming a ruling by someone who is not entitled to make a ruling in the first place.

In no circumstances can I find any precedent for this unbelievable situation. I f it were to be accepted, then any member of the House would presumably have the same right as the Prime Minister; supposedly he would be able simply to rise and cite a quotation from Beauchesne and get it accepted as a ruling binding on all other members, on the officers of the Table, and even upon Your Honour.

In conclusion, I respectfully submit that the use of a Beauchesne citation by the government is not conclusive but is, rather, just one side of a procedural dispute. I submit that, as in any other procedural argument, both sides must be heard and a ruling then made by the Speaker. May I finally add that Beauchesne's citation 171 is archaic and cannot be used indiscriminately without reference to precedent and changes in rules and practices which have come into force since 1958?

Mr. Speaker: The hon. member raises a matter which we will have to consider. He has described the practice correctly—we do examine a question for its acceptability and we do pass judgment on it. There are a great many questions on the order paper and we try to give each one a detailed examination. Possibly we may not have correctly interpreted the precedents in respect to the particular question referred to, though I do not recall it precisely. It would seem to me that in all likelihood the best way to make a test would be for the hon. member to refile the question, giving the table the opportunity to examine it and to see whether there are any procedural grounds upon which to reject it.

Even in the oral question period to which the hon. member has alluded, it is not uncommon that though the Chair may allow a question to go unchallenged, a minister may rise in his place and resort to a defence of some sort which the Chair has not called upon. This may occur particularly with respect to a matter which may be sub judice, or to areas of privileged information about which the Chair has not passed upon. In some cases—in fact this afternoon—the Prime Minister (Mr. Trudeau) made reference to a question being hypothetical in nature. Again, this might be based upon information which the Chair did not possess.

It may often happen that a minister will use this kind of answer, and since the Chair has not procedural grounds upon which to compel an answer, it is impossible for the Chair to say that an answer given on procedural grounds is not, in fact, an answer. However, if such a matter becomes an issue, as is the case now, then the right way to test it at the time, in the oral question period, would be to ask the Chair to rule whether it is hypothetical or not. In these circumstances equally, in the case of a written question, the way to test it would be to say, as the hon. member has said, I have received a reply which begs the question on procedural grounds. Are the procedural grounds correct or are they not?" Then we can make a determination and decide whether or not the question should be refiled.

[*Translation*]

DELAY IN ANSWERING QUESTION NO. 1,609

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise on a point of order. As I advised the Parliamentary Secretary to President of Privy Council (Mr. Pinard), my point of order deals with question No. 1,609 which appears on page 133 of the order paper for Monday, June 19, 1978, and which was put on it on May 5. Mr. Speaker, as this question should have been replied to as quickly as possible, in view of the existing dispute with regard to transport which opposes Quebec milk producers and the federal Department of Transport, which subsidizes part of transportation costs of the producers living east of Lévis in the province of Quebec; as this dispute does not seem to be close to a settlement, the producers met me again over the weekend and asked me the total amount of subsidies paid to the milk producers of that area with a view to finding an equitable solution with regard to the producers of other parts of the province of Quebec. Seeing that matter is extremely important, I should like to ask most sincerely and humbly if it might not be possible to get a reply as soon as possible to that question so that we can give an answer to those two categories of producers and so help them solve their problems as quickly as possible.

[*English*]

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

Some hon. Members: Agreed.

* * *

PRIVILEGE

MR. STEVENS—COMMENTS OF MINISTER OF STATE (SMALL BUSINESS)

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise concerning a question of privilege which I may be raising on Thursday or Friday afternoon. Your Honour will see from pages 6504 and 6505 of *Hansard* that the Minister of State (Small Business) (Mr. Abbott) made several comments reflecting on my ability to function as a member of parliament, and I believe I have a legitimate question of privilege, one I would propose to raise. I will give Your Honour due notice in the usual way should I decide to raise it on Thursday when the Minister of State for Small Business will, I am informed, be back in the House.

GOVERNMENT ORDERS

[*Translation*]

INCOME TAX ACT

MEASURE TO AMEND

The House resumed, from Friday, June 16, consideration in committee of the whole of Bill C-56, to amend the statute law relating to income tax to authorize payments related to provincial sales tax reductions—Mr. Chrétien—Mr. Laniel in the chair.

The Chairman: When the committee rose on Friday, June 16, 1978, clauses 6, 17 and 30 were allowed to stand, and clause 32 was before the committee.

On clause 32—*"Qualifying taxable dividends paid."*

The Chairman: Is clause 32 agreed to?

● (1522)

[*English*]

Mr. Stevens: Mr. Chairman, I rise on a point of order. Your Honour will recall that on Friday afternoon we moved to clause 31, which we passed, and we are presently on clause 32. However, I felt that it was at least implied that clause 30 would be returned to, pending a ruling on a procedural question regarding the amendment put by my colleague, the hon. member for Edmonton West. I was wondering if that is the understanding. If we deal now with clause 32, will we be returning to clause 30 to hear Your Honour's ruling and then, presumably, to deal with clause 30 as the committee sees fit?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, may I say a word on the point of order which has been raised by the hon. member for York-Simcoe? When we agreed to stand clause 30 on Friday, which was done by unanimous consent, there was a request that we go back to some of the earlier clauses which had been stood. However, Your Honour ruled that we could not go back except by unanimous consent. I assume that that ruling stands.

We have gone forward to clause 32, and I think we should now go on to some of the other clauses. I say that, quite frankly, because if we go back to clause 30 we may be on it all day and never get to some of the others. I for one—and I am sure other hon. members in the House feel the same—would like to get to clause 34, which deal with registered retirement savings plans. I say, by way of indicating why, that there are many representations to us from credit unions about taxation at death of registered retirement savings plan funds, and I would like to get to that. My fear, if we go back to clause 30, is that we will be there all day, so I hope we will continue clause 32 and move on to clauses 33 and 34. I will not insist that we go through all 59 clauses, but I certainly want to get to clause 34 before we go back to clause 30.

[*Translation*]

Mr. Pinard: Mr. Chairman, today there is much sense in what the hon. member for Winnipeg North Centre is saying. I agree that if we are to be consequent with the ruling you made on Friday to defer examination of certain clauses in the bill and to revert to it only with unanimous consent, unless we have examined the following clauses, if we are to be consequent with that ruling, I feel we should follow the route indicated by the hon. member for Winnipeg North Centre.

[*English*]

Mr. Hnatyshyn: Mr. Chairman, I think you will recall the circumstances under which this matter was put over. I do not think there is any question but that the matter was set aside for the benefit of Your Honour so that Your Honour could have an opportunity to consider the procedural aspect of the amendment and so that we could return to this matter, which is the most important provision in the bill, before the terms of closure take effect. I think the implication was clear that Your Honour would have an opportunity, as Your Honour indicated, to consider the matter over the weekend, to come back to this House at the first opportunity, and to give us the basis of your decision as to whether the amendment should be allowed to go forward. In any event, eventually we would then be able to revert to that particular clause so that we could have an opportunity to discuss it.

We are in a very peculiar situation, and any other interpretation of that understanding or inference on the basis of our discussions last Friday as to the basis upon which this government and this Minister of Finance operate would put us into a most unusual situation. We would be in a situation whereby, whenever Your Honour had any problem which had to be considered at length, we simply would not be in a position to co-operate with the Chair or to allow the Chair a reasonable opportunity to carry on because we would know that because the government imposes time allocation on almost every financial bill which comes before the House, that would effectively mean that we would not get back to a particular provision.

The only point I make is that I do not think on a Monday the Minister of Finance would want to be unreasonable, but he knows that this provision is crucial and important. I agree with the hon. member for Winnipeg North Centre. I too have received many representations from credit unions and cooperative societies in my province with respect to this matter, but the minister and the parliamentary secretary should have some common sense and not preclude us from having a further discussion of this particular provision. It seems to me that the minister does a disservice to the performance of this parliament if he takes this inflexible and intransigent stand, which would deprive us of further discussion of this important and key provision. I know the minister feels terribly uneasy about this, but this matter should be faced by this parliament.

Mr. Chrétien: Mr. Chairman, the hon. member is accusing me of doing something I have not done. According to the rules we are on clause 32. The hon. member for Winnipeg North Centre says he wants to discuss other things. It is not I who conducts the proceedings, and I am being criticized by the hon. member for Saskatoon-Biggar. The other day on television I heard his leader telling the nation that we do not want to discuss RRSPs and other provisions in this bill. The hon. member for Winnipeg North Centre has just proposed that we do that in this House, but who do I see getting up? The hon. member for Saskatoon-Biggar! He says he does not want to talk about RRSPs and so forth, but his own leader was complaining on television last Saturday that we do not have the time to discuss those things. I would rather respect the judgment of the hon. member for Winnipeg North Centre than the judgment of a person who does not even listen to his own boss.

I will abide by the rules of this House, as I always do. I have not said anything so far, and I do not even want to comment, but I think we should respect the wish of the hon. member for Winnipeg North Centre, who wants to discuss a very important item in this bill which needs some explanation. I would like to give that explanation to the House and, in so doing, meet the wishes of the Leader of the Opposition, which are not the wishes of his cronies in the House of Commons.

Mr. Railton: Mr. Chairman, I want to support the opinion of the hon. member for Winnipeg North Centre that we should discuss the provision regarding registered retirement savings plans before this bill is completed. That is very important to many of my constituents. I have one or two letters which I could show Your Honour right now, but the main thing is that this provision be discussed because I believe there is an injustice which might be corrected. I am sure the Minister of Finance will do so. The important thing is to discuss the bill clause by clause, and in particular clause 34.

[*Translation*]

Mr. Lambert (Edmonton West): Mr. Chairman, I wonder why we have all that hullabaloo. It is very simple; my colleague from York-Simcoe asked you if you were ready to rule on my amendment. You did yourself ask the House to defer the debate on clause 30 in order to have time to consider my amendment. So let us come back to my amendment. That is what was deferred. Since your ruling is ready, why do you not make it known to us so we can carry on our discussion on clause 30?

The hon. member for Bonaventure-Îles-de-la-Madeleine is going on an adventure when he talks like that. So, Mr. Chairman, if possible I would like to hear your ruling on my amendment now so that we can consider it at this time.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I wonder if I may make a suggestion which might be a bit of a compromise. I suggest that we consent to Your Honour's suggestion that you now give the ruling on the amendment to clause 30 so that we will know whether that amendment is before us, but that we then go back to clauses 32, 33, and 34. I am quite prepared, after clause 34 has been disposed of, to go back to the earlier clauses, but I remind hon. members on this

side of the House that we are under closure, and if we go back to clause 30 now, the chances are we will be on it all day and never get to anything else. I do not think that is a responsible way to operate.

The Chairman: Order, please. This is not necessarily a question of being prisoner to my decision but a question of being prisoner to our rules and precedents. I refer the hon. member to citation 401 at page 283 of Beauchesne's fourth edition, which reads as follows:

● (1532)

The consideration of a clause may, on motion made, be postponed, but the motion may not be made if the clause has been amended. A postponed clause is, in the absence of an order to the contrary, considered after the other clauses of the bill have been disposed of and before new clauses, if any, are brought up.

So this citation answers both points. If I were to accept the suggestion of the hon. member for Winnipeg North Centre and if my ruling were to accept the amendment, clause 30 could not be postponed, if I interpret the situation correctly. I am at the disposal of the committee. If I were in the chair and acting as Mr. Speaker, the situation would be different; I could delay orders of the day. But we are now in committee of the whole and we have before us consideration of clause 32, so my only alternative is to obtain unanimous consent of the committee to allow me to give a ruling on clause 30.

Right now we are on clause 32. My suggestion to the committee is for representatives of the parties to get together and try to seek agreement as to the time at which I could give my ruling, but at the same time hon. members will have to take into consideration whatever effect this ruling might have after it is made.

[*Translation*]

Mr. Pinard: Mr. Chairman, I want to say that there are 59 clauses in this bill, that we have studied only 31 of them, of which three are standing, so that only 28 clauses have been approved up to now. So I think the wisest way to proceed is the one suggested by Beauchesne himself, to study the following clauses, and if the opposition is really interested in going back to clause 30 which they have been discussing here for months, we will do it when the time comes, and the opposition will just have to go faster in passing the remaining clauses. We are now at clause 32 and we do want to study clauses 32, 33, 34 and so on.

The Chairman: Obviously, even if this has nothing to do with the Chair, I must say that there is a constraint of limitation of the debate in committee. I hope hon. members will also keep that in mind.

[*English*]

Mr. Stevens: Mr. Chairman, I was going to remind members of the committee of just what you have stated, that we are under a time allocation. I think there is a certain concern that we might not have sufficient time to consider other clauses, such as the ones dealing with registered retirement savings. I would suggest that we take up your suggestion of trying to have the parties work out some solution to this.

I can speak for my party when I say that we are not looking for further prolonged debate on clause 30. We feel basically that the amendment to it should be considered, and so should the clause itself, but probably from our standpoint not much more time than half an hour would be needed to dispose of both the amendment and clause 30, and we could then go on to clauses 31, 32, and so on. I say this because surely the committee will agree that the most controversial clause in this entire bill is clause 30, and if, because of closure, we are not even able to dispose of clause 30 in committee of the whole, it will be a most strange situation. I suggest that we not forget that when we were on clause 1 the Minister of Finance refused to answer questions on clause 30 beyond a certain point. Here we are in the ridiculous and ludicrous situation in which, on Friday, having finally reached clause 30 to which an amendment was proposed, on which a ruling is to be made as to whether or not it is admissible, the committee might well have to dispose of the bill because of closure without having at all considered clause 30.

Mr. Chrétien: Mr. Chairman, I think the hon. member has said something that needs to be corrected. When we were on clause 1, I entertained and replied to many questions on clause 30. You might remember, Mr. Chairman, you rendered a decision that I should answer, if I wanted to, questions on any of the clauses even though we were on clause 1, and I answered many questions on clause 30. Some which were too specific and not confined to the ruling of the Chair I did not answer, but I took a lot of time replying to questions on clause 30, and we spent practically all day Friday considering clause 30.

If we had not come across an amendment on which the Chair was to give a ruling, we would still be on clause 30 today. Members of the opposition can only blame themselves for the situation in which they find themselves today. Today we should go on to consideration of clauses 32, 33, and 34, and the hon. member for Winnipeg North Centre stated that he had some questions on clause 34, and so does the hon. member for Welland.

I am surprised that hon. members are at last willing to collaborate with us and come to some agreement, after 22 days of trying to come to an agreement on this. We have had to impose time allocation because opposition members have not agreed to anything, but now because they find themselves in a difficult procedural situation, they want us to bail them out. If they want to, we are willing to deal with them.

Some hon. Members: Oh, oh!

Mr. Stevens: You bail us out?

Mr. Towers: Mr. Chairman, I rise on a point of order. First, let me say that if the hon. member for Welland wanted to make sure that he had an opportunity to speak on clause 34, the easiest thing he could have done was to ask his leader to revoke closure and thus allow ample time for discussion of the

bill. One of the things I deeply resent, coming as I do from the province of Alberta, is the disregard by this government of the people of that province, because this point is of fundamental importance to the residents of Alberta, and for this bill to be passed not knowing whether or not the amendment is acceptable is abhorrent to people in Alberta. I hope, sir, that you will extend that courtesy to the residents of Alberta and at least rule on this amendment, thus affording us the opportunity of knowing exactly whether or not the amendment is acceptable.

The Chairman: I appreciate the invitation of the hon. member and I am ready to give my ruling, but according to the rules I would have to go back to consideration of clause 30, which can only be done by unanimous consent, and there does not seem to be consent. Is there consent to reverting to clause 30?

Some hon. Members: Agreed.

Some hon. Members: No.

The Chairman: There does not seem to be consent.

Mr. Ellis: Mr. Chairman, I rise to speak on clause 32, but if there are more arguments, I will yield.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I rise on a point of order. May I suggest that we give unanimous consent to reverting to clause 30 at five o'clock? What is wrong with that?

Mr. Alexander: The Liberals are sure to find something wrong with it.

Mr. Baker (Grenville-Carleton): Mr. Chairman, in keeping with the representation that was made a few moments ago by the hon. member for York-Simcoe, and applying it to what has now been said by the hon. member for Winnipeg North Centre, I think we should ensure that the balance of the clauses are dealt with and that there be ample time also, within the limited time created by the fact that we are now under closure, to have the matter dealt with. I hope you will put the question to see whether there is unanimous consent to deal with it in that way. I think it would solve most difficulties and allow the committee to proceed with other matters as well as deal with clause 30, and also give you sufficient time with respect to your ruling, which might be helpful.

Mr. MacFarlane: Mr. Chairman, I wonder whether opposition members could give us any indication of the time which we would be spending on debate of clause 30. Will we be stuck on clause 30 and have no opportunity to revert to the other clauses on which some of us wish to speak? We recognize the importance of clause 30, but there are other clauses on which some of us might want to speak, and if we revert to clause 30 at five o'clock is there any kind of agreement that we will complete consideration of that clause in time to allow us to proceed to other clauses?

[Mr. Towers.]

• (1542)

Mr. Baker (Grenville-Carleton): Mr. Chairman, I hope the hon. member for Winnipeg North Centre agrees with what I am about to say. The suggestion of the hon. member for York-Simcoe was not an idle one. Consideration of that clause would not extend beyond 30 minutes. Perhaps we can deal with it commencing at five o'clock.

Mr. Chrétien: At this time the parliamentary secretary is talking with the opposition. There is a lot of time remaining between now and five o'clock. We can proceed with the consideration of clauses 32, 33, and 34. If an agreement can be reached, we will go along with it. I cannot change the rules of the House. Hon. members on this side would like an opportunity to ask questions on clauses other than clause 30. We have been already two days in committee on clause 30. Actually I do not mind. I am here, in any event. It is easier for me to return to clause 30, because I have dealt with it during the last two months and know it well.

Mr. Ellis: Mr. Chairman, on clause 32, can the Minister of Finance indicate how long the $750,000 rollup provisions were in effect prior to the April 10 budget?

Mr. Chrétien: There have been changes from year to year. We started at $200,000 and moved up to $400,000. Now we are at $750,000. I can provide the hon. member with different dates, but I think $750,000 was introduced in the April, 1977, budget. In any event, I can provide the hon. member with an answer later.

Mr. Ellis: My understanding is that the actual implementation date for the $750,000 rollup was less than a year ago. I have read the details of the debate on Friday afternoon. I notice the rather incriminating comments of the Minister of State for Small Business. Does the Minister of Finance feel that anyone could actually plan a merger when the rules change so quickly? On Friday afternoon there were some rather sarcastic comments about slick operators. I am talking about bona fide companies and firms of chartered accountants which are in excellent standing throughout the country. Are they being accused of slickness because they used rules which were less than a year old when mergers were planned?

Mr. Chrétien: Dealing with this question, I should like to explain to the hon. member that the $750,000 maximum accumulated profit was granted in 1976, and not 1977. That rule is not being changed at all. In clause 32 we are attempting to block a possible loophole where people in holding companies can multiply the $750,000 by ten, and manage to get $7.5 million out of a corporation before being taxed at the higher rate. We want to prevent people from taking money out of holding companies at the small business rate, which makes no sense when the amount accumulated is up to $7.5 million. We are not changing the $750,000, which was included in the 1976 budget. It is being maintained at that level, but we are attempting to plug a possible loophole right away so that there will be no duplication of that privileged rate through holding companies.

Mr. Ellis: Mr. Chairman, I suggest a change is being made. Obviously that is so. This clause is not included for no reason at all. To change the $750,000 rollup on the premise that some companies might take advantage of it seems unreasonable. Why in Heaven's name was it put there in the first place, if companies were not expected to take advantage of it? If the dividend rollup is allowed, there is no suggestion that those dividends can get into the hands of individuals without tax being paid. It merely rolls into the corporation. If the corporation puts those dividends in the hands of individual shareholders, of course they are required to pay taxes on them. If the department did not intend this provision to be used, then it should not have been put in there in the first place, because it misleads any competent company which is attempting to deal with this act.

Mr. Chrétien: On Friday afternoon I gave lengthy explanations, one in English and one in French. It was to ensure the $750,000 rule applies to small business. This clause is to prevent abuse by people who could form holding companies in order to get more profit at a lower rate than they are entitled to according to the act. Small businesses will have complete freedom to use this provision to the maximum. It was just an attempt to plug a possible loophole.

My explanation on Friday was rather technical. I suppose I could read it again, but I advise the hon. member to read it. Small businesses are entitled to have $150,000 of profit in a year at the low rate, up to an accumulated amount of $750,000. There is no problem with that. In theory, the people who invest up to 11 per cent of the shares of a corporation could get an accumulated amount up to $7.5 million at the low rate out of that company. We do not want people to use rules, established for the protection of small business, in order to pay lower rates than they should pay as big corporations.

Mr. Ellis: I read the explanations of the minister in both languages. I am sorry the minister does not understand the problem.

Mr. Chrétien: I do.

Mr. Ellis: I would not have used the word "technical" with regard to his explanation. I would have used the word "convoluted". It sounds to me as if the minister is attempting to ensure that small companies cannot get together and become big companies. It is tremendous to have various provisions for small businessmen, but I think this is an attempt to prevent small businesses from becoming big businesses. There is nothing wrong with big business.

Mr. Chrétien: Mr. Chairman, there is nothing wrong with big business, but it should not have the advantage of the same rate of taxes which small business has. That seems to be the only point of difference between the hon. member and myself. We have decided to give a preferential rate of tax to people in small business. When these people go from the small league into the big league, they are required to pay big league tax rather than small. Any company which has achieved major league status must abide by the rules and regulations affecting big companies and not small ones.

Mr. Ellis: I am at a loss to understand where a distinction between big and small companies was made in the original legislation. As I clearly recall, when this $750,000 roll-up to corporations was put into effect there was no restriction as to big or small business, it was for all business. Evidence to support that it was for all businesses lies in the fact that certain varying sized corporations have taken advantage of it. Now we are being told that if a business is too big it cannot take advantage of this. It seems to me that is clearly a discrimination against small businesses growing to be big. I cannot help but think that this particular clause is one that discriminates against and is prejudicial toward the growth of Canadian companies.

• (1552)

Mr. Chrétien: Mr. Chairman, the rule in respect of $750,000 is a rule which makes a distinction between the small and the big. When you have accumulated more than $750,000 in profit you have changed leagues. You then go to the rate that applies to big business. You can make $150,000 profit per year, up to an accumulative amount of $750,000. When you reach that level in five or ten years, you are taxed at the rate that applies to big corporations.

I think what the hon. member wants is a rate of taxation for all corporations, big or small. We have made a distinction for years between small and big. At the time you have accumulated $750,000 in profit you are no longer in the small league. At that point you are beginning to be a big guy and you have to take the responsibilities of the big guys, and that means you have to pay your share of taxes.

Mr. Ellis: Mr. Chairman, just to conclude very briefly, the minister made a point a moment ago about trying to save taxes because of the $750,000 limit which puts you into the big league. It seems to me there was a commission report just recently which agreed that perhaps some of those corporate taxes could have been reduced. I am not making a case for that right now. I want to ask the minister one final question. He makes the point that ten companies could in fact roll-up $7.5 million. If nine companies rolling up that much is something too big, and one is too small, is there an area in between of say, two, three or four companies with which the minister might agree?

Mr. Chrétien: The answer is no.

Mr. Huntington: Mr. Chairman, I have just a few questions on clause 32. I realize and understand the necessity of plugging a loophole with this clause, a loophole that would greatly extend abuses in respect of the $750,000 allowance. Is the minister aware that the amendment means that shareholders of connected corporations will have to reach an agreement in order that the 25 per cent allowance can apply on an on-going basis to the $750,000 limit? In other words, does he realize that if there is not a complete shareholder agreement that a

small business, through the lack of ability to get that agreement, will start to lose the benefit of the $750,000 accumulative allowance? There is a definite problem here, and I hope I am explaining it properly.

Mr. Chrétien: Mr. Chairman, I think that when the shareholders cannot agree, this represents a problem that they must work out among themselves. We cannot intervene at that level of their operations. There are rules and they know the rules. If there is a need for them to agree, then they have to agree. Of course, sometimes when there is a need for agreement like that, one shareholder can use that in order to bargain something for himself. That is always a possibility in what we call free enterprise.

Mr. Huntington: Mr. Chairman, in his answer the minister has explained quite capably the point I was trying to make. This amendment adds an unbelievable depth of complication to an already complicated measure. For some reason or other the minister seems to think people in small business have unlimited resources of earnings and funds with which to hire the best accountants and lawyers in the land in order to understand this legislation. I suggest that further amendments are needed on this point, and that probably when the next budget is brought forward, no matter which party is in government, it will have to contain such amendments.

I also suggest that the Minister of Finance will have to contact his colleague, the Minister of National Revenue, in order to conduct an extensive advertising campaign, because the people in the small business community will definitely not understand the rules being created by this amendment, in spite of the fact that the minister is plugging a loophole, and fully understand the necessity. I suggest it is for this reason that closure in respect of the previous budget measures and those of this budget does a great disservice to the people of Canada. Because of the limited time, we are leaving unsolved those things in respect of which some of us perhaps might have input and might help to resolve.

Right now the minister is closing the loophole, and I understand the need for that, but he is leaving open wide areas of confusion which require further explanation. These are areas which small businesses, particularly in terms of cost, are not going to be able to understand. This is one of the reasons I speak with some impatience about time allocation in respect of this debate.

Mr. Chrétien: The hon. member is making a point with which I agree. I did not have to adopt a time allocation only for my own pleasure. If hon. members on the other side had agreed with this hon. member that there were some very important clauses to be dealt with in this bill they would not perhaps have taken fifteen, sixteen, or seventeen days at second reading, allowing only a few days for study in the committee. This is a problem we are now faced with, as a result. We do not have unlimited time in this House of Commons in which to pass legislation. Because it suited the political purposes of some hon. members to drag this bill out in time, we are now faced with this problem of proceeding on a time allocation. This is not a problem of my creation.

If opposition members had agreed to two or three days debate on second reading, as is normal, we might have used the rest of the time on a clause by clause study. What frustrates me in this regard is the fact that this hon. member is one of a number of members who look at problems with the idea of finding solutions, and some of the things that he has suggested make a lot of sense. I do not have time for prolonged consideration now because I spent all my time listening to speeches at the second reading stage.

I agree with the hon. member that this is a complicated clause and is difficult to understand, but I am quite satisfied it will not create the type of problem for small businesses to which the hon. member has referred. Most small businesses are not associated with holding companies and are not trying to take advantage of this measure. I think that applies to the great majority. What we are doing here is making sure there are not big buys with holding companies who are trying to get the favourable tax rate which applies to the small business. That is the only purpose of this amendment. If this creates the kind of difficulty the hon. member envisages, I will be the first one to recognize that he had a valid point.

We have to proceed with this bill, and now we have only three and a half hours left. It is not me who has created that difficult position in which we find ourselves. It was created by the opposition members who decided to forget all about the clauses of the bill and make general political speeches. Now they are a bit embarrassed in finding themselves trying to bail out the PQ who two weeks ago agreed with me and last week did not agree with me. I am just reporting the facts. The PQ have slandered themselves so badly they are just wishing I would bail them out, but I will not.

Mr. Huntington: Mr. Chairman, that filibuster by the Minister of Finance is just about as disgusting a display as you can get in a committee that is under time allocation. I want to remind the Minister of Finance that in the debate on second reading of this bill the Liberal members have had all kinds of opportunity to give input to the government, opportunity that the members in the opposition, no matter in what party, do not have. This is our opportunity to question the minister's decisions and the advice the government is getting. I have never seen a tax bill in my short history in this House that has as many false statements. It still has loopholes and flaws that need to be corrected.

• (1602)

It is closure and not giving us the time to explain and explore the bill that causes the problem. We do not have unlimited resources, unlimited mandarins, and unlimited academics feeding us. We have to work and dig, and I lose my patience when I hear speeches like that of the Minister of Finance.

Mr. Chrétien: The hon. member is being unfair to the members on this side of the House. The tax bill, according to

the rules of this House, is not to be debated before it is tabled in this House of Commons. Some members on the other side have faulted me on that ground because I talked to the provincial ministers of finance before the budget. The members of my party do not have an opportunity to talk about the tax bill beforehand. The only occasion they have is when we are in committee of the whole. As in second reading, the time in committee of the whole has been taken up much more by the opposition. The members on this side of the House are very able and sometimes can make better contributions than the hon. members opposite.

Mr. Stevens: Mr. Chairman, before I raise a couple of questions on clause 32 I hope the minister will not forget when he cites the number of days the various debates have taken with respect to this bill, that the hard truth is his own followers used up 35 per cent of the time at second reading when this bill was before the House. To say that we used up the time and that he had no alternative but to bring in closure, both at second reading and at committee of the whole, I would say is certainly not constructive, remembering that we now have only a few hours left due to the closure brought in by this minister.

Following my questions on clause 32 on Friday, I was wondering if over the weekend the Minister of Finance had any better luck in determining just how many small businesses may be caught with the new change. The thing my party is concerned about is that this provision was put in place presuming that many people would take advantage of it, and we initially felt that it was desirable. However, people have invested capital in small businesses only to find now that the ground rules are being changed and that the dividends they normally expected to get back from the small business still may flow, but if they do flow they will no longer be treated as a credit against the cumulative dividend account. In short, the small business may run over the $750,000 basic limit which they were given in the initial proposal. How many small business corporations are we likely talking about? Even a ball park figure would help.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I answered several times last Friday that we do not have an exact number. Moreover the intention underlying this clause is not to prevent small businesses from taking advantage of the preferential taxation level. This amendment will not prevent any small business from taking advantage of the preferential taxation level. This amendment will not prevent any small business from taking advantage of the tax rate it has to pay. What we want to do is prevent "holding companies"; there is no French equivalent, Mr. Chairman; I looked it up in the Larousse dictionary before coming into the House. This expression is an English creation, I imagine. We do not want large businesses which have larger tax responsibilities to benefit from the preferential tax rate for small businesses through holding companies. This is what we are seeking. We do not want to penalize any small business, and I think the impression created by the hon. member when he expresses himself in this manner does not reflect the truth.

[*English*]

Mr. Stevens: Mr. Chairman, our concern, which I have already expressed, is that there are many small businesses in this country which are able to win new capital funds from corporations that felt they would like, first of all, to invest in a small business and, secondly, that that small business would be free to pay dividends upstream to the corporations as they saw fit without impairing the position that small business is in if they were, for example, to pay that dividend to an individual. What I am trying to determine, having now got various investors such as I have described locked into position, is if the government could indicate the parameters of what we are talking about. Is it simply a hypothetical theory we are speaking of, these situations as the minister has indicated where there may be ten holding companies and they are all taking dividends upstream and that, rather than have a $750,-000 limit, it could well be $750 million? Does the minister know of a concrete example and, if so, how many?

It is most unfortunate that venture capital has not been facilitated by this government to a much greater extent than has happened to date where small businesses are concerned. If this provision has been working well and if small businesses have been picking up capital in the way which I have described, I think it is most unfortunate that we now have the minister saying, "Oops, we made a mistake, there is a loophole there. We didn't really realize that corporations might take advantage of this type of investment and now we are going to plug the loophole." It is most unfortunate if, in plugging the loophole, they detract from the flow of capital which might ordinarily go into small businesses.

[*Translation*]

Mr. Chrétien: Mr. Chairman, the hon. member is asking me how many companies proceed that way. I do not know the exact number, but I know several companies have started using that tax evasion method. During the numerous consultations my officials have had with the community of fiscal advisers, expert counsel, accountants or consultants, they found out that tax evasion method was about to become abnormally prevalent and that is why they have decided to take immediate steps to put an end to that trend before it gives way to excessive abuses. Obviously, Mr. Chairman, we have no intention, as the hon. member for York-Simcoe would like to make believe, to prevent larger companies from investing in small businesses. They will have a right to do so and I will even say we hope they will do so increasingly. We just want to make sure they will not invest in small businesses to avoid paying the taxes they should normally pay.

[*English*]

Mr. Stevens: Mr. Chairman, I would like to give the minister an opportunity to correct what I think he unintentionally put forth, which is a terrible smear on people who have taken advantage of this section. The minister said that it was a tax

evasion. Tax evasion is a criminal offence, and I would like to give the minister an opportunity to correct his words to tax avoidance, if that is really what he meant.

Mr. Chrétien: Mr. Chairman, I am extremely embarrassed because I do not recall my exact words in French. I understand the difference between the English meanings of evasion and avoidance. I was referring to avoidance when I was speaking French, but I do not know what the translator may have done with my comments. The word is avoidance and not evasion.

Mr. Stevens: Mr. Chairman, I thank the minister for clearing up that particular point. I will approach my question in this way: bearing in mind that in order to preserve the special tax small businesses can enjoy under this provision, no shareholder—certainly, no public company and no corporate shareholder—can own over 49 per cent of a small business. For example, if a public corporation took 51 per cent of a corporation which no longer has small business characteristics—and bearing in mind that all of the investments we are talking about by definition must be minority investments in the sense that, even if they are corporate, they cannot hold over 49 per cent of the company that they are investing in, would the minister indicate why they have made this section operative only from April 10? I can see the effects if they feel there is a loophole and they have made an error.

● (1612)

I can see some excuse to say that after April 10, if a person makes an investment in a small corporation, the dividends that are paid by that small business corporation upstream will not be eligible as far as the credits on the $750,000 cumulative dividend account are concerned. I think that would be much fairer to those who have taken advantage of the income tax provision in good faith and who are now finding the dividends that they were anticipating no longer will be payable because of the retroactive effect of the amendment the minister is proposing.

Mr. Chrétien: Mr. Chairman, I am informed that under the regulations this applies only after April 10. It is not retroactive in the sense that we will not be looking back at what happened in the past.

Mr. Stevens: Mr. Chairman, obviously we can get into a definition of what is retroactive. But let us assume that somebody has invested $100,000 on April 7 in good faith. He put that money in, anticipating that if the company makes a profit and dividends are paid, he in turn will be able to enjoy those dividends, and the small business corporations will not lose the credit they otherwise would get with respect to their $750,000 dividend account.

My understanding of this section, and I hope the minister will correct me if I am wrong, is that as of April 10 what that person on April 7 thought he was getting into has now changed. If dividends are now paid to him at any time after April 10, the small business concern no longer will be able to treat it as a credit against the cumulative dividend account. If that is so, that is why I am saying this is retroactive. It is applying to investments made before April 10 and saying henceforth that all dividends on those investments flowing upstream to some corporate entity will not be treated the same as if the dividends were payable to individuals.

Mr. Chrétien: Mr. Chairman, in my judgment this is a loophole which we are plugging. The hon. member is saying in effect, "make the loophole operative for everyone up to today so advantages taken will be made legal". This is a loophole that we are plugging. The intention of the legislation is clear when we determine that small businesses could accumulate up to $750,000 in profit. I do not understand why the hon. member wants me to unplug it, or plug it only partially. I have no choice; either I plug it or I do not. You are either pregnant or you are not.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Chairman, I only wish this minister was a little more pregnant with some suitable economic policies for Canada.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Chrétien: Mr. Chairman, I rise on a point of order. The hon. member for York-Simcoe has no sense of humour.

Mr. Stevens: Mr. Chairman, clearly the minister has no sense of humour because I meant my comment in the most humorous way.

Some hon. Members: Oh, oh!

Mr. Stevens: To come back to the main point, I believe the government and certainly this minister underestimate the lack of confidence that they generate every time they change the rules in midstream. In their wisdom if they saw fit to change the Income Tax Act to facilitate what is covered in this section, if they thought a loophole had occurred, they should have been content to say that "after April 10 we are not going to allow this to continue any longer. But if people did make an investment in good faith as a result of our provision, the government will not somehow or other retroactively kill the effect of the investment that they have made."

The minister should recognize that if the government is trying to encourage people to go into small businesses, which is a very risky investment area, the government will minimize future forms of encouragement because when people start to move and take advantage of what is a good income tax position, they then remember that back on April 10, 1978, in a similar provision they were retroactively legislated against, and the dividend structure which they thought they were getting into was changed to a less desirable one, certainly for small business. My question to the minister is: does this not concern him with today's lack of confidence in business generally, and with the crying need for more money to be invested in small businesses? Does he not feel he is treating the various people

who have invested in small businesses in a very shoddy way by retroactively catching them, the way he is now proposing?

Mr. Chrétien: Mr. Chairman, we have a bill before this House on small business that is to be dealt with soon. What the hon. member wants me to do is to help the small businesses in perpetuating loopholes, not in favour of small business but in favour of big business. There is a proposition before this House to plug loopholes that could benefit big business. It is not affecting small business.

In another bill which will come before this House after we have finished with this one, we will be discussing small business and this bill will directly help small business, not by creating loopholes but by giving incentives. Here we are plugging a loophole that could benefit big business but will not affect small business negatively. The opposition have it completely wrong. If they want to discuss the positive things that we are doing with small business, let us pass this bloody bill as quickly as we can and we can then go on to the other one. We have been discussing this one a long, long time.

Mr. Stevens: Mr. Chairman, while we are dealing with clause 32, and it is very much an income tax consideration, would the minister indicate why he has hesitated to facilitate venture investment corporations, such as are now in place in Ontario? The minister often takes guidance from the Treasurer of Ontario, and that provincial government has passed legislation permitting investment corporations to invest in small businesses. Why does the minister see fit not to pass the suitable amendments to the federal Income Tax Act in order to make funds going into venture investment corporations comparably attractive, from an income tax standpoint, as they are in Ontario?

Mr. Chrétien: Mr. Chairman, I do not think that this clause has anything to do with venture investment corporations. At this time the Minister of State for Small Business is discussing this concept within the government and outside in the private sector. The government has not yet decided exactly in which form it will be moving in that regard.

Mr. Stevens: Mr. Chairman, when the minister says that venture investment corporations have nothing to do with this section, this is the narrow interpretation which he likes to take. After all this section will put in place a new deterrent to those who would like to invest in small businesses. If he persists in going ahead with it, and if he feels there is some loophole that he has to plug, I think it is relevant that we know to what extent they will facilitate venture investment corporations, because something is needed in Canada to ensure that more capital is generated for investment in small businesses.

Mr. Chrétien: Mr. Chairman, we are doing that just to make sure that those who invest in small business are not out to milk the small business, but to help small business. That is exactly why we designed these sections. I have replied in general to this question close to 50 times. I do not know what I can add at this time.

• (1622)

Mr. Stevens: Mr. Chairman, when the minister says that he has replied to this question 50 times, that is just not true. I asked one question, plus a supplementary question, concerning venture investment corporations. That is all the questioning has amounted to at this point. I have asked all my questions. I am disappointed that the minister has not seen fit to accept at least partially some of our suggestions with regard to clause 32.

For good order, I wonder if the officials and the minister can give us the figures I requested earlier. It was on another clause. At that time they were just doing the calculations. I requested the comparative figures for research and development write-offs, comparing a 48 per cent tax corporation to a 20 per cent tax corporation. I asked that because it was my understanding that the write-offs for research and development as proposed by the minister were much more attractive for large corporations compared to small corporations.

I know the officials have the figures available. In fact I know they have completed their calculations. For the record, I think it would be a good time for us to get them into *Hansard*.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I will be very glad to provide an answer to that question when we get back to clause 6.

[*English*]

The Deputy Chairman: Shall clause 32 carry?

Some hon. Members: Agreed.

Clause agreed to.

On clause 33.

Mr. Stevens: Mr. Chairman, dealing with clause 33 I wonder if the minister can first indicate where this clause is covered under the income tax motions?

Mr. Chrétien: In the first line of the ways and means motion where we talk about "other matters". This is one of the other matters. This is a technical amendment. Technical amendments are always handled in this way. A ruling of the Chair gave us some flexibility there. This is one of the other matters. Further, the hon. member should have wakened up a little bit earlier because this is consequential to clause 5 which has already been passed. I can read the technical explanation.

This technical amendment is consequential on the amendment adding subsection 20(12) to the act provided in subclause 5(3) of this bill, which has already been passed. It adds a subparagraph 126(7)(c)(iii) to the act effective for 1978 and subsequent taxation years. The amendment simply ensures that any foreign income tax which a taxpayer has deducted in determining the taxable income cannot also be claimed as a foreign tax credit.

Mr. Stevens: Mr. Chairman, I do not know whether it is necessary to comment when the minister keeps making partisan remarks. However, when he says we should have wakened

up at clause 5, I suggest that he perhaps tell his own draftsmen that they should have wakened up. He will note there is no mention in clause 33 that is consequential upon the passage of clause 5. Perhaps it is his own draftsmen, if he wants to fault somebody for being asleep at the switch.

In all seriousness, in future when we are dealing with income tax motions, if the minister is going place such reliance on quotes such as "or other matters", I wonder if he could at the time of bringing in that tax motion give us an addendum as to what he intends to include under "other matters". Frankly, it is a disgrace for an income tax motion to be brought in and the minister, under the grandfather clause of "other matters", to be able to make extensive, as he calls them, technical amendments to the Income Tax Act with really no notice to the Canadian public whatsoever.

It is well founded that the whole purpose of ways and means motions or income tax motions is to put the Canadian public on notice as to what the government has in mind with regard to legislation that will be coming down. Nobody would normally expect that clause after clause in an Income Tax Act bill would be tucked in under the guise of saying this is what we meant when we said "or other matters" in the income tax motion.

I ask the minister, in all seriousness, that if he should bring in another budget, and hopefully he will never bring in another one, to undertake to give an addendum to at least the income tax motion to make it clear that in fact they intend to cover such things as "or other matters".

Mr. Chrétien: Mr. Chairman, I do not know what the hon. member is trying to achieve. This has been a common practice in this House for a long time. It has been done this way for years. I do not have to change the tradition of this House every time I bring in a new budget.

The hon. member is trying to create the impression that the public has been misled. This bill has been before the public for five weeks. We have discussed only that for five weeks. For the hon. member now to say there was no mention in the ways and means motion is ludicrous.

This bill has been before the House for five weeks. It is only after five weeks that he thinks of asking questions about this so-called procedural problem which has never existed. The draftsmen have acted in a most proper fashion. It is evident hon. members opposite want to present the hon. member for Winnipeg North Centre from asking questions on clause 34. They are filibustering. I am sorry, Stanley, but there is nothing I can do about it.

Mr. Stevens: Mr. Chairman, when is this minister going to grow up? If he thinks that being elected to this House, certainly to this side, means that we simply rubber stamp every daft piece of legislation that he brings into this House without even questioning him, I hope somebody will teach him a lesson.

We have many questions on clause 34. It is not just hon. members to the left who will have questions. Surely the whole purpose of committee of the whole is to do exactly what we have been doing. I find the more we get to the quick of this minister, the more he likes to become very indignant, trying to get the centre of attention off his own incompetence.

We are eager to get to clause 34 and many other clauses in this bill. If it had not been for closure, we certainly would have done that. To have the minister now stand up and imply that we are asking questions on clauses 32 and 33 simply to delay others asking questions on clause 34 simply is not true.

Mr. Chrétien: Mr. Chairman, the hon. member speaks as though we are preventing them from doing their job while in committee of the whole. There are four members there, while we have 30 on this side. The people will know who has an interest in this legislation.

Clause agreed to.

On clause 34—"*Annuitant*".

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I am glad we have reached clause 34. It and two or three other clauses include the changes the government is making with regard to Registered Retirement Savings Plans.

As I said earlier, and as my friend from Saskatoon-Biggar pointed out, we have had a good deal of correspondence from credit unions and co-operative trust companies across Canada about these changes. In fact I have in my hand a document which comes from my hon. friend's city, entitled "Trust Trends", published by the Co-operative Trust Company of Canada, 333 Fourth Avenue North, Saskatoon.

Mr. Hnatyshyn: Part of my constituency.

Mr. Knowles (Winnipeg North Centre): I had hoped it was not in the other part of Saskatoon and that I would get support from our friends in the official opposition on this matter.

• (1632)

It is not my purpose to ask questions about the whole philosophy of RRSPs or about the philosophy of the changes the minister is making, but it seems to me that some of those who have studied the legislation since the budget speech and the introduction of the bill, have made a few points which are good, and I hope the minister will look at them. The one point on which all the correspondence I have received agrees had to do with the proposal for taxing funds which had been placed into an RRSP, at the time of the death of the planholder if he had not converted it into an annuity, or at the death of a planholder's spouse.

I propose to read a couple of paragraphs from a document I have in my hand because I think they make the point better than my own words:

> Under current rules, it is the recipient of the RRSP funds who is taxed when the planholder dies. It is now proposed to include the RRSP funds on the planholder's final income tax return.
>
> This means taxes could be even more severe than if the planholder had withdrawn the funds in a lump sum before he died, since such items as salary, capital gains and accrued investment income must be reported on the same return.

Two or three paragraphs in which examples are given follow. I do not propose to take up the time of the committee by reading the examples but I have checked them and they seem to be valid as I understand the legislation. They make it clear that the tax on a fund the planholder might leave, say, to two children, is much greater under the new arrangement than under the old.

The whole purpose of tax legislation in connection with RRSPs was to encourage people to put money away to add to their retirement income. Along with that goes the right of such a planholder to leave any funds he may have acquired to his spouse, his children or other heirs. Now the minister is changing the taxation rules to make the tax more severe than it would have been had the planholder taken his money out before he died, which seems unfair.

The document refers to a few other matters. One is under the heading of fixed term annuities; another is in connection with the fact that rules governing the registered retirement income fund have not yet been produced. Then there is a complaint about the age at which an annuity might begin; it has been the rule that an annuity must be taken out not later than just before the planholder was 71. Now the additional rule is that no annuity can commence before age 60. I should like to have the minister's comments on these points, but the one which appears most important to me is the provision which would tax on the death of a planholder any funds he left in such a way that the value of what he leaves to his heirs in that year is seriously reduced.

It seems to me the minister has done something without thinking it through. I am sure he has received more correspondence on the subject than we have, and I hope that today he is in a position to offer some correction or assurance that the matter will be looked into. I might add that this is why I was anxious to arrange our business in such a way as to enable the committee to deal with this clause, clause 34, which begins on page 37. The offending parts of the clause are between lines 20 and 30 on page 42. I hope the minister will tell us what he intends to do to meet these just complaints.

Mr. Chrétien: I thank the hon. gentleman for giving me occasion to say something about this clause. Earlier in this debate the hon. member for Assiniboia raised a question with regard to it, and I have received representations on the matter from many members of parliament, credit unions, and elsewhere.

There is a problem here and I do not think I am in a position to find the proper solution right now. This is an arrangement under which we are seeking to give more flexibility to a person who retires. Previously he had to transfer his RRSPs, either in cash or in the form of a life annuity, at age 71. We are now establishing a new system which will offer more flexibility. At the same time, there will be an accumulation of funds. We want to help the retired person and his spouse to benefit from accumulative savings through RRSPs for the rest of their lives, but we have to take into account the effect on beneficiaries.

The department has received a number of representations on this complex issue, but I have to say it is my intention to examine the subject further and, after discussion with the credit unions and others who have an interest in the matter, to find a solution. I do not believe I can correct this situation at this late stage in the bill. However, if other hon. members want to make representations to me I am willing to listen to them and answer their questions. But I am not in a position to provide the House with appropriate solutions in such a short time.

Mr. Knowles (Winnipeg North Centre): I appreciate the minister's recognition of the fact that there may be a problem which ought to be considered. This being the case, I wish he would find some way of dealing with it before the bill is passed, because once the bill is passed it will be hard to change the situation by regulation.

I agree with him that the government has to be careful to see that this means of avoiding taxation is not abused. The purpose of the RRSP set-up is not in order to enable people to save money for other purposes than retirement—to give it away, for example. But where a person puts money into an RRSP and dies before he gets the chance to put it into an annuity, he should not be considered as committing some sort of abuse. He is not trying to filch money from the treasury by dying. In such a case, it seems to me, the money he leaves should not be treated any worse as far as taxation is concerned than it would have been had he taken it out and paid the tax on it. I hope the minister will find a way to meet the pleas of the credit unions on that point.

Mr. Chrétien: As I understand the situation, we are not making it more difficult for a planholder who dies to pay the taxes he would have been obliged to pay had he decided in the same year to withdraw his funds under his RRSP. The hon. member realizes that when a person dies he has to meet other tax liabilities associated with the winding up of his affairs. There is a question regarding capital gains which come to fruition and so forth. That is an added complication, and that is why I would like to study it very carefully. In fact, we have received the letters which have been circulated by credit unions, mainly in western Canada, but what the credit unions mean is not very clear.

● (1642)

This is a matter which needs some study and clarification, but we do not think that with the introduction of RRIFs we are compounding the problem of a person who has an RRSP and dies. Either you take it out or, when you die, you have to pay the tax in that year. We are not adding to the problem. If when a person dies he has other assets which are considered revenue that year, that is a different problem which could jack up a person's revenue and increase the amount of tax to be paid. However, the law has not changed. It was like that before.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I would like to ask the minister one other question, and then I

shall be glad to let others carry on. Is the Co-operative Trust Company of Canada, which has its head office in Saskatoon, not correct when it says that under current rules it is the recipient of the RRSP funds who is taxed when the planholder dies, whereas under the new rules RRSP funds will be included as part of the planholder's final tax? Is it not that which makes the difference? Let us not mix this up with RRIF's. Let us stick to RRSPs. Is that not the change which is being made by the clause on the middle of page 42, and could that not be corrected?

Mr. Chrétien: Mr. Chairman, I think that the interpretation of the hon. member, generally speaking, is correct. This is a very complex issue which has been raised by credit unions, and we want to get in touch with them to try to clarify the nature of the problem. We were made aware of this only in the last few days. The credit unions are aware of the difficulties there are with interpretation and with a modification of this situation. I want the hon. member to understand that I am willing and eager to undertake that this problem will be reviewed. By the time we have another piece of budget legislation, probably within a year, I think we will change this situation, but we need to have consultations, discussions, and analysis before we can come to a fair solution to the problem raised by the hon. member and others.

Mr. Railton: Mr. Chairman, I have nothing very new to add to the remarks of the hon. member for Winnipeg North Centre, but I would like to know if the change he wants, and the change which is being considered, is just for a person who has an RRSP fund and dies, but who has not converted it into an annuity because of early death. Is that the lump sum which would be taxed at death? It is my understanding that in most cases spouses share the same plans, and when one dies, the other takes on with the annuity. I do not understand how registered retirement savings plans could be made out properly in any other way. I would like to have that cleared up.

The other thing is that in a general discussion of such things as retirement savings plans, capital gains, and even in insurance investment question, which was causing so much consternation two or three months ago, it seems to me that the reason all these plans are taken out is to provide for individuals at retirement and also to provide for their immediate families who may suffer or who may not have had the good fortune of having retirement savings plans, insurance, or a chance to have capital gains. I think all those things should be looked at by the Minister of Finance because when it comes to a man's death, his immediate family should be provided for. That is really what any normal parent is concerned about, so this should also be looked at in the same way.

Mr. Chrétien: Mr. Chairman, I will just take note of the remarks made by the hon. member. They will be very useful to us in the consideration of the problem.

Mr. Epp: Mr. Chairman, I would like to question the minister on clause 34 as well. I agree with the representations made by the hon. member for Winnipeg North Centre, except possibly for one point. I detected that the hon. member felt that it would be quite in order literally to tax away a person's inheritance. I think that inheritances should not simply be taxed away. Inheritances are accumulated assets for families.

[Mr. Knowles (Winnipeg North Centre).]

However, before we get involved in this discussion, I point out that while other hon. members do not find tax laws complicated, I find them extremely complicated. The minister now says he wants to consult. There have now been representations from caisses populaires, credit unions, and insurance underwriters. They want to know now. This is the minister's legislation. It is not our legislation. The minister spends a lot of time telling us that we have spent a lot of time on this bill. Whether that argument is right or wrong, really is not the point. By the very fact that the minister comes into this House with legislation, he should know the answers. That is his job. He now tells us to pass this legislation, which could have far-reaching implications for people who have RRSPs and, frankly, that is not good enough because I cannot go back to caisses populaires, credit unions, and to other people who hold RRSPs and tell them that they will be taxed at a higher rate than they were before, that the minister has changed the rules of the game but that it is all right because the minister will make some changes after consultation. That is just not good enough.

If we go back to the March 31, 1977, budget, the minister will recall that his predecessor decided that the tax man would literally remove from widows the small annuities and the small RRSPs they were going to get. This minister is not reaching with a long arm into people's graves and taking this money out, but he is still going to get part of his death tax back. I ask the minister whether we are not going from fair taxation to confiscation of property and assets. I really believe we are moving more and more in that direction.

People purchase RRSPs to get tax breaks. That is tax avoidance. There is nothing wrong with that. That is good financial management of one's personal affairs. People also purchase RRSPs to make sure that their immediate families have a certain income. I suppose we could all say we should not save or prepare for the future. We could decide not to worry about our families, and let the government take over. That is not the way I want to live, and I do not believe that is the way the majority of Canadians want to live. If people want to save for the future, I believe they should be commended, and not penalized, but that is what is happening here.

RRSPs have been created. People pay into them. In other words, they defer their incomes, and now the minister is saying that he will tax them away at a higher rate than before April 10. I may be wrong, and that is why I am asking the minister about this. I intend to read this clause again. I want to ask if this interpretation is correct.

● (1652)

I will read again from the document of the Co-operative Trust Company of Canada which was used by the minister and the hon. member for Winnipeg North Centre. It reads:

Under current rules, it is the recipient of RRSP funds who is taxed when the planholder dies. It is now proposed to include the RRSP funds on the planholder's final income tax return.

I want to ask the minister whether or not that statement is true?

Mr. Chrétien: I think the hon. member for Welland described very well what an RRSP is. It is not a scheme to avoid taxes but rather a scheme to ensure we have enough revenue when we retire. The creation of RRIF under this bill is to give greater flexibility to people. At present, when a person reaches the age of 71 he has two choices: he can either cash in his RRSP on which he has to pay the same level of tax as on his income that year, or he can buy a life annuity. Now we permit him to buy RRIF which will allow him to average out the money over a period of years and pay taxes accordingly.

We are not changing anything when the RRSP is in the hands of the holder or when the money goes to his spouse. The change occurs only when it goes to a third party, such as children, at which time it is taxed at the same rate as the original holder was taxed prior to his death. We recognize that there are some problems here and we are willing to consider them. However, with the permission of the committee I should like to read the technical explanation which sometimes, although not always, clarifies the problem.

The new alternatives for RRSP funds, that is, the RRIF, and the term annuities, require the government to reconsider the alternatives available to heirs of a deceased annuitant under RRSP. These two new alternatives for retirement income, and the extension of the guaranteed period for life annuities, mean that much larger amounts will be passed on to heirs than under the existing system. Now the holder has to cash it or buy a life annuity. The existing system permits only life annuities with the guaranteed term being not in excess of 15 years. Under this system the passage of RRSP funds between generations of untaxed funds was minimal.

The RRSP mechanism is to permit our citizens to provide for their retirement and the retirement of their spouses. It is not intended to encourage the creation of estates. Therefore, the decision was taken that the tax benefit enjoyed by an RRSP annuity holder during his life should be accounted for on death, except to the extent that the benefits accrue to his spouse. This is in accord with the general scheme in the Income Tax Act which allows property to be transferred on a tax free basis to a spouse, but taxes transfers of property to others.

I want to explain again what I said before and what I read. The RRSP scheme is to permit a person to accumulate funds for the time when he retires. It is not, as the hon. member for Provencher led us to believe, a way of accumulating wealth to be passed on to children or to third persons. It is a tax break which a person receives during his life so that when he retires he can cash it in and pay tax on the money, and at 71 years of age again he can either cash it in and pay tax in one shot or buy a life annuity. Now there is flexibility, but we do not want a system to develop so that RRSP will become a way to avoid taxes. It is not designed for that. It is a way of accumulating assets, and the tax will be paid at the time of retirement. That is why we must make a distinction between an estate and money accumulated through RRSP.

Mr. Epp: Can the minister now answer my question?

Mr. Chrétien: I think that in the very good explanation I gave I must have given an answer to the hon. member's question.

Mr. Epp: My question was as follows: if a policyholder dies, is the amount of the policy calculated as income on the last year that that person filed income tax?

Mr. Chrétien: Yes, if it is somebody other than the spouse.

Mr. Epp: That is what I wanted to know. The minister was not clear about the two terms. I am wondering whether we are not simply arguing about words. On one hand the minister says it is an asset, and on the other hand it is not accumulated wealth. He cannot have it both ways because an asset is accumulated wealth.

The point I want to bring to the minister is this: he says that so long as the fund is transferred to the spouse there is no additional tax. He also says that it cannot be transferred to a third party, which I take to mean children. However, in the case of a common accident in which both the policyholder and his or her spouse are killed, and there are two dependent children left, who is the beneficiary? The minister is now saying that under his plan the dependent children are the beneficiaries but that the government will now tax them at a higher rate than when his budget was passed? Is that correct?

Mr. Chrétien: In studying this problem we have come to realize that we are faced with a problem so far as dependent children are concerned. It is a problem which I would like to consider. The RRSP is so designed that it can be passed on to the spouse tax free, but if it is to go to grown, independent children, it is not an estate. If RRSP has been accumulated and there are still dependent, minor children in the family, this is an aspect which I should like to consider to see whether we should not make a distinction between dependent, minor children and independent children or third persons. This is a point that has not escaped us, but today we are not in a position to give an answer on it. Also, we have not received representations from people who are concerned about this and we would like to discuss with them some aspects of it before we come to a solution.

Mr. Epp: Perhaps we are making some progress now. At least we have an agreement in principle. We are on the same wavelength, and it is understood that, while the spouse can be the direct beneficiary, it is minor, dependent children who are penalized very heavily. I think that it is the role of any Minister of Finance and of all of us in the House to ensure that, if a father or mother had made provisions for their minor children, the state would not tax that benefit away and make those children dependent on the state. I keep stressing this point because it is such a fundamental issue in society that a

father and mother should be responsible for their dependent children as long as they can. There are many parents who have made estate plans through the RRSP or through accumulated assets so that if their children are deprived of their parents they will have at least as many benefits to allow them to become as full contributors to society as is possible. That is why I say to the minister that I find it very difficult. I want to accept his assurances on good faith. I intend to do that, and I will.

● (1702)

With all respect, I find it difficult to accept the minister requesting us to leave it in his hands. Once a bill is passed, it is passed. Perhaps I sound like a doubting Thomas, but it comes from experience. Will the minister assure that his officials will re-examine the question of dependent children? Before I used the word "minor", and now I refer to "dependent". The term "minor" could create difficulties for the physically and mentally handicapped. So, I have changed it to dependent children. Will he charge his officials to come forward with a draft amendment before the bill is passed?

Mr. Chrétien: Already I have given an undertaking to look into that in reply to the hon. member for Winnipeg North Centre. I recognize perhaps there is a problem in terms of dependent children in a family. We have to study that. There are provisions in the act where property can pass tax free from a husband to his wife, but not necessarily to his dependants. Hon. members are asking that we study all of these implications. If it is done for RRSPs, it must be done for everything. In terms of equity and revenues for the government, the consequences are great. We must look into that carefully. I cannot guarantee that this problem will be solved before ten o'clock tonight. We will complete committee of the whole stage tonight and commence third reading tomorrow. I have indicated that we are prepared to review it. It can be given consideration on the first occasion when tax measures are before the House.

Mr. Epp: Mr. Chairman, I regret to take up the time of the House and to be so obtuse, but that is just not good enough. The day after this legislation is passed, some Canadian family will be caught in this clause.

Mr. Chrétien: They are there now.

Mr. Epp: Well, that makes it doubly bad. We still have the time and the legislative procedures to make this correction. The minister has conceded the difficulty, yet he asks us to pass it and indicates something will be done about it at the next opportunity. When will be the next opportunity? Will it be at the end of this month, the middle of next month, or whenever? When this House rises, we do not know if this parliament will return. When will the next opportunity be? What happens in the interim to people who have bought RRSP's to provide for their families? Are the beneficiaries of people who die in the interim to say, "The government tried; some day it will come up with a change"? Meanwhile dependent children will have to pay a rate of tax which is much higher than they would be required to pay if the budget had never been passed.

I cannot speak for this side of the House, but I am sure most of the hon. members would like this matter clarified before it becomes law. With all due respect, once it becomes law, that is it. All of us have been here long enough to know, once something is enshrined in statute, that it is a long process to effect a change. The families of RRSP holders who have passed away during the interim, whether it is one day, one month or whatever, are caught. In fact they have been caught since April 10.

At the time of the previous budget, I remember the tremendous pressure we had to apply. Also I remember the number of letters we received. In fact I have my file with me today. I pulled my file out for Bill C-22, the previous one. In the representations words like "inequitable effects" were used. These were communications from small Canadians who had taken funds from their earnings to buy RRSPs. The underlying philosophy, which disturbs me deeply, is that revenue can be taken from wherever the government wants, regardless of the consequences, to pay for its profligate spending. Then the government comes before the House asking us to pass this piece of legislation, at the same time indicating that it will look into it further. I am disappointed in the Minister of Finance not being willing to go beyond indicating that he will look at it.

There are well-qualified people within the Department of Finance who can see the implications. I am not counted as a person who has the ability to break down a tax bill in order to understand its nuances and implications, but there are such people within his department. The caisse populaire of Ste. Anne, the caisse populaire of Lorette, the credit union of Niverville, Manitoba, and individuals all agree with this interpretation which the minister has confirmed.

RRSP holders, when they were looking at their estate planning, had in their minds what they were leaving to their spouses and dependent children.

Mr. Chrétien: What is the question?

Mr. Epp: Perhaps the minister thinks that I am speaking too long. I have the right to speak. I am a member, and I can speak as long as the House rules allow me. If I have a representation to make on behalf of my people, I intend to make it.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Chairman, I have indicated many times this afternoon that this is a problem. We are looking into it. The hon. member is attempting to dramatize the problem. It is existing now and has existed before. The same case can be made for a father who wants to pass his house or property on to his children. He can pass it to his wife, but if he dies and leaves it to his children or a third party, they are required to pay capital gains tax.

I have indicated that there is a problem and that we are willing to look into it. If the hon. member is about to cry, I will

send him a handkerchief or a soother. We have been dealing with this bill for approximately five weeks, and because he has received some letters from the credit unions in his constituency, he raises this matter now. Perhaps he wants to look like the Chevalier du Saint-Sépulcre. We must keep the problem in perspective. I recognized it before he rose in the House. I had my explanation before any hon. member raised the issue.

I had to force hon. members opposite to deal with clause 34. Otherwise, we would never have discussed this. They wanted us to stay with clause 30. If we had they would never have had the occasion to raise this. Now we hear them complaining that they should discuss and solve the problem they see with it, when less than an hour ago they were trying to prevent us from considering clause 34 at all. They wanted to stay on clause 30 for the rest of the day, and now they come and cry like babies. I have said I will look into that and, if there is a need for an amendment, there will be an amendment put before this House when I come back with another bill on the subject. Now we have this hypocrisy being carried on when two hours ago they did not want to discuss clause 34 at all, but wanted to continue discussing clause 30. I see an hon. member over there from Alberta who was one of those who wanted to stick with clause 30. Now he wants to prevent us from discussing clause 34. This is a farce, Mr. Chairman.

• (1712)

Mr. Towers: Mr. Chairman, I rise on a point of order. The minister is misleading the House in respect of what I had to say. I had no reservations whatsoever about considering clause 34. All I wanted was 30 minutes for the consideration of clause 30. Certainly he is misleading the House with that statement, and I hope he will correct it the next time he is on his feet.

Mr. Hnatyshyn: Mr. Chairman, on the same point of order let me reiterate what the hon. member for Red Deer has just pointed out. To use the Prime Minister's term, this is just sheer bunkum.

Mr. Epp: Mr. Chairman, frankly I do not think there is any point in going back to the subject following the minister's last tirade. He has made up his mind.

An hon. Member: He has cheapened himself.

Mr. Epp: He has made up his mind that he wants to tax away the RRSPs of parents looking after their dependent children.

An hon. Member: Nonsense!

Mr. Epp: If it is nonsense or misleading, why did the minister confirm that these children would be taxed at a higher rate than was the case prior to the budget of April 10? That is what he has confirmed, and I think we better stick with that. I would suggest to the hon. member that he get up on his feet and ask questions, rather than shouting interjections. The best speeches he has ever made are those he has made while sitting down.

If the minister was so wise and knew the detrimental effects of clause 34, particularly in respect of dependent children, why did he bother to discuss it? Why did he put it in to begin with? The minister says he now recognizes the difficulty, but only became aware of it recently. I have said to the minister on a number of occasions that I do not begin to understand all tax laws, but one thing I do understand is that by this clause he is confiscating property from dependent children. That is what he is doing.

An hon. Member: You are all wet.

Mr. Epp: That is exactly what he is doing. Because of the minister's concession that in effect this is exactly what is going to happen, namely, that dependent children will have their property—

An hon. Member: You are repeating yourself.

Mr. Epp: Of course I am repeating myself. I have to repeat myself time after time with this government, and I will continue to repeat myself, asking the minister if he will withdraw this clause—

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

Mr. Chrétien: I would suggest to the hon. member if he wants me to reply he should sit down.

Mr. Epp: Will the minister withdraw the clause and reintroduce it at another time?

Mr. Chrétien: No, Mr. Chairman. I am introducing new flexibility to the system for people who are retired and wish to create an RRIF. If I were to withdraw that flexibility at this time I would be penalizing those people who would no longer have that flexibility and would have to buy either a life annuity or pay the entire tax the day they are 71 years of age. That is the situation in which they are now. What I am doing today for those people is providing more flexibility so that they can reinvest their revenue. If they live only two, three or four years after age 71 they can still leave something to their children, not having to pay all the money in one shot as they would have been called upon to do.

There is a problem in that it could have an effect on the dependent children, and I recognized this some days before I came to the House. This is a problem for those children who are recipients of the RRSP. I recognize that this problem needs to be studied further. I will give it further consideration but I will not withdraw my proposition for the creation of the RRIF at this time, simply because there is a problem. I suggest that this problem can be cured in due course, if we have to cure it. The proposition in relation to the RRIF at this time is consistent with provisions of the Income Tax Act. One can argue that we should do something for the dependent children having regard to the RRSPs. I have recognized that. The hon. member asks me if I was aware of the problem. I was made aware of it some days ago but I did not have time—

Mr. Epp: At the time you drafted the budget?

Mr. Chrétien: No, not at the time that we drafted the budget. There is nobody in this land who could draft a piece of legislation without the possibility of some difficulty or problem. No one can foresee all the possibilities. Those who are so perfect do not exist. I have said that we found a problem which I am willing to study. When we designed the proposition we wanted it to be consistent with provisions of the Income Tax Act.

One can always support an argument by specific circumstances. One can always dream up a hypothetical case that might make anyone cry. I am just saying that I have recognized the problem and have started to work on it. I have given the undertaking that I will look into it. With the information I now have I think there may be a problem. I will study the matter and propose an amendment on the next occasion. If I obtain additional facts that contradict my present view I will perhaps make a different judgment. However, the way I understand it today, I think it will make sense to bring forward such an amendment. It would be irresponsible for me to draft such an amendment between six and eight o'clock because we might in this way provide a loophole, creating further prejudices and additional problems.

An hon. Member: That is more time than you spent with the provinces.

Some hon. Members: Oh, oh!

Mr. Chrétien: I think the smart aleck from Saskatoon-Biggar—

An hon. Member: Just leave off the "aleck".

Mr. Hnatyshyn: I will have something to say to you later.

[*Translation*]

Mr. Chrétien: Mr. Chairman, I recognized that there was a problem and I am considering it. On the first occasion, if the information I have remains the same I will introduce an amendment.

There is no perfect situation and when we try to improve the lot of pensioners, to make conditions more flexible, they want us to remove everything because there is a problem. I do not intend to abolish the clauses and the risks to try to satisfy the hon. member. If necessary, we will present an amendment.

[*English*]

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

Mr. Orlikow: Mr. Chairman, I rise to make a few comments during this debate, and I do not apologize to the hon. minister for making representations on the basis of information and communications which I and other hon. members have received from our constituents.

Tax legislation is now so complicated that very few members of parliament can understand the implications of every provision. That is not surprising when we realize that the Minister of Finance, with all his senior bureaucrats backing him up, was not aware of the implications of the change being made.

Let me quote a couple of paragraphs from a letter I received from the Assiniboine Credit Union, one of the largest credit unions in the city of Winnipeg. This is just part of what is said in this letter of June 12 addressed to me:

● (1722)

> We strongly object to tax RRSP funds in a lump sum at the time of death (or spouse's death).
>
> We urge you to maintain the flexibility in tax options now available for members who become entitled to RRSP funds after a planholder's death. In particular the option to purchase an income averaging annuity and the right of the recipient to pay income tax on the amount received. This is of particular importance to recipients in the low income tax bracket.

These are precisely the people I am concerned about, Mr. Chairman. The minister says if we do not pass it today nothing has really been changed. If the case made in the document in which my colleague, the hon. member for Winnipeg North Centre, quoted from is correct, then there is a pretty substantial change in what will happen as compared to what the law has provided up until now. I refer the minister and his officials to a document entitled "Trust Trends" which, I understand, was sent either to the minister or his parliamentary secretary. I would like to quote one small paragraph from this document:

> Under current rules, it is the recipient of the RRSP funds who is taxed when the planholder dies. It is now proposed to include the RRSP funds on the planholder's final income tax return.

In other words, it is going to be calulated on the planholder's final income tax instead of on the recipient's income tax. They give an illustration of a person who dies on December 31 in a year in which his salary amounts to $15,000 and who leaves an RRSP worth $25,000 to two children under 16 years of age and not working. The way the RRSP has worked up until now each child would have been left $10,100 after taxes. Under the new law as proposed in this bill each child would receive $6,873 instead of the $10,100 under the current rules. That illustration indicates the need for change.

I am happy that the minister has said he is prepared to study the situation. I am not happy with his suggestion that he will bring in an amendment at some time in the future, because I do not know when that time in the future will be. I am concerned about these people.

I was very interested in the minister's comments about how changes in this particular bill will affect the way in which we deal with income under other provisions of the Income Tax Act, and the minister's suggestion that we have to keep in mind equity in attempting to keep things fair. I would be much more prepared to listen to the minister's homilies about the need for equity if I did not know how poorly and how inequitable the present income tax system works.

I refer the minister to a publication issued by Revenue Canada, "Taxation Statistics, 1977 Edition", which deals with incomes for the year 1975, the most recent year for which figures are available. This publication tells us that there were 226 persons in the year 1975 who earned between $50,000 and $100,000 and who paid no income tax at all, 58 persons who

earned between $100,000 and $200,000 who paid no income tax at all, and 21 persons who earned over $200,000 and who paid no income tax at all. We have devised an income tax system so complicated that over 300 people earning more than $50,000 in the year 1975 did not have to pay any income tax.

One day, not today, we in this House must discuss how that is possible, how we can have an income tax system, a system which is supposed to be equitable, that permits that kind of thing. Unfortunately, we do not know much about the inequities because information about an individual's income tax is secret in Canada, according to the rules of the Income Tax Act, as compared to the information available to Americans within their income tax system. A fine example is the fact that we had to go to the United States to learn that the president of the CPR had an income of over $300,000. I hope he was not one of the people who did not pay any income tax. The minister shakes his head.

Mr. Chrétien: I just want to make a point.

Mr. Orlikow: I will be finished in a moment, Mr. Chairman, and the minister can reply. What I am trying to say is we do not have an equitable income tax system. It does not treat all people the same. It does not treat every dollar of income as a dollar which should be taxed in the same way. There are hundreds of ways which people, particularly those with high incomes and who can afford accountants and lawyers familiar with income tax legislation, can avoid legally paying their income tax.

I have a good deal of sympathy for people in low and middle incomes who have put some money aside for an RRSP in the hope they can leave most of it to their children when they die. I have found this minister to be an honest man, and he has assured us that he will look into the problem and come up with a solution to the flaw which seems to have developed. I hope that he will come up with that solution before we give third reading to this bill.

Mr. Chrétien: In replying to the hon. member, Mr. Chairman, this is exactly why I would like to take my time. For example, if someone were to take an RRSP, contributing $5,500 for the rest of his life, with the accumulated interest he would avoid paying the taxes. People in higher income brackets can afford to buy RRSPs for $5,500 very easily and accumulate up to $300,000 over a period of time on which they will not have paid any taxes. This money should be passed on without any tax. I wish to make sure this does not become a loophole. While it is a problem to certain persons, if you apply the principle to the people in higher income brackets, it could become even a greater problem. This is why I wish to look at all its aspects before I make up my mind, and as soon as I have arrived at a decision I will clarify the situation in the House.

Mr. Baker (Grenville-Carleton): Mr. Chairman, there have been some discussions on dealing with the matter of clause 30 and the fact that your ruling is to come. I believe I am indicating the consent of the House to the agreement that we would revert to clause 30 at 5.30, you would give your ruling with respect to the amendment put forward by the hon. member for Edmonton West, and the discussion would thereafter continue on clause 30, depending on how you rule. In any event, all the questions with respect to clause 30 would be put and dealt with by six o'clock, which would take up the 30 minutes we decided to allot in our discussions earlier. I understand that that is the agreement.

Mr. Chrétien: That is the agreement, Mr. Chairman, that if the amendment is agreed to we will vote on this amendment and dispose of clause 30 by six o'clock. At eight o'clock we will go back to clause 34 and finish up the bill before 9.45. If that is the agreement, I am ready to go ahead with it.

• (1732)

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, on the understanding that there are parts (a) and (b) to that agreement, we are for it. Part (a) is that we revert now, and part (b) is that we only spend 30 minutes.

Mr. Chrétien: Mr. Chairman, we have to dispose completely of clause 30 by six o'clock.

The Chairman: If I understand it correctly, the committee will be ready at this time to stand clause 34 and revert back, by unanimous consent, to the consideration of clause 30, at which time I will give my ruling on the amendment moved by the hon. member for Edmonton West. Then the committee will complete consideration of clause 30 by six o'clock. Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

The Chairman: Order. When the committee was considering Bill C-56 last Friday, an amendment was moved by the hon. member for Edmonton West which reads as follows, and I quote:

> That Bill C-56 be amended at clause 30, at page 34, by striking out lines 14 to 35 and substituting therefor the following: (a) $100 for an individual residing in any province other than Quebec, $85 for an individual residing in Quebec, and (b) the amount that would, but for this subsection, be the tax payable by him under this Part for the year.

A point of order was then raised, and the Chair reserved its decision with respect to clause 30. The committee thus accepted to suspend consideration of that clause with the understanding that I would come back today after examining the precedents and all the rules to make an appropriate decision. The point of order rested basically on the argument that the amendment went against important provisions of the ways and means motion.

I want to make it clear, as the hon. member for Winnipeg North Centre pointed out at that time, and as I pointed out myself, that the ways and means motion does not preclude the possibility of amendments to the bill being introduced. For that matter I would remind hon. members of the provisions of citation 265(1) of Beauchesne's fourth edition, and I quote:

Income Tax Act

No member other than a minister of the Crown may introduce a bill for the reduction of duties. The government must take full responsibility for the taxation levied to provide the revenue. But the House enjoys complete freedom to make every representation possible to the government with regard to the manner in which the ministers discharge this responsibility. This duty the members may perform by moving amendments to reduce the taxes proposed by the administration.

In this case, I even added the comment that in my own opinion the Chair's ruling did not rule out at all that possibility. Hon. members may therefore move such amendments provided, of course, they are in accordance with our rules, do not go against the provisions of the ways and means motion and are relevant to the clause to be amended. However, during the weekend, I have tried to examine and study this issue in depth, to look at the precedents and the authors at our disposal, and I am now convinced that the difficulty now facing us is not along those lines.

What concerns me especially is the fact that the amendment proposed by the hon. member for Edmonton West is in reality a substantive alternative, that is an alternative to the essential proposal contained in clause 30 of the bill.

I would like to note that the committee has every right to consider different proposals and different alternatives to a proposal contained in a clause of a bill, provided of course such proposals are otherwise acceptable. The Chair must therefore insist that before considering a substantive alternative or proposal, the committee must have had the opportunity to vote on the original proposal, that is the proposal contained in clause 30 of the bill as it was passed by the House on second reading. In this regard, I would like to refer hon. members to page 522 of the 19th edition of Erskine May, where we can see the following.

[*English*]

At the bottom of page 522 of "Erskine May" we find:

Furthermore, an amendment may not be moved to insert words at the beginning of a clause with a view to bringing forward an alternative scheme to that contained in the clause (s), or to leave out the whole substance of a clause in order to insert different provisions (t), or to substitute in effect a new draft for an existing clause (u). In all such cases the question that the clause stand part of the bill should be negatived and a new clause brought up at the proper time.

[*Translation*]

The logic of this procedure seems obvious. The committee must not be asked to vote on an alternative before having voted on the original proposal contained in the bill. More specifically, the committee must first vote on clause 30, and then, if this clause is rejected, an alternative such as that proposed by the hon. member for Edmonton West can be considered, not as an amendment, but as a new clause.

I must therefore rule the amendment of the hon. member out of order on the grounds that it contains a proposal which should be submitted to the committee only if the committee has first of all rejected the original proposal contained in clause 30 of the bill.

[The Chairman.]

[*English*]

At this time I would add the comment that, in my opinion, the amendment moved by the hon. member for Edmonton West is not at fault procedurally as to relevancy or as to its relationship to the ways and means motion. I submit that it is relevant to the clause so it could be moved in part but not globally. It is my interpretation that by globally it is meant to replace a complete proposition instead of amending it. Second, the intent of the proposition does not offend and would not offend the ways and means motion if proposed in a proper way. As I said before, it could be accepted as a new clause if clause 30 was defeated or it remains optional to hon. members through the normal procedure by amending parts of clause 30. To do so may be to attain the same objective.

● (1742)

My conclusion is based on the basic procedure and practice that in committee you do not vote on an alternative clause before making a decision on the clause itself. Therefore, I canot accept the amendment moved by the hon. member for Edmonton West in the present form.

Mr. Hnatyshyn: Mr. Chairman, I gather that, on the basis of your decision, we can carry on with clause 30. I want to point out to the minister that in essence what the Chairman has said underlines and supports the proposition put forward to the minister on many occasions, namely that his suggested plan for the province of Quebec is a dramatic departure from what he is doing for all of the other provinces in this country. It underlines that very basic proposition, if the ruling of the Chairman is to be accepted on the basis that he puts forward.

The minister has repeated over and over again during the course of our deliberations the fact that he has gone through a process of consultation with the provinces on this most important provision of the bill. I want to ask him some very straightforward questions. I hope we can get through them in a short period of time. Not only will it be interesting, but it will give the minister an opportunity to give us some specifics as to what kind of consultation has taken place. We can then judge how we are to deal with this particular provision.

I want to ask the minister some questions with regard to each of the provinces. They will be essentially the same questions. I will start with the province of British Columbia. In connection with this provision contained in clause 30, how long did the minister spend in consultation with that province? With what minister did he consult? What is the name of that minister? Where did the minister meet with his provincial counterpart to discuss the provisions? Would the minister be good enough to answer those questions in so far as the province of British Columbia is concerned?

Mr. Chrétien: Mr. Chairman, I do not know the orientation of the hon. member's questions. However, I had occasion to meet with Mr. Wolfe, the minister of finance. I met him in his office about two weeks before the budget. He was already aware through information received by his deputy minister and

my deputy minister of the purpose of my visit. After that visit, I had been in touch with him on the telephone many times.

I recall that in this House the minister responsible for interprovincial relations gave the dates. I do not have them here. However, I called him many times. A week before the budget, he sent his deputy minister and other officials to Ottawa for a full day of discussion, as did every other minister of finance.

In fact, the British Columbia government decided to change the date of its budget in order to come up with its budget the same night as ours. The British Columbia minister of finance was happy to declare that he was cutting sales tax two hours before us. Of course, he did not mention the federal participation; that only came to light later. However, he was later reminded of that by the press. There was a lot of consultation. The best example of the consultation was that it was approved by his cabinet. He changed the date of his budget to be able to make the announcement a few hours before me. I have to be fair to him; he asked my permission to go on the air before me. I said that was all right with me, that I did not mind the political criticism that one receives.

Mr. Hnatyshyn: I wonder if the minister can now turn his attention to the province of Alberta and tell us with whom he met there. How long did he spend with that minister? I want to get through all the provinces. How long did he spend and what arrangement was finally entered into with the minister and the province of Alberta?

Mr. Chrétien: Mr. Chairman, I forgot to mention that the first time I spoke about the possibility of cutting sales tax was in October. That is the first time it was raised as a possibility. I again raised it in January when I met the ministers of finance. There was more interest then than the first time. The first time, only Ontario and myself were interested. Eventually I got more support.

In the case of Alberta, the same day I visited the British Columbia minister of finance I stopped in Calgary. I talked on the phone with the Alberta minister of finance on that day. I remember the way I approached him. I said "Merv, I would like to help you cut your sales tax." He laughed because in Alberta there is no sales tax. That was just mentioned briefly on the phone so that he would be aware. Because he was not in a position to talk very much, I called him the next morning or afternoon. I again talked to him before the budget. Of course, they were not concerned about that because there was no question of cutting tax in Alberta since they are in the very privileged position that no one in that province pays any sales tax.

Mr. Hnatyshyn: I am sure the minister and many people in Alberta are really laughing about that form of consultation. I now want to move on to Saskatchewan, my province. With whom did the minister discuss? He does not have to give us all the facts of his discussion. He has stated that he had a meeting with the finance ministers. I accept that as a matter of public record. I am more interested in knowing that specific consultations the minister had with each of the provincial ministers. With whom did he meet in the province of Saskatchwen? How long did he spend in consultation? What was the proposal ultimately agreed to between himself and his provincial counterpart?

Mr. Chrétien: Mr. Chairman, the hon. member can drag this on for hours. I consulted with them. Later that afternoon, I stopped in Regina where I had a very pleasant discussion at the legislature. I remember well that when I arrived in Regina, the only person at the door of parliament was Premier Blakeney. He wished me well. We had a nice talk about many things. He had just returned from Banff. It was a pleasant sunny afternoon. When we met with the minister of finance, I had Mr. Neufeld with me. He was born in Saskatchewan. We spent some time discussing different matters. We did not only discuss sales tax; we also discussed monetary policies, the value of the Canadian dollar, the effect on the Canadian economy and how they reacted to it.

We discussed general policies in terms of sales tax. We spent a good deal of time on that. There was no great difficulty. One problem in Saskatchewan was that they had already passed their budget. That technical problem was eventually overcome. In Saskatchewan they consulted the cabinet. They even consulted their caucus on that.

I will now resume my seat and wait until the hon. member asks about Manitoba.

Mr. Hnatyshyn: Mr. Chairman, we may go down in history as having the first buffoon as Minister of Finance, the way this fellow is operating now. He may want to talk out the time, but I have some very straightforward questions. If the Minister of Finance is going to act like a buffoon, that is one thing. We have a limited amount of time. I think it is reasonable to expect some simple answers from the minister. These are questions he can answer. I do not want a travelogue, I want specifics.

The minister spent a lot of time and effort in consulting. I am trying to determine what happened in each province. I now want to deal with Manitoba. I would like the minister to be concise. We are interested in knowing who was with him, but we can talk about that privately. I want specific details as to what happened in each province.

● (1752)

Mr. Chrétien: I would not ask the hon. member, who used some bad expressions, to use what we call the "cervelle d'oiseau". When I arrived in Manitoba I must say, Mr. Chairman, I had a very pleasant meeting. It was at the airport. The minister came to meet me at the airport. The name of the minister is Mr. Craik. We discussed the matter. It took him about five minutes to understand. It took the opposition here two months.

Some hon. Members: Oh, oh!

Mr. Chrétien: After five minutes he had agreed. I recall very well because I had reserved a couple of hours for him and

at the end of half an hour or 35 minutes we had finished our serious business; he was a very generous host and we took a more relaxed attitude for the rest of the time until I took my plane. I talked to Mr. Craik many times. He had some problems. He sent his bureaucrats to Ottawa, like the others, to discuss them for a full day.

There was a different situation in Manitoba. A week before the budget while I was talking on the phone with him he informed me that Premier Lyon was in town. In fact, he had come for the swearing in ceremony of the former premier, Mr. Duff Roblin, to the Senate that day. I suggested I should meet him and he said it was a good idea. He called his own first minister who then came to see me in the afternoon. He told me he had 20 minutes available. In fact, he stayed one hour and 45 minutes with me. We discussed this subject and many others in relation to fiscal and monetary topics which concern not the federal government alone but the provincial governments, too. So in the case of Manitoba I talked not only to the minister of finance but spent over an hour with Premier Lyon. I think it was a very good exchange. We did not agree on everything, of course, but it was a most pleasant occasion.

Some hon. Members: Get to Ontario.

Mr. Hnatyshyn: The minister has got the idea. Perhaps he will carry on and let us know what happened in the case of the other provinces. I want to find out what happened in the case of each of the provinces.

Mr. Chrétien: I will carry on from west to east, because if I move around too much the hon. member will get confused. I will move to Ontario.

In the case of Ontario, at the first meeting with my colleagues as Minister of Finance in October I made this suggestion and discussed it privately with a number of people. Since I thought it was a good idea—it had been proposed by my bureaucrats—I discussed it with the Ontario minister of finance, Mr. McKeough. Does the hon. member know him? In fact, I asked him to submit the proposal to his colleagues himself. I knew he was interested in it and I did not want to be the one to make the suggestion—hon. members know that the provinces are always nervous when something is proposed by the federal government. Even though it was my idea I thought this was a good solution; I do not know whether he suggested it to me or I to him. I said to him: "You propose it to the other ministers so that no one will say it was a put-on by the federal government". We discussed the proposition many times after that during January, and Mr. McKeough was one of the first I called three weeks before the budget. The first I called was Parizeau, the second was McKeough. There was a meeting between Mr. McKeough, Mr. Parizeau and myself in Montreal on a certain date—it was in room 435, I guess, of the Bonaventure Hotel.

Some hon. Members: Hear, hear!

Mr. Chrétien: I will not go into the details of that meeting but we discussed for four hours not only the sales tax but a whole range of fiscal and monetary policy matters, the value of the Canadian dollar, all the preoccupations we had in mind as ministers of finance. They both said they were pleased that, for the first time in history, a federal minister of finance had sat down with provincial finance ministers to discuss his own budget.

Some hon. Members: Hear, hear!

Mr. Chrétien: Following that discussion I was in communication with Mr. McKeough on at least a dozen occasions because he was receiving telephone calls from other ministers of finance and he was keeping me informed of some of the problems involved, trying to work in collaboration with all the ministers of finance.

Some hon. Members: Hear, hear!

Mr. Chrétien: I have to pay credit to all the ministers of finance. They have acted in good faith and shown great form as gentlemen. Unfortunately, Quebec did not deliver a yes or no as had been agreed upon. But I want to make it clear I talked with Mr. McKeough at least a dozen times before budget night.

I turn now to Quebec.

[*Translation*]

In the case of the province of Quebec, as I said earlier, Mr. Jacques Parizeau, the Quebec minister of finance, was the first person I called when I decided to present a budget and to make my proposal concerning the sales tax cut. Then I called Mr. McKeough and we discussed it together. He was interested in that matter. He had problems, and then we met with Mr. McKeough. Some members do not seem interested because I am speaking in French. And then, we discussed several times by phone. I know he talked about it with other ministers, and he sent his officials to Ottawa like the others, on the Monday before the budget and we agreed that we were going to discuss it again and we did it during that week. I remember discussing with him on the Friday before the budget. The budget presentation was Monday night. I talked to him that Monday. Contrary to my expectations, that Monday Mr. Parizeau was to answer me yes or no like all other ministers of finance, but forty-eight hours only after the signing by all other ministers of finance of an agreement with the federal government on the sales tax cuts, Mr. Parizeau announced his unilateral cuts without any consultation with me or any other minister of finance. This is the way it happened. And if at least we had been aware of Mr. Parizeau's intentions during the negotiations, I might have been the—

The Chairman: Order, please. I regret to interrupt the hon. minister.

[*English*]

Some hon. Members: Six o'clock!

The Chairman: The committee has already agreed that consideration of clause 30 should end at six o'clock. Shall the clause carry?

Some hon. Members: Carried.

Some hon. Members: No.

• (1802)

Clause 30 agreed to: Yeas, 66; nays, 30.

The Chairman: It being six o'clock, I do now leave the chair until 8 p.m.

At 6.03 p.m. the committee took recess.

• (2002)

AFTER RECESS

The committee resumed at 8 p.m.

Mr. Friesen: Mr. Chairman, I guess it pays to be here on time.

Some hon. Members: Hear, hear!

Mr. Friesen: This is an outfit which likes to sneak this by you in a hurry.

I should like to draw the attention of the Minister of Finance or his parliamentary secretary, whichever one is better, to section 146 (1)(j)(i) opposite page 38 of the bill, which reads as follows:

—a contract between an individual and a person licensed or otherwise authorized under the laws of Canada or a province to carry on in Canada an annuities business, under which, in consideration of payment by the individual of any periodic or other amount as consideration under the contract, that person agrees to pay to the individual, commencing at maturity, an annuity for life—

I brought this matter to the attention of the previous minister of finance. It is a subject about which I am very concerned. When an RRSP matures, the policyholder at the age of 60 buys a life annuity in one of the presently recognized financial institutions, whether it is a life insurance company, a credit union, a bank or other such organization. I would like to see the government take a more liberal, with a small "l", approach to this, open that whole reservoir of funds gathered together under the RRSP and make it available to other institutions which are not at present recognized by the government as accredited institutions. I am thinking of non-profit organizations such as, for example, a university, the YMCA, the Red Cross, World Vision, Food for the Hungry, church organizations, colleges, or bible institutes, all of which are always looking for a fresh pool of ready capital to help their organization and which have to go continually to recognized lending institutions for that reservoir of capital. It seems to me we are asking those non-profit organizations to work against themselves when they have to borrow at the highest rates possible.

Here there would be a whole new reservoir of money. We could license them through the Securities Exchange Commission or some such body, and have the government organize a licensing procedure so that these institutions would have the opportunity of tapping this new pool of capital to help them in their capital programs or operating expenses. That is my first point.

Second, it seems to me that the clientele who invest in annuities would have a new option in investing their RRSP. There is a whole clientele of taxpayers who would love to take part in an annuity program if they knew where that money was going. At present, when they go through a bank or an insurance company they know very well that the money will be reinvested but they have no control over the reinvestment program—that is the option of the credit union or bank. I am thinking of people with very strong religious convictions, for example, who do not necessarily want their money invested in liquor companies, distilleries or tobacco companies but would gladly invest their money in an RRSP if they knew that the annuity in the end could be turned over to a charitable organization, a church, a university, the YMCA, or mission programs.

If the government would liberalize this aspect of it, I think they would be doing a service to the taxpayer which has not been available up to the present time. I wonder if the minister, to whom I mentioned this a couple of years ago, would entertain this kind of flexibility for the taxpayer which would allow him to invest in this program with some knowledge of where his money is being invested, and let him live with his conscience this way.

Mr. Chrétien: I think we have to keep in mind the purpose of an RRSP. It is an investment, and we are giving an opportunity to a person to put aside some of his earnings for his retirement time. We propose here the addition of the RRIF which adds flexibility to the program by allowing a person, when he reaches the age of 71, to choose either to buy a life annuity or to cash in his RRSP. What the hon. member is suggesting is that we should permit people to invest in religious organizations, the YMCA, universities, and so on. What we are trying to achieve is to make sure that the money put aside by people making those savings is guaranteed so that when their time of retirement comes the money will be there. It is always possible to give money to charitable organizations, but I do not think it would be wise to invest it in this case because it might lead to all sorts of problems.

Suppose that someone decided that his RRSP should be invested in the YMCA, but it turns out that in 20 years' time the YMCA in Ottawa goes bankrupt. The poor man, who had decided to invest in this organization, would find that it could not deliver his money at the end of the process. That is why we are asking financial institutions with a sound financial backing to guarantee that the money invested with them will be available at the time of retirement of the annuity holder.

I share the hon. member's thought that church organizations and universities would be delighted to have that pool of money, but legislators have an obligation to ensure that sav-

ings exempt of tax will be available to annuity holders at the time of retirement. That is one worry we have with the proposition of the hon. member. Of course, it is always subject to review. An analysis will be made of any suggestion. I can assure the hon. member that it will be noted by my officials. I have just given off the top of my head what I think are valid reasons for being hesitant to take the road suggested by the hon. member.

● (2012)

Mr. Friesen: I agree with the minister when he indicates that the purpose of RRSPs is investment. That is just the point. I am looking for some additional options for investing money. The minister said it is necessary to secure the money to ensure, when people want to draw retirement benefits, that it is there and has not disappeared because of the crumbling of some organization. That concern is very valid.

A few years ago a financial institution named Commonwealth Trust existed in British Columbia. A good many taxpayers and investors put money into that company, and it is no more. I am sure that company was registered and recognized by the Securities Exchange Commission. Also a few years ago the Bank of Montreal lost something like $60 million in one shot in a matter of international currency exchange. The bank was far from crumbling, but the point is: highly recognized financial institutions are capable of losing money, making poor investments and even disappearing from the scene.

If the government wants to licence non-profit organizations, it can be done with the same kind of strictures, limitations and demands which are put on trust companies, insurance companies and so forth. Why should taxpayers not be given the additional opportunity of seeing where their investment dollars go? Then they would have at least the assurance and pleasure of seeing their money invested in what they think is the most positive and creative manner.

Mr. Chrétien: I take the representation of the hon. member, but I have nothing to add to it.

Mr. Orlikow: Mr. Chairman, my question concerns an area which was discussed earlier this afternoon. Has the minister been able to make any progress in solving the difficulty with regard to RRSPs? This afternoon the minister admitted that the problem exists. Has he given any consideration to the problems which will arise in terms of equity if he makes that change? I do not mean today, but can he give it consideration in the near future? Will the income tax system be made more equitable? Will the type of situation which I referred to this afternoon be eliminated? According to information released by Revenue Canada, in 1975 over 300 people had incomes of over $50,000 and paid no income tax. Those incomes are quite large by anyone's standard.

Mr. Chrétien: We always look at ways and means to improve the tax system. We are attempting to avoid as many loopholes as possible. The hon. member is referring to a scheme whereby a person who makes $50,000 takes advantage of all exemptions which exist in the law. It is not a case of this person paying no income tax. Usually it is postponed, and so on. We attempt to avoid that situation.

Everyone can make heartbreaking cases. The situation under RRSPs has been referred to where two minors can be cut and so on. We have to overcome the problem of very large accumulations of funds tax free which, at the end of the process, could be transferred with no tax. It could be a big pipeline of tax exemptions. I should like to examine all aspects rather than attempt to solve one specific problem which perhaps could create a large loophole for others to abuse.

Dealing with the situation concerning unmatured RRSPs and dependent children, I should like to look into that. I have a lot of sympathy for the situation, but at the same time it is a departure from the present tax system. In relation to assets being transferred to children within a family because of the death of an RRSP holder, if there is some capital gains and unpaid taxes on those assets, this is the occasion for the government to take its share of what has to be paid according to the law of the land.

Mr. Orlikow: I would not want someone reading *Hansard* to have the impression that I was referring to hypothetical cases of people using various loopholes in the rules and regulations of the Income Tax Act as a way of avoiding the payment of income tax. I was not talking about hypothetical cases. This afternoon I quoted precisely from the annual report of Revenue Canada. It indicated exactly how many people were involved. I am not talking about people avoiding taxes by not reporting income. The report concerned people who avoided the payment of income taxes, despite the fact that over 300 of them had reported incomes of $50,000, $100,000 or $200,000.

In all seriousness, it would be much easier to say no to the people in low and middle income levels who want a bit of a break in the disposition of their RRSPs. It would be difficult to say to them that they are being asked to pay a pretty heavy tax because everyone is doing so. It is very difficult to indicate that to them when one realizes that there are large numbers of people who find ways of not paying income tax.

I urge the minister to look at the United States legislation which set up the Securities Exchange Commission. One of its provisions requires corporations which operate and sell shares in the United States to make public information with regard to the remunerations paid to their directors, officers and underwriters, as well as their contracts with the corporations, their bonus and profit-sharing arrangements, stock options and so on. It is standard for that information to be made public in the United States. Therefore, Americans know more about what corporate exectives are doing and what their incomes are than Canadians do. The information we require is much less and it is not given to the public. It is time for Canada to have that type of legislation in order for Canadians to know how the free enterprise system operates.

Mr. Chrétien: Mr. Chairman, I am willing to look into that. Some of those things require review once in a while. When I tabled the Bank Act amendments, I made provision to the effect that perhaps it would not be advisable for presidents of

banks to be directors of corporations. Now I am receiving representations from corporations that do not like this provision. I am always open to suggestions and will look at new ways to open up society as much as we can and to make sure there is a minimum of conflict of interest in society, but it is not easy to achieve this.

● (2022)

Mr. Alexander: You are all heart.

Mr. Chrétien: I am doing my best and I will certainly look into the suggestion of the hon. member. I do not know if it will serve any very good purpose, as the hon. member thinks it will.

Mr. Neil: Before we recessed for supper, Mr. Chairman, the minister indicated that perhaps some of us on this side were panicking as a result of receiving correspondence from credit unions in our constituencies. I would like to associate myself with the comments of the hon. member for Winnipeg North and the hon. member for Provencher regarding the present amendments in respect of RRSPs. On June 12 the hon. member for Dauphin asked the Minister of Finance a question regarding the taxation of RRSPs and the minister said it was his understanding that, as far as RRSPs are concerned, there is no change at all.

In the course of the debate this afternoon the minister indicated that there had in fact been some changes in taxation of RRSPs. I find this very interesting because the credit unions and other organizations—

Mr. Chrétien: Just for clarification, Mr. Chairman, I agree with the hon. member that I said as far as I knew there were no changes. I said that in reply to his colleague, the hon. member for Dauphin, on June 12. That was on the basis of what I knew at that time. It came to my memory when I had to reply in the House that there was obviously a change, in relation to when the money is transferred to what I called a third party, but just in this case.

Mr. Neil: Mr. Chairman, it is interesting to note that the concern expressed in the letters we have received from credit unions is in regard to uncertainty as far as taxation is concerned. Let me read a paragraph of a letter from one of these credit unions. It is as follows:

> Also, the proposals make a basic change in the conditions under which people entered this savings program.

The problem as I see it is that people make investments and participate in plans on the basis of rules and regulations set out by the taxation department, and there must be some certainty as far as taxation is concerned. A short time ago I had occasion to speak with a tax expert who said that the most important thing as far as taxation is concerned is certainty. If you have a situation in which the tax laws are changed from year to year, you cannot plan your affairs. This is the concern of the credit unions; there is no certainty. People invest in plans on the basis of the future.

Today we have some proposed changes regarding taxation, and this is what concerns me. The minister has said there has been a difference in tax in relation to what happens at the death of a participant of the plan. I would like to ask the minister whether when a participant individual dies the present value of the plan is considered as "rights or things"? The minister is a lawyer and probably has handled numerous estates. For example, in respect of the Wheat Board there are rights and things for which you file a separate return because there are exemptions. Under these circumstances, is an individual entitled to claim the present value of a plan as "rights or things"?

Mr. Chrétien: No.

Mr. Neil: Am I correct in saying you have to add the present value to your income in the year of death?

Mr. Chrétien: Yes.

Mr. McKenzie: Mr. Chairman, I hope the minister is a little more co-operative tonight after turning down my motion this afternoon calling for a little assistance with the terrible beer shortage we have in Manitoba. He would not relax his labelling practices or the excise tax and the people of Manitoba remember that sort of thing. There seems to be considerable concern on the part of quite a few credit unions across the country about this amendment. The credit unions pointed out the following in a letter I received:

> We urge you to maintain the flexibility in tax options now available to our members who become entitled to RRSP funds after a planholder's death. In particular the option to purchase an income averaging annuity and the right of the recipient to pay income tax on the amounts received. This is of particular importance to recipients in the low income tax bracket.

I was not here this afternoon so I did not hear whether the minister gave an explanation. Perhaps he has had second thoughts since this afternoon and can now indicate whether the government has any plans or amendments.

Mr. Chrétien: Yes, Mr. Chairman, I gave an explanation of that point, and I suggest that the hon. member read *Hansard* tomorrow.

Mr. McKenzie: In view of the minister's answer, is he prepared to do anything in respect of the request? I am sure he has been receiving these letters from credit unions across the country. Does he have some response to their requests? This letter points out:

> Under current rules, it is the recipient of the RRSP funds who is taxed when the planholder dies. It is now proposed to include the RRSP funds on the planholder's final income tax return.
>
> This means taxes could be even more severe than if the planholder had withdrawn the funds in a lump sum before he died, since such items as salary, capital gains and accrued investment income must be reported on the same return.

The letter goes into some detail to point out that the taxes being levied are extremely high, and then states:

> Consider the case of a single parent (and tax law does not recognize common law marriages, so this may be a person who is separated or divorced but again living in a family situation) who dies on December 31 of a year in which salary amounted to $15,000. An RRSP worth $25,000 is left to two children under 16 years of age and not working.

At present, the RRSP would be divided equally and taxes of approximately $2,400 applied to each portion. This would leave each child $10,000.

● (2032)

If the proposed changes are accepted, the value of the RRSP would be added to the salary for the year, giving a taxable income of $40,000 on the planholder's final income tax return. At Saskatchewan rates, income tax on this amount is $13,022. From $13,022 must be deducted the income tax on the salary ($1,968) that would be collected anyway, leaving $11,054 of tax applicable to the RRSP.

So the value of a $25,000 RRSP is reduced to $13,046 by taxation.

Each child would receive $6,873 (instead of $10,100 under the current rules).

It should be noted that this example has been simplified. It does not take into account any capital gains that would be realized at death. If capital gains are realized and/or the salary and RRSP are larger, the loss to taxes would be greater.

I see the minister has walked out of the House in the middle of my representation and my asking a very, very important question. Perhaps we would get more satisfaction if the officials on the floor gave us some answers, instead of the minister walking out when we raise these issues.

Mr. Lumley: The hon. member would have received his answer if he had been here between four o'clock and 5.30 when this point was discussed. The representation he has just made has already been made by three or four members in the House.

Mr. McKenzie: Obviously the answers were not very satisfactory. I was not able to be here between four o'clock and five o'clock. Was this particular example read into the record at that time?

Mr. Knowles (Winnipeg North Centre): Yes, it was.

Mr. McKenzie: Did the hon. member for Winnipeg North Centre get a letter from the Assiniboine Credit Union also?

Mr. Knowles (Winnipeg North Centre): Yes, and so did the hon. member for Winnipeg North.

Mr. McKenzie: Obviously the answers were not satisfactory this afternoon. I do not know whether the hon. member for Winnipeg North Centre received a satisfactory answer. It is unfortunate that I could not be here this afternoon; however, we are still discussing clause 34 tonight. I wish to make representations on behalf of this credit union and I would appreciate it if the parliamentary secretary would fill me in. Perhaps their thoughts have changed since this afternoon.

Mr. Lumley: Mr. Chairman, representations from the Assiniboine Credit Union have already been made by the hon. member for Assiniboia, and the minister acknowledged him this afternoon.

An hon. Member: It is not the same letter.

Mr. Lumley: The letter the hon. member has been referring to is the same letter which has been received by many members from many credit unions across Canada, so the representation has been very similar. Rather than take up the valuable time remaining, because we have approximately 20 more clauses to address ourselves to tonight, I would suggest that the hon. member read *Hansard* tomorrow for the satisfactory answer which the minister gave.

Mr. McKenzie: I am afraid it cannot be sluffed off that easily, Mr. Chairman. We are talking about too many people. I do not know whether the whole letter was read into the record this afternoon.

Another concern the credit unions have is listed in this letter:

Co-operative Trust is also concerned about proposals that may mean lower interest rates and higher costs for the annuity funds that planholders buy with their RSP savings at retirement.

If the proposed changes are implemented, planholders between ages 60 and 71 could buy a term annuity providing payments to age 90. This represents a term of between 19 and 30 years.

But the planholder would have the option of basing the term on the age of his/her spouse, if that person is younger than the planholder, so the term could be much longer. For example, if the planholder is age 60 and the spouse is age 50, the term could be either 30 or 40 years. And the interest rate would have to be guaranteed for the entire term.

Interest rates on the annuities will be low because issuers will have to guarantee the rate over a long period of time without the assurance that the annuity will remain intact throughout the guarantee period.

This is because it is proposed to have all remaining funds paid out at the time of the planholder's death, whenever that may be.

I do not know, Mr. Chairman, whether this whole letter was read into the record this afternoon, but it is one worth-while reading in a second time to get the point across to the minister and his officials. I would like the parliamentary secretary to give us some indication whether they are going to have a second look at these requests, or is the matter to remain just as it is?

Mr. Lumley: Mr. Chairman, I want to thank the hon. member for reading the whole answer into the record. As I recall, the second part was not read previously. As the hon. minister has indicated, this is a very complex and important issue, and we are grateful to the credit unions for bringing this to our attention. As was indicated this afternoon, we will be discussing this with the credit unions and other financial institutions to attempt to arrive at a reasonable solution.

Mr. McKenzie: I am glad the parliamentary secretary brought to my attention the fact that the whole letter had not been read into the record. I will read another section. It is entitled, "Age to be set":

It is also important to note that it is now proposed to legislate an age at which RRSP annuities could start.

Under current rules, the annuity can start at any age. But it has been proposed that the planholder would have to be at least age 60 to mature the RRSP. If the plan was collapsed before age 60, the entire amount would be included in taxable income for that year.

These long-term disadvantages to the proposed changes to RRSP legislation have been overlooked in some public comments by other business and consumer organizations. .

The whole letter has now been read into the record. I hope the minister and his officials will give this their full and complete consideration.

Mr. Benjamin: I will not read the letter again, Mr. Chairman. In fact, I will not read any of the letter again. The

parliamentary secretary knows that all hon. members have received letters from dozens of credit unions as well as Co-op Trust, Co-op Insurance, et cetera.

The parliamentary secretary said a few minutes ago that the minister would be meeting with the credit unions, and I think I heard him aright when he said, "to reach some reasonable settlement". I do not know if those were the words he used, but I think they were. Once this clause is passed, Mr. Chairman, I cannot understand how the parliamentary secretary or the minister can reach some kind of settlement with the credit unions, Co-op Trust and the Registered Retirement Savings Plan holders once this becomes law, unless the Liberal government has some unique way of making changes in the way this clause reads without amending the law.

I would like to remind the parliamentary secretary that a predecessor of the present Minister of Finance, and I think even the first budget of this Minister of Finance, almost begged Canadians to save by registered retirement savings plans. There was great encouragement in earlier budgets of a few years ago, and a lot of Canadians did so. Many credit unions, Co-op Life, Co-op Trust, chartered banks and other financial institutions went to work with massive advertising campaigns to get everybody to buy a registered retirement savings plan.

I want to say, Mr. Chairman, that there is no conflict of interest here. I do not have one of those, and I have no intention of buying one. I will just stick with term deposits, draw my compound interest, pay my income tax on the interest and stay further ahead. I am further ahead than if I were to buy these annuities which you have to buy up as introduced by the Minister of Finance, after the government brought in earlier budgets to encourage people to buy registered retirement savings plans and gave them generous tax benefits.

Without reading the letter, Mr. Chairman, in the case of a single parent who dies leaving two children, the benefit drops from $10,100 to $6,800. Surely, that is like an umpire changing the rules in the fifth inning. I hope that the Minister of Finance and his parliamentary secretary have the authority to do one of two things: either phase this clause in over a period of four or five years so the holders of these plans can make their own assessment as to which is best for them—get out of the thing or stay in it—or, even better, withdraw clause 34 entirely from the legislation. The parliamentary secretary or the Minister of Finance could then meet with the credit unions and Co-op Trust and discuss with them what the government would like to do in terms of taxation with regard to registered retirement savings plans. But to change the rules about halfway through the ball game is not fair in terms of the tax penalty after the government has spent a few years and two budgets enticing Canadians to buy registered retirement savings plans.

● (2042)

Surely the minister and the parliamentary secretary must be having second thoughts about clause 34. I say they have to because mail that I am sure all hon. members have received indicates that people and organizations who have written cannot all be wrong. I would like to know whether the minister is prepared to withdraw clause 34. The parliamentary secretary should quit trying to kid this House that once this becomes law somehow the minister will meet with the credit unions and credit trusts and reach some reasonable settlement—I think those are the words he used. How the hell can a minister of finance agree to something different from what is in the law if he meets with these people after the clause has passed?

I doubt if the government and the minister will be out very much money if clause 34 were withdrawn. Later on, if he is still Minister of Finance, and after he has met with the credit unions and the Co-op Trust, if he wants to bring in another bill he is perfectly welcome to do so. But I want to remind him that it was his government that got tens of thousands of Canadians to buy these RRSPs and now the government wants to increase the tax on them by anywhere from one-third to a half, depending on the circumstances these individuals are in. Surely that is not fair.

Surely the Minister of Finance must know that. Surely he must realize that whatever his advisors told him was wrong. Surely the co-operative movement and the caisses populaires are speaking up for the tens of thousands of people who have bought these plans, on the advice of the government, with their tax incentives. And now within a matter of two or three years after these people have done that, the minister proposes to increase the tax on these plans. That is not fair ball.

Mr. Alexander: That is less than honest.

Mr. Benjamin: I think the minister should tell the House tonight that once we reach ten o'clock and the bill goes through, it goes through without clause 34.

Mr. Chrétien: Mr. Chairman, I cannot give the guarantee to the hon. gentleman. I said earlier that this clause is very important because it is interrelated to the new flexibility that we are giving to the people who have bought registered retirement savings plans. We are adding via this bill a new flexibility. As I have said many times today, when one reaches the age of 71 only two options are available: either the individual cashed his RRSP and paid the tax in one shot at that date, using the money as he wanted, or he could buy a life annuity. With the RRIF, the program which we are introducing today, the individual will have much more flexibility. He will be able to buy another form of savings which will be called the RRIF. He will be able to spread his income over a period of years. The tax will be paid at each year's level. So this system is providing a lot of flexibility to those Canadians who bought an RRSP.

In the discussions I have had, from the letters I have received as well as from my own information, we can see some problems for holders of the unmatured RRSPs when these plans go to children or dependents. To the hon. member for Winnipeg North Centre and to the hon. member for Assiniboia who have made representations in that regard, I say

that I am looking into that situation. I have a lot of sympathy with this problem but I want to take a look at the implications before coming to a decision. In protecting certain circumstances I do not want to create more problems.

I might add that I have been made aware of these problems only during the last few days. I hope I will be able to come up with a solution as quickly as possible. If I can, I will find ways and means to do so. If there is some precedent you want to correct in midstream we can always take steps to correct it subject to later legislation. I will undertake to go to work as quickly as possible and try to resolve the situation. I do not want to drop all the schemes under the RRIF which have been well received by the public and which give a lot of flexibility to the people who will reach 71 and want to plan their income but do not want to be forced just to buy an annuity. If they die a year after, there is nothing left for the survivors of the spouse. We must find a solution to cope with the problem of unmatured RRSPs and in the process not destroy the RRIF programs. That is an undertaking I have made public this afternoon in answer to the many points raised by both sides of the House.

Mr. Lumley: Mr. Chairman, in order to ensure that there is no misunderstanding with respect to comments raised by the hon. member for Regina-Lake Centre, I would like to say that the minister made a commitment to meet with the trust companies, credit unions and other financial institutions in trying to arrive at a reasonably satisfactory solution. At the present time no official representation has been made by the credit unions. All we have are letters sent by the individual credit unions or representations made by members from both sides of the House.

Mr. Benjamin: Mr. Chairman, I am glad to have the words of the parliamentary secretary. Once this clause becomes law, unless new legislation is brought in, no matter how much one agrees with the representations of credit unions, the only solution is to amend the law. It does not say much for the advisers to the Minister of Finance and the parliamentary secretary. Since the budget was brought down it has taken that time for the Co-op Trust and the credit-unions to realize what the ramifications of the legislation will be. If the minister's advisers did not follow through on what the ramifications are, he should fire those advisers.

The Minister of Finance talks about the RRIFs, the registered retirement income funds. He is a very optimistic minister. The change proposed by the minister would allow RRSP holders to establish a registered retirement income fund which would provide payments until the planholder reaches the age of 90. Now, really, Mr. Chairman, why did he not put down age 190? The RRIFs will provide continually increasing payments as long as the fund generates a return on its investment. That will tend to offset some price increases caused by inflation. Maybe that is what the minister's advisers had in mind. I do not know if there is anyone in this place who will live to age 190, except for the hon. member for Winnipeg North Centre and the right hon. member for Prince Albert, but I just do not accept it, and neither does the Co-op Trust and the credit unions, and I think they are probably somewhat more expert in this area than I am.

I do not think the alternative that the Minister of Finance suggests is adequate. I do not think it is sufficient to overcome or offset criticisms by the co-operative and credit union movement of what the government intends to do on this bill concerning the registered retirement savings plans. If the rules are to be changed on a long-term investment or long-term pension program, you cannot make the change and have it take effect immediately. If we are going to change the rules on something that is a long-term investment or long-term program, we cannot make the change to have effect immediately. We must not punish people who took the government's advice two or three years ago and bought these plans on the basis of long-term retirement, people who are investing for the long-term in their retirement, by three or four years later coming out with a substantially increased tax. We cannot do that once they have taken out the annuity, or if the recipient or the owner of a plan dies and the beneficiary loses as much as one third. Surely that is not fair.

• (2052)

I do not see how the minister or his parliamentary secretary can say that even though we pass this clause tonight, he will reach some settlement with the credit unions and the co-op trusts. The minister cannot kid me that he will meet with them one week and the next bring in a bill to amend this act. He is not kidding me or anyone else. It would save a hell of a lot of trouble if he withdrew those sections, met with those organizations and came up with some firm legislation to deal with those two matters in a way that is fair to the people who followed the advice of the government several years ago.

Mr. Chrétien: The hon. member should know that very often with technical problems under the present system we make an announcement that such and such a change can be made and that it will be done in the next legislation, retroactive to a date chosen by the minister. We have to do that all the time when there are difficult problems.

If we have a problem, as I suspect we have, it would solve the problem. With regard to the comment as to why we choose age 90 as being optimistic, it is a way to spread the revenues. If you choose more years than that, the revenues will be less. Income will have to be spread over a longer period of time. We want to cover most of the people who retire and choose the plan after 71. That is why age 90 is a fair number.

If a man dies before that age, a certain amount would be received the first year and another amount the second year, according to inflation. In that way it is spread. If he dies between the ages of 71 and 91, his wife can carry on until she reaches 90. Of course, if he is alone when he dies, this is included in his estate and taxed accordingly.

This is to spread the revenue. Before that there was no option. If one did not take an annuity, one had to take the cash and pay the tax at 71. If there was a substantial amount of

money, the tax was very high. In order to reduce that, we will permit them to spread the level of taxation over a period of years. That will reduce the level of tax a person has to pay.

A person also had the choice of taking a life annuity. The problem with a life annuity is that if he dies six months later, only the spouse qualifies. Other survivors do not get anything. The scheme we propose has a lot more flexibility for those who are retired and have saved money through RRSPs.

Mr. Hnatyshyn: Mr. Chairman, I just want to consider momentarily what we have here now. It is a most unusual situation as far as clause 34 is concerned. I have followed with great interest the representations from this side. I sense from what has been said by such as the hon. member for Welland and others on the minister's side that there is some real apprehension about the effect of this provision. We have the minister stand in his place in a most unusual situation saying, in effect, that this clause is defective in some material respects. However, he is not prepared to do anything now except possibly give a vague undertaking to maybe consult with some of the people who have been making representations, such as the credit unions. He goes on to explain that we have an obligation and do not want to lose any tax money. That is the essence of what he is saying, that he does not want to lose any tax money.

If we made any changes, it might have the effect of not picking up some tax from that group of people who might derive benefits from some sensible and reasonable amendments brought forward at this time. We have a situation now where the Minister of Finance apparently admits openly and categorically that this clause causes some serious consequences to dependents.

Mr. Chrétien: I would never admit that.

Mr. Hnatyshyn: I do not know how else to interpret this. I do not know what to expect from this minister.

I want to bring another matter to the attention of the committee, a reference that neither I nor anyone who follows this debate would appreciate. The minister made a smart remark to the effect that, because he was speaking in French, I did not understand what he was talking about and therefore did not listen to him. This minister is the same as the Minister of Transport who goes across this country sowing the seeds of dissent. What kind of statement is that from the Minister of Finance? What kind of a man is that who, with a position within cabinet, continually pretends that he is wrapping himself in the flag, wanting to keep the country together, while raising great emotional debates about fighting for our country?

I do not hold any grudge against him because his English is not perfect. I consider him as good a Canadian as I am. However, I resent these cheap, uncalled for statements that somehow, because he is speaking the other official language, I do not follow or care to follow what he is saying. I was going to raise a question of privilege, but I now make the point. I do not think that anything he says or does is worthy of any sort of question of privilege.

Getting back to the point, I want to get some information from the minister. I am speaking in one of the official languages. I think he understands that. What kind of commitment do we have from the minister? Let us get down to the bare facts of this matter with regard to the question of dependents. If we are going to extend this great undertaking of the minister, and if he is going to consult with those who find a problem with this particular clause, what kind of a firm undertaking do we have?

Does he now undertake to make the appropriate changes so that dependent children will derive the benefit of not having the fund taxable in the same way as a spouse would not have it taxable in the event of death before an option is taken with regard to the RRIF or the annuity basis? Can he now undertake that those who involve themselves in RRSPs will not have to concern themselves, in the event of their death, that dependent children will find themselves with a tax situation different from that of a spouse under this provision? If he can give that undertaking, it would be something. Even if it does not have the basis of law, we would understand that the government's intention is clear, that those people who do not pay tax or withhold money for taxes would be acting upon the minister's statement in this House. How far does this undertaking go? I want to hear the minister's statement in this regard.

Mr. Chrétien: Mr. Chairman, I do not have to repeat what I have said. The hon. member is creating the impression that when an RRSP under the old provision was transfered to dependents, there was no tax paid. There was some tax paid. In some cases it was higher; in others it was lower. However, it was paid. There could have been income averaging, but there was some tax to be paid.

Under that system, it could be there are some circumstances which I said I would like to look into and come up with a solution. I undertook that I would do that as quickly as possible. If there is something wrong with this clause after I have analysed it thoroughly, I will undertake, as I said earlier tonight, to give notice that I will make a change, as I have done in many other instances. I will make a public announcement at the next occasion that there will be a tax bill which will amend the act to achieve that goal, and it will be done retroactively. The lawyers in the Department of National Revenue will be under notice that there will be a change to meet the requirement retroactive to that date. As a result, nobody will be off base. We have done this before and will do it again if need be.

● (2102)

However, I have to make sure we are not creating a loophole here. We are not dealing only with people who can accumulate $20,000 or $50,000 in RRSPs. There are some who over a long period can accumulate $300,000 upon which income tax has not been paid. The system could become a loophole for people who are at the high end of the income bracket and our readiness to give tax benefits under certain conditions does not

mean we want to give a hell of a break to people who may have accumulated $300,000.

I do not think it would be responsible for a minister of finance to act without taking such matters into consideration and receiving advice on the subject. I have received letters, as have many hon. members. But I have not received briefs from those who regularly send briefs to my department asking me to make changes. As soon as I reach the conclusion that something ought to be done it will be done in the fashion I have indicated. But I will not give undertakings on the lines suggested merely because I am under pressure in the House. It would be irresponsible to take such a course. I must ask my officials to look into the whole question and advise me what the result has been.

The truth is, the RRIF that we are creating at this moment is a hell of a new good system enabling people to exercise greater flexibility. Members opposite do not want to talk about the good aspects; they would like me to throw the baby out with the bathwater and I will not do that.

Mr. Hnatyshyn: It is amusing to hear the minister talking about these great new ideas. The suggestion that there should be more flexibility with regard to RRSPs has been put forward to the minister and his predecessors ever since I have been in this House. It was swept aside time and again with the same excuse that it was necessary to maintain the integrity of the system no matter how stupid the rule. I am not suggesting for a moment the minister is not making an effort to introduce greater flexibility, though perhaps he is not proceeding as fast or as far as I would like to see.

The minister tries to discount the question I put to him by saying there is not tax payable. That was not the point raised in my question at all. My point is this: after a legitimate point had been raised this afternoon by my hon. friend from Provencher, the minister admitted dependent children were not in the same category as a spouse even under the existing clause. I thought he made a forceful presentation of the argument that a similar rule should apply in the case of dependents as in the case of spouses. The minister says no, so there is a fundamental difference.

Mr. Chrétien: There is a fundamental difference.

Mr. Hnatyshyn: The minister admits there is something wrong with this clause. He says he is prepared to enter into consultations about it. I hope those consultations will be more meaningful than the consultations with the provinces he talked about just before six o'clock. To my mind, what he said was flim-flam. On the basis of what I read in press reports and of the communiqué issued by the four western premiers, I would say that the hon. gentleman is not very good at consultation.

I would like to find out precisely when he proposes to amend the legislation having regard to realities about the length of this session. Nothing will really suffer if we do not give third reading to this bill before the end of June when we get out of here. We on this side of the House are prepared, as ever, to expedite good legislation, but clause 5 is a travesty, an indication of the sloppy, unprepared, unthinking and inept provision which we should be prepared to amend in committee of the whole. But debate is prematurely cut off because the minister is afraid to defend the measure clause by clause.

There have been complaints with regard to this clause and the minister has admitted it is imperfect. In answer to criticism he says: "Oh, I will consult and we can deal with it". He takes the attitude that if the government has open to it the option to err when collecting taxes at the expense of dependent children, of those who cannot defend themselves and who need help at a time of rising prices in order to maintain themselves in the event of the death of a parent, it will err on the side of continuing to collect taxes. He would prefer to maintain the integrity of the tax collection system. No social compassion is being shown by the minister.

A good case has been made by hon. members on this side of the House and, indeed, by members of the New Democratic Party. But the minister merely gives an airy-fairy promise to engage in consultations and, later, gives notice of an intention to correct any shortcomings. He gives no specific undertaking. He says he will do the best he can. "Trust in me", he says. This is not the kind of statement one would expect from a Minister of Finance with any social compassion. Will the minister undertake to engage in consultation with the parties involved to make sure he has a clause which he can defend before third reading is over? I am sure we will give unanimous consent on this side in the event of any reasonable amendment being brought forward at any stage. It is not good enough to reply to the letters we have received saying only that the minister intends to consider the problem. Will the minister assure us that the clause will be amended so as to alleviate the concern expressed by the trust companies, the caisse populaires and others across Canada, and will he hold back third reading until this has been done?

Mr. Chrétien: I gave my response to that suggestion earlier in reply to the hon. member for Regina-Lake Centre. There is a difference between a retirement savings plan and an estate. An RRSP is not an estate. It is an accumulation of savings so that people can have income when they retire. We have to treat it like that. It is not a means by which to avoid taxes or to accumulate wealth to transmit to children or dependents. It is a system by which money can be put aside for savings so that there can be income at the time of retirement.

• (2112)

I think hon. members are trying to take the legislation away from its original purpose, which is to allow for money to be put aside for retirement purposes. It is not a tax loophole so that wealth can be accumulated for children or dependents. It is something else. It is a registered retirement savings plan. The words are very clear. This afternoon the hon. member for Provencher and tonight the hon. member for Saskatoon-Biggar have been trying to divert attention from that, and I think it has to be made very clear. All kinds of cases could be made. Some suggest that if a planholder dies, the money should go to

this family tax-free. That is not what the plan is for. It is for retirement.

I have explained ten times that previous to now when a participant in the plan reached 71, he had only two options. He could cash his RRSP in. If he had accumulated $100,000, he paid tax on $100,000 in the year he cashed it in. His other choice would have been to buy a life annuity. If he bought a life annuity and died a week later, there might be nothing left for anyone but his spouse. We considered the wife of a man who was retiring to be part of his responsibility during retirement, but if he had two children and no wife and died at 72, there might be no asset to go to the children. It was lost completely, and the profit stayed with the insurance company. We are now allowing more flexibility so that the accumulated $100,000 over a period 20 years can be withdrawn a little every year and the tax will be paid only on the amount of money taken out each year. The level of taxation will depend on the level of income each year.

Hon. members opposite are attempting to allow accumulation of wealth for estate purposes. This program does not allow for that because, let us realize, the money put into the program during a lifetime is tax-free.

Money paid into RRSPs is not subject to income tax. That money is put aside. Tax is paid when money is withdrawn from the scheme. We have decided to bring in new programs to add flexibility, but we always had in mind that the purpose of this program is to maintain income levels for retired people. The program is not meant to allow an accumulation of wealth. We should not mix the two. This afternoon the hon. member for Provencher and tonight the hon. member for Saskatoon-Biggar have been trying to develop it that way. They argue that the plan should be tax free. Everyone in this land would like to have to pay no taxes, but we have to maintain the important principle that RRSPs and RRIFs are schemes to maintain the incomes of people. They are not meant to build estates.

Mr. Hnatyshyn: Mr. Chairman, I am not going to carry on much longer because I know others have points to make.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: I know hon. members on the government side must be embarrassed to think about supporting the Minister of Finance in this proposition. It is a very simple proposition. The minister says that the scheme applies to spouses, but he cannot bring himself to extend it to dependent children.

If every hon. member on the government side would canvass their own personal situation—and I am not now thinking of their constituents—those who have dependent children might ask themselves why the plan should not include them. If the plan now goes as far as including spouses, why not dependent children? Perhaps the hon. member for Regina-Lake Centre is right. If this government stays in power much longer, the rate of taxation will be so high by the time we withdraw our RRSPs that it would be better to pay tax on our incomes and just let our money earn interest.

However, I ask hon. members opposite to consider the extension of this principle and to put pressure on the minister to make a firm declaration that he will bring in an appropriate amendment to extend this plan to dependent children. That is a social aim. That will not cause the government to lose all its income, even this government with its spending habits. We have received a good lecture from the minister, but the point I want to make and the point which was made by the hon. member for Provencher this afternoon is that this would not be an overwhelming concession on the part of the government. All I am asking is that the government accept this basic principle.

I will not stand here and waste the remainder of the evening talking to unyielding ears. There are important clauses here, but the minister does not seem to have the compassion or the interest to do anything about this important proposition. I want him to understand what considerations are moving people on this side to make this kind of representation. It is not in any partisan political sense but in the interests of all those dependent children who might be in this unfortunate situation. I hope the minister will give serious thought, before this bill is read the third time, to changing his mind on this.

Mr. Neil: Mr. Chairman, the minister was implying that we on this side were suggesting that we should have a tax-free situation as far as RRSPs are concerned. Up until now taxation with respect to the plan has been certain. Attempts are being made in this legislation to change the system of taxation for this plan in midstream. All we are asking is that the minister do what he said when he responded to the hon. member for Dauphin on June 12. He said there would be no changes in taxation for RRSPs because people have purchased plans over the years based on the certainty that there were certain rules and regulations.

Now, half-way through, the minister is changing the system of taxation. All we are asking is that he understand that when people entered into this plan they knew what the taxation liability would be. If at some future time we want to create a situation whereby tax liability will be different, that is fine; but let us tell people who have purchased these plans up until now that there will be no change in the law as it existed for them when they purchased their plans. If the minister wants to discuss this matter with credit unions, trust companies and other institutions with regard to the future, that is fine; but let there be some certainty with respect to the plans which exist at the present time so that there will be no misunderstandings.

Mr. Chrétien: Mr. Chairman, many times I have indicated to the committee that I have sympathy for the dependents of participants in registered retirement savings plans, but I doubt very much whether the dependents of participants over 71 have very much need. Quite a lot of money can be accumulated under RRSPs. If there is a need there, I doubt it is very frequent because when you reach the age at which you benefit from an RRIF, there can be a lot of money accumulated in the fund but there are very few people with dependent children in that category. So this is not a common occurrence we would be faced with, though there could be an exceptional situation. For

instance, when I am 71, my youngest child will be 40 and I certainly hope he will not be dependent on me at that time. The way this is presented to the House, it is as if we were taking bread away from little kids. This is an RRSP, and advantage is taken of RRIF only at the age of 71, so I do not want people to get too excited about this. I see many members here of whose curriculum vitae I know something and I find that although they were good at the beginning of their lives they seem to be less good now!

● (2122)

Mr. Benjamin: Mr. Chairman, I rise on a question of privilege. I want to remind the minister that there are many virile people in this country. In fact, I have three constituents over 80 years old who draw old age pension and family allowance at the same time.

Mr. Chrétien: That is why I said I would like to help those valuable persons.

Mr. Stevens: Mr. Chairman, I think it must be obvious to members of the House that the Minister of Finance is absolutely inflexible with respect to the requests we have been putting forth concerning an RRSP should a person die with one of those plans in force. So I propose to ask the minister a few questions about another subclause under clause 34.

I refer the minister to clause 34(9) which appears at page 40 of the bill. This is the provision in which it is proposed to limit to age 60 the starting date for life annuity payments under the matured RRSP. I recommend that the minister consider withdrawing that proposal. I say this because, before putting my direct question to the minister, I think he would agree that under the present plan there is no minimum age limit, nor has there been any such limitation since the RRSP was introduced into the Income Tax Act back in 1957. So for some 20-odd years there has been no minimum age at which a person can rollover or in some other way deal with the funds which he has in an RRSP. Would the minister consider withdrawing his proposal for a new minimum age limit so far as the RRSP is concerned?

Mr. Chrétien: Perhaps, as usual, I will read the technical explanation first and following that I will deal with the points made by the hon. member.

In subparagraph 146(2)(b)(iii) the change introduced the new provision regarding the time at which payments of retirement income out of RRSP must start. Retirement income must commence at some time after the annuitant becomes 60 and before the end of the year in which he becomes 72 years of age. RRSPs were introduced as a tax assisted savings plan for the purpose of providing an income in retirement for those who did not have access to a pension plan. Too often only the short term tax saving aspects are emphasized. The age 60 provision emphasizes the essential nature of these plans without impeding their continued widespread use. Since retirement before the age of 60 is actually rare, although widely discussed, it enables the retirement nature to be emphasized with the minimum of inconvenience. For the rare case, where the money is needed, the plan can still be used to provide retirement income before the age of 60, but the technique is somewhat different.

To answer the hon. member as to why there should be a minimum age, let me say to him that it is to illustrate the point I was making earlier with regard to the confusion that is developing in the minds of some people at this time. People seem to forget that those are tax deductions or incentives we are giving to individuals to save money for their retirement. Now it seems to be drifting into something else. People seem to think it is a way of accumulating wealth without paying taxes.

To illustrate this clearly, we are designating the age of 60 as the starting age for RRSP. I do not know whether 60 is too late or too early. We used to talk about retirement at age 65 and then we wanted to reduce the age of retirement. Now there are people in this land who argue that we should depart from the practice of making people retire at a certain age. My point is that we want to make it clear—because I detected earlier in this debate and on other occasions the danger that people may think that RRSPs are a way to accumulate wealth—that it is a retirement savings plan. That is why we put the age of 60 there, but it is not an essential provision.

Mr. Stevens: Mr. Chairman, in view of the minister's answer, in which he said we were confused concerning the taxability of these lump sum amounts which end up in RRSPs, I would like to put three examples to the minister and ask him how he distinguishes among the deferred income plans to which I will refer in that there is no minimum age in any of the three and yet, for reasons about which I am not clear, he hopes to introduce the minimum age in the case of RRSPs.

The first example I put to the minister is that the current requirement under the Income Tax Act is that the maturity date for an RRSP must be on or before attainment of age 71. We agree on that. There is no minimum age limitation, nor has there been any such limitation since 1957. I ask the minister how he distinguishes between the present position with respect to an RRSP and, for example, the deferred profit sharing plans? The Income Tax Act has followed the same pattern as RRSPs; that is, it provides that benefits be paid out not later than at the age of 71 but that there be no minimum age. Why is the RRSP, if amended as the minister suggests, different from the present Income Tax Act provision with respect to deferred profit sharing plans?

Mr. Chrétien: The purpose of the profit sharing plans is not necessarily retirement income. It could serve as a retirement instrument but this is not the main purpose of the plan. The philosophy of RRSP is quite different from that of deferred profit sharing plans. That is why there is no minimum age requirement in the case of deferred profit sharing plans.

Mr. Stevens: If that is the case, then I will be most curious to find out the minister's reason for the minimum age in my second example. The Income Tax Act does not provide any minimum age for commencement of a pension under an employee pension plan, but Revenue Canada has issued infor-

mation circular 72-13R4 which stipulates that normal retirement age under a pension plan should not be earlier than age 60 but allows for payment of pensions at an earlier date under certain circumstances. These circumstances include retirement at age 55 after 25 years of service or retirement after 30 years of service regardless of age. Can the minister distinguish why, in the case of the information circular to which I have referred, it is permissible to have these plans with regard to people who wish to retire before age 60, but under the registered retirement savings plans arbitrarily the minimum age is 60?

• (2132)

[*Translation*]

Mr. Chrétien: Mr. Chairman, as I said earlier about the last proposal made by the hon. member, he is alluding to the age of 60. Of course, as concerns pension plans, we have provided more flexibility to allow those who have now reached 60 to benefit from the plans in certain circumstances for various reasons. But as regards the plans called RRSPs, we have set the minimum age at 60 for the reason that I have mentioned on several occasions in committee. More and more these plans are being considered not as savings plans which provide you with money for your retirement, but as plans which enable you to avoid paying normal taxes throughout the years. You have only to read the advertisements in the newspapers or the propaganda made by those who sell pension plans. They very rarely mention pensions, and very often they talk mostly of the pension plans as a means to avoid paying income tax. This is one of the problems that we want to avoid. We must not forget the purpose of this type of plan which is to save money for one's retirement. If we let people get too far away from this purpose, one day our program will finally be considered by the public as strictly a means to avoid paying normal income taxes. This is one of the problems which we must always face in such programs. We must ensure that the main purpose is not lost in the evolution of such plans because people could finally so much abuse what is good for other purposes that the whole program would have to be eliminated in the end because it would no longer meet the original objectives.

In the circumstances, we must be very cautious, and I believe that we have been wise to choose the age of 60 in the case of RRSPs. If we discover that this is too restrictive, we can always change the program, but I cannot see why it would not be important to come back to the purpose for which this program was created and set the minimum age at 60.

[*English*]

Mr. Stevens: I understand what the minister is saying, that presumably at some stage a plan should be subject to equitable tax. The minister is not consistent. In private pension plans, which have the advantage of tax deferral, Revenue Canada is willing to allow those plans to be operative, in the case of a person working for 30 years, at any age, and in the case of a person working for 25 years, at 55 years of age. Notwithstanding the fact that it is acceptable to allow those plans to be operative at ages lower than 60, why is the department arbitrarily harsh in respect of those who have participated in RRSPs?

Mr. Chrétien: There is no flexibility in pension plans as there is in RRSPs. A person can withdraw any portion of his RRSP before age 60, whenever he requires the money. It is not a question of the funds being locked in.

Mr. Stevens: At which point he is required to pay the tax.

Mr. Chrétien: For example, if a person has accumulated $100,000, in RRSPs, at any time when he needs money, he can arrange to take $5,000 out of the plan if he wants. He can pay tax any year he wants at that level, and he is taxed according to his income in that year. It is normal, for we must remember that he was not taxed in the first place.

As I explained earlier, the purpose of this scheme was to make funds available at the time of retirement. If a person withdraws any portion of it at age 50, he must pay taxes according to his income at that time. That is fair, because at the time his money was put into the RRSP he was not required to pay tax on it.

RRSPs are designed for retirement purposes. Before the age of 60, a person has a lot of flexibility in his plan. He can withdraw the money or any portion of it. But that is not the case under pension plans.

Mr. Stevens: Mr. Chairman, I should like to emphasize that pension plans can be discontinued. My third example is the case of employee profit-sharing plans. Revenue Canada issued Information Circular 71-1R. It requires simply that the normal retirement age for payment of benefits be defined in the plan, but that no minimum age is required. In these three very relevant examples, why is the department willing to be flexible as to the operative age, whereas under RRSPs arbitrarily the minimum age is 60?

I would like to mention a few very brief examples of genuine hardship which will result for people who are counting on the proceeds from registered retirement savings plans. They will not be able to participate because of the arbitrary 60-year figure which the minister has come up with.

Mr. Chrétien: The hon. member must understand that between the ages of 60 and 71 a person can transfer his RRSP into an RRIF.

Mr. Stevens: I am dealing with under age 60.

Mr. Chrétien: Under 60 a person can withdraw any portion of his RRSP, but it cannot be transferred to an RRIF. He can use that money in order to pay his taxes or do whatever he wants. It was necessary to have a minimum age for a person wanting to transfer his RRSPs into RRIFs.

The purpose of RRIF is to ensure, when a person reaches retirement, that he is not forced to take all his RRSP savings and pay his taxes in one shot, and to ensure that he is not

forced to buy a life annuity. We want to provide some flexibility for people who have RRSP savings.

Because RRSPs will be flowing now into RRIFs, it was necessary to establish a minimum age. Otherwise, there would have been a complete confusion. We should not make the program inoperative or more difficult. We want to help people with RRSPs to save money, in order for them to have cash to add to their retirement incomes.

Mr. Stevens: In the case of an individual who encounters a permanent impairment of health or other factors which force him to adjust to a limited work schedule and a reduced income, perhaps it would be logical for him to convert his RRSP into an immediate annuity payment in order to supplement his inadequate income. Such a person will not be able to do that, if this minimum 60-year requirement goes through, if in fact he is less than 60 years of age. Why cannot that flexibility be offered?

Mr. Chrétien: That person could achieve exactly the same purpose if he withdrew a portion of his RRSP every year. If he feels he requires $3,000 more, because he has lost his capacity of earning at age 55, he can decide to withdraw that amount from his RRSP. Also he will pay the tax on this amount according to his level of tax at age 55. That is quite simple. He can do that whenever he wants. He is not penalized by this scheme.

● (2142)

Mr. Stevens: Mr. Chairman, let me put the situation to the minister in which there has been a premature death. Under the present RRSP the law is flexible, and, I would suggest, well suited to emergencies of this kind, because a surviving spouse can now roll-over the deceased's RRSP into his or her own RRSP. Will that flexibility not be lost if you put the 60-year limiting factor in, bearing in mind that on the death of a person there will be taxation on the lump sum amount?

Mr. Chrétien: The spouse can roll it over if desired into an RRSP of his or her own at any time. The law permits that at this moment. I do not see the problem about which the hon. member is talking.

Mr. Huntington: Mr. Chairman, in the twilight minutes of the session on Friday I rose on a point of order and passed a series of amendments across the floor that we on this side had prepared in respect of clause 6. The minister was courteous enough to accept them at that time. There is some reason for questioning the figures given during the budget speech, and there is obviously reason to question the figures given in the announcements by the Minister of State for Science and Technology.

In the amendments I sent over is a call for a separation of current research expenditure from capital research expenditure. I made it known to the parliamentary secretary that we personally favoured the tax credit route in respect of R and D, but in light of a potential conflict with thoughts on the government side we also sent over an amendment that would carry on with the 50 per cent allowance but on a separated basis, separating those firms with research accounts of $1 million or less from those with accounts of $1 million or more. In other words, those large firms which make up 70 per cent of R and D expenditures in Canada would be subject to incrementality, and those firms with R and D expenditure accounts of less than $1 million would be subject to the full credit allowance.

I am wondering whether we might obtain unanimous consent to revert back to clause 6 for this consideration.

Mr. Chrétien: Mr. Chairman, with 30 seconds left I think it would be difficult to deal with an important amendment like that. I am sorry, but I am not the one who took up the time of the committee tonight. The time of the committee was taken up with repetition after repetition by members of the opposition. I would have liked to deal with the amendment of the hon. member who I think tomorrow or perhaps Wednesday at caucus should give hell to his colleagues for taking up the time.

Mr. Stevens: On a point of order, Mr. Chairman, I gave you notice of a matter I wished to raise at this time. It concerns remarks made during this committee on Friday afternoon, as they appear at pages 6504 and 6505 of *Hansard*.

The Assistant Deputy Chairman: Order, please. Notice has been given to Mr. Speaker during the day. Perhaps I may be allowed to quote from Beauchesne's citation 138(2) as follows:

> If offensive words are spoken in committee, which are taken down, the House only, and not the committee, can take notice of them.

Therefore, being in committee, I cannot take notice of them. I might add that Mr. Speaker has been served notice of this matter and will deal with it.

Mr. Stevens: Mr. Chairman, when I drew Beauchesne's citation 138(2) to your attention I did so to point out that normally the committee reports the offensive words to Mr. Speaker so he can act upon them. I hope there will be no technical imperfection when I attempt to raise the matter in the House.

The Assistant Deputy Chairman: As I mentioned earlier, Mr. Speaker has been served notice. The remarks of the hon. member have been registered in *Hansard* and I am certain that Mr. Speaker will make a ruling tomorrow or at a later date.

[*Translation*]

Order. It being 9.45 p.m., it is my duty, pursuant to the order made on Tuesday, June 13, 1978, to interrupt the proceedings and put forthwith, without further debate or amendment, every question necessary to dispose of the committee of the whole stage of Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reduction.

Shall clause 34 carry?

Some hon. Members: Agreed.

Clauses 34 to 44 inclusive agreed to.

The Deputy Chairman: Shall clause 45 carry?

Some hon. Members: On division.

Clause 45 agreed to.

Clauses 46 to 53 inclusive agreed to.

Clause 54 agreed to.

Clause 55 agreed to.

Clause 56 agreed to.

[*English*]

The Assistant Deputy Chairman: Shall clause 6 carry?

Some hon. Members: On division.

Clause 6 agreed to.

The Assistant Deputy Chairman: Shall clause 17 carry?

Some hon. Members: On division.

Clause 17 agreed to.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I rise on a point of order to draw your attention to the fact that in the confusion which exists something might be overlooked. When you call the question, "Shall the bill carry?", we want you to put the question because we want to vote no.

The Assistant Deputy Chairman: Shall clause 57 carry?

Some hon. Members: On division.

Clause 57 agreed to.

The Assistant Deputy Chairman: Shall clause 58 carry?

Some hon. Members: On division.

Clause 58 agreed to.

The Assistant Deputy Chairman: Shall clause 59 carry?

Some hon. Members: On division.

Clause 59 agreed to.

The Assistant Deputy Chairman: Shall the title carry?

Some hon. Members: Agreed.

Some hon. Members: No.

• (2152)

Title agreed to: Yeas, 100; nays, 36.

The Chairman: Shall I rise and report the bill?

Some hon. Members: Agreed.

Some hon. Members: No.

Bill reported: Yeas, 104; nays, 38.

[*Translation*]

Mr. Deputy Speaker: When shall the bill be read the third time?

Hon. Jean Chrétien (Minister of Finance): On a point of order, Mr. Speaker. Under Standing Order 75(14), it is provided that when a bill is reported without amendment, third reading of the bill may be moved immediately, and I so move.

[*English*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I am more than surprised at the Minister of Finance (Mr. Chrétien) now asking, after his performance this afternoon with regard to this particular bill—

An hon. Member: Order. This is not third reading.

Mr. Lambert (Edmonton West): This is third reading. We are into third reading at this time. There is no way that this bill is going to be read a third time tonight.

An hon. Member: We are not on third reading yet.

Mr. Lambert (Edmonton West): The Speaker has moved to third reading.

An hon. Member: No, he has not.

Mr. Lambert (Edmonton West): I am speaking on third reading of this bill.

[*Translation*]

Mr. Deputy Speaker: Order. I recognized the hon. member on a point of order following the proposal by the hon. minister. If the hon. member for Edmonton West (Mr. Lambert) is not ready to raise the question he wanted to and which I believe was a point of order, I will recognize the hon. member for Winnipeg North Centre (Mr. Knowles) who indicated his intention to do so.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order with respect to the proposal made by the Minister of Finance (Mr. Chrétien) to proceed with third reading tonight. We had a closure motion under which the committee of the whole stage was to finish today. I suggest that it was passed on the understanding that that was all that would happen today.

An hon. Member: That's right.

Some hon. Members: Oh, oh!

Mr. Knowles (Winnipeg North Centre): Just a minute. Mr. Speaker, I have been here and I have seen the practice of regarding a sentence or two as debate, whereupon closure was moved. The reason I do not wish to see third reading called tonight is that I believe that if the Minister of Finance debates the matter for a moment or two he will then get up on

Wednesday and say that on the resumption of the third reading debate he has the right that day to move closure.

If by this point of order I have talked long enough that it is now ten o'clock, Mr. Speaker, I suggest that what you ought now to do is to say that third reading will be posted for the next sitting of the House, but not tonight. Because we do not trust those ministers across the way.

Mr. Deputy Speaker: It being ten o'clock I do not have to rule on the point of order.

Mr. Basford: You would think that the official opposition could have expressed it rather than having to rely on the NDP.

Mr. Deputy Speaker: It being ten o'clock I do now leave the chair until two o'clock tomorrow afternoon.

At 10.01 the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, June 20, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

COMMUNICATIONS

SUMMARY NEWS SERVICE FOR PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, in view of the disclosure of the establishment of a summary service for the Prime Minister at a stated annual cost of $43,000, and in view of the necessity of doing something to bring hard news of what is happening in our country to the Prime Minister's attention, I would move under the terms of Standing Order 43, seconded by the hon. member for Annapolis Valley (Mr. Nowlan):

That this House recommend to the Prime Minister that he save the taxpayers this $43,000 by occasionally attending debates in the House or, at least, reading *Hansard*.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: No.

* * *

SPORTS

DRAFTING OF JUNIOR HOCKEY PLAYERS—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on a matter of importance under the terms of Standing Order 43. In view of the fact that the government underwrites, through CAHA, the development of junior hockey in Canada, and because foreign professional hockey teams have taken to raiding the junior ranks without in any way compensating for development fees which directly affect Canadian taxpayers, as witness last week, for example, in the signing of 17-year old Wayne Gretzky by the Indianapolis Racers of the WHA, I ask leave to move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the Minister of State for Fitness and Amateur Sport introduce forthwith a program which would make it compulsory for all professional hockey teams and leagues drafting Canadian players to reimburse junior hockey in Canada to an amount equivalent to their over-all development and administrative costs.

Mr. Speaker: Under the terms of Standing Order 43, such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

LABOUR RELATIONS

REQUEST THAT CANADA LABOUR CODE BE AMENDED—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that the 30 employees of Quebec city radio station CJRP have been fighting since September 1974 to obtain a collective agreement and were certified as a union in July 1975; and in view of the fact that this union has no guarantee that it will be covered by the provisions of the Canada Labour Code, as amended by Bill C-8, providing for the settlement of first collective agreements and this, not because of the principle of the act, but because of its retroactive effect to December 31, 1975, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the House request the government to amend the first subsection of section 171.1 of the Canada Labour Code and replace "December 31, 1975" by "July 31, 1975".

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

HOUSE OF COMMONS

PROPOSED AMENDMENT TO STANDING ORDERS CONCERNING HOLIDAYS OF JUNE 24 AND JULY 1—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an urgent matter.

Considering that under Standing Order 2(3), June 24 and July 1 are legal holidays on which there is no sitting of the House; considering that this year, June 24 and July 1 fall on a Saturday when usually parliament does not sit, and to prevent the staff of the House of Commons as well as members of parliament from losing the holidays on June 24 and July 1, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House authorize an amendment to Standing Order 2(3) by adding the following: When the holidays of June 24 and July 1 fall on a Saturday or a Sunday, the House will not sit on the Friday preceding June 24 and July 1.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

STORMS

DECLARATION OF SOUTHEASTERN MANITOBA AS DISASTER AREA—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order No. 43. In view of the unfortunate loss of life and devastation of property caused by two tornadoes which struck southeastern Manitoba on June 19, 1978, namely, in the areas of Morris, Aubigny, St. Pierre, St. Elizabeth, Greenland and Ste. Anne, I ask leave to move, seconded by the hon. member for Lisgar (Mr. Murta):

● (1412)

That the Government of Canada co-operate with the province of Manitoba in assessing the damage with the view of declaring the affected area a disaster area.

Mr. Speaker: The presentation of such a motion for debate, pursuant to the Standing Order, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

[Mr. Speaker.]

FILMS

REQUESTED BAN ON IMPORTATION OF SACRILEGIOUS FILM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. I know that a similar motion was presented on this matter previously: I reintroduce it now in the hope of getting unanimous consent without debate.

A pornographic film made in Sweden depicting Jesus Christ, who many of us believe is the Son of God in human flesh—as we acknowledge in the prayers opening parliament—and who even humanists and agnostics acknowledge as one of the greatest, if not the greatest, man who ever lived, is allegedly to be allowed to come into Canada with the permission of the customs and excise branch of the Department of National Revenue. In view of the sacrilegious and extremely offensive nature of this film, which has already been banned in England, France and Israel, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the minister in charge of customs and excise prevent the movie "The Many Faces of Christ" coming into Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL UNITY

REQUEST FOR EARLY REPORT OF TASK FORCE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that members and staff of the task force on national unity are resigning from time to time to become Liberal candidates in federal and provincial elections, apparently having obtained whatever publicity value they could squeeze out of the task force itself, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That the task force be requested to complete its report immediately so that members and staff are still available to complete the report, and that a grateful government arrange to provide automatic Liberal nominations in federal and provincial districts for the redundant members and staff or award the Order of Canada to former members and staff as they depart from their duties inspired by the realization that government constitutional proposals have not had to await their recommendations.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

FISHERIES

CALL FOR MORATORIUM ON WHALING—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that the International Whaling Conference commences in London on June 26 of this year, in view of Canada's failure in the past to support a moratorium in spite of worldwide scientific support for such a moratorium, in view of the decimation of the North Pacific sperm whale by Russian and Japanese fisheries, and in view of Canada's role in allowing a massive increase in North Pacific sperm whale quotas, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the Canadian delegation to the London conference be instructed to end its support for whaling and to support a ten-year moratorium so that this magnificent creature can have some chance of survival.

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

AIR CANADA

POSSIBLE STRIKE OF PILOTS

Mr. Jack Murta (Lisgar): Mr. Speaker, since the Minister of Labour is not in the House today, I would like to direct my questions to the Minister of Transport. My questions deal with the potential Air Canada strike, which is a very serious issue and will affect business, travel and tourism to quite an extent if it is allowed to go ahead. Will the Minister of Labour or the Minister of Transport personally intervene in the dispute to try to get both sides to the bargaining table once again?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the Minister of Labour is offering various services to the parties in this dispute. He and I share the view, which I am sure is shared by all hon. members, that it would be very unfortunate for a disruption of travel plans to occur and to do damage to many Canadians, particularly in a year when so many more seem to be planning to travel in Canada. I presume that all hon. members share the view that the parties ought to be urged to bring this dispute to an early conclusion.

Mr. Murta: Mr. Speaker, the minister started off on the wrong foot: he did not answer my question. Does the government intend to intervene in this dispute, presumably through the Minister of Labour or the Minister of Transport?

• (1417)

Mr. Lang: I did answer that question, Mr. Speaker. The Minister of Labour is directly involved. I do not choose to use the hon. member's word "intervene", but I do not think I should.

Mr. Murta: As the minister knows, the dispute arose over the status of the letter of intent signed by Air Canada at the time of the last contract negotiations. Has the minister had any consultations with the president of Air Canada on whether he intends to honour the provisions of the document and, if so, would he indicate to the House what discussions he has had in the last 24 hours with the president of Air Canada and what Air Canada intends to do in this regard?

Mr. Lang: I have had discussions with the president, but I do not think it would be useful for me to attempt to take part in the negotiations. I think it is best if Air Canada's position and the pilots' position are put to the public by those parties to the extent necessary. I will content myself with the hope, with regard to both sides of the dispute, that a solution is found so that inconvenience is not caused to Canadians.

MINISTER'S MEETING WITH PARTIES IN DISPUTE

Mr. Don Mazankowski (Vegreville): Am I to take it from the response of the Minister of Transport that he does not intend to intervene? Does he not intend to meet with the officials of Air Canada, because the threat of a strike would be disastrous to the country? Last time Air Canada struck, they lost $22 million. Also, will the minister undertake to meet the president of Air Canada to discuss possible contingency plans in the event a strike is called? Will he also undertake to assure the many people who have arranged charter flights that other arrangements might be made or, at the minimum, that they will be refunded their fares?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not have any magic solutions in the event that a strike occurs. There is no doubt that such an event would cause a good deal of harm and inconvenience to many people. However, I do not think it would be helpful for me to attempt to get into the dispute in a public way. The Minister of Labour, through very senior officials, will be directly involved today in the matter and I think that is where the government's role should rest for the moment. In the meantime, there is a burden on both parties to attempt to find a solution in the next day or two, if possible, so that plans need not be in jeopardy even ahead of the time when they would be interfered with.

Mr. Mazankowski: I am advised that the president of Air Canada has formally requested that the Minister of Labour intervene in the dispute. I ask the Minister of Transport, as the spokesman for Canada's national airline, whether he will, in effect, offer his services in the negotiations and in the discussions that may take place so that this matter may be resolved. Using the clout of these two ministers, perhaps we will be able

to avert the very serious misfortune of a strike which could occur as soon as next Sunday.

Mr. Lang: I think I gave the hon. member that assurance in my opening answer. Obviously, the Minister of Labour and I want to do anything we can to help. At the moment, I think that includes not trying to get into the dispute in this forum.

* * *

POST OFFICE

DELAYS IN MAIL DELIVERY—COMMITTEE STUDY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Postmaster General: it concerns the report in the news last night about our troubled postal system. According to that report, the Post Office has installed $1 billion worth of new mail handling equipment, much of which is virtually inoperative. As a result, letters mailed in Toronto and destined for locations in Toronto are now routed all the way to Cornwall for sorting. I should like to ask the Postmaster General whether he will confirm the report of this deplorable situation from the point of view of both efficiency and cost.

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I listened very carefully last night to the CBC broadcast about the Post Office and to the information which was given in that broadcast, and I wondered where some of it came from. One item on which I can answer the hon. member is that the report of a $1 billion investment in mechanization is absolutely false. The $1 billion investment also went into the modernization of equipment, of our plants and our buildings. The project, in all, cost $1 billion; it did not all go into automation. Also it is very easy to take pictures of an idle mechanization plant. Sometimes it happens that the mechanization does not work temporarily or accidentally.

• (1422)

Some hon. Members: Oh, oh!

Mr. Lamontagne: If hon. members want to listen, I would like to explain. I listened to the CBC broadcast and I am very apprehensive about what is coming in the next few nights on the same telecast. It was part of an interview given by the United States postmaster general, myself and some of the officials of the Post Office Department. The person interviewed yesterday was the regional vice-president of CUPW. I wonder if the hon. member would like to have all the details. We are taking note of all the newscasts and will make a full report at the end of the week.

Mr. Broadbent: Mr. Speaker, the minister took an awfully long time but did not answer the question. I ask him to take another shot at answering a question about the same region. According to the same report, the reason for major delays at the Toronto terminal centres is failure of the principal computer in the Toronto postal system. Will he confirm that the cost of this computer has escalated from an originally estimated figure of $1.5 million to $8 million? Will he confirm that the cost has gone up in that range? Also, will he tell us when Canadians can expect that computer facility to be operating and providing efficient mail service to the people of this country?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, the hon. member of the opposition should understand in the end that a few years ago we planned a program of modernization for the Post Office. The technology we adopted then is about the best in the world. However I would like to point out to the hon. member that we are now going through an experience which is somewhat similar to that, for instance, of the Canadian National when they put the first turbo locomotive on the tracks. It did not work out the first time. It is true that the computer must be readjusted by technicians. Also, I would like to revert to the first question concerning the inverview on CBC yesterday. They should broadcast the whole interview given by the postmaster general of the United States, who was interviewed at the same time I was, and not take only five or ten seconds from a four or five-minute interview, which is taken out of context and which does not present facts as they are and does not reflect the opinion of the people interviewed. As regards costs, Mr. Speaker, I would like to say to the hon. member of the opposition that it is true that costs have gone up, but even there I think it is normal. When we use new technology, we must be ready for some experimentation and those costs are practically unpredictable.

[*English*]

Mr. Broadbent: Mr. Speaker, while the minister is gathering experience, the mail of Canada is being gathered in postal offices and is not being delivered to the people who want it. Since he has taken some time to express his concern about short clips providing information, which he thinks distort the picture, I should like to point out that television crews were denied access to the postal facilities and, presumably, to interview people on the spot. Thus, he cannot have it both ways. They were not providing information which was requested.

In all seriousness, and in the hope of improving mail service, will the minister agree to an all-party committee of this House making a quick, serious visit to the postal facility, investigating this particular problem and reporting back within a week to the House?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I doubt that we have ever denied anyone a chance to visit our postal services. I believe hon. members of the opposition even sent a delegation to visit them. Last week the United States postmaster general visited them, and any citizen can do as much. I must add that we plan to open those postal services to the public in Toronto on Canada Day, July 1.

[*English*]

It will be open house then and every citizen will be able to visit our postal installations. They will then see there is nothing to hide.

* * *

[*Translation*]

FINANCE

SALES TAX—INQUIRY WHETHER $226 MILLION PAYABLE TO QUEBECKERS CORRESPONDS TO REFUND OF $85 PER TAXPAYER

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, because of the absence of the Minister of Finance, I should like to put my question to the Deputy Prime Minister.

In view of the dispute between the federal Minister of Finance and his Quebec counterpart regarding a tax cut from which all Canadian taxpayers would benefit during fiscal year 1977-78, can the Deputy Prime Minister tell the House whether the amount of $225 million corresponds exactly to reimbursement of $85 to each taxpayer who nows pays taxes and paid some in 1977?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the subject matter of the hon. member's question is presently before the House. We came out of committee of the whole only last night and I am sure the hon. member is well aware of all the details of the bill. There is no change from the details which have been presented.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, on a supplementary.

I can understand the reply of the Deputy Prime Minister to the effect that the bill was passed last night by committee of the whole by virtue of an arbitrary rule, closure. Can the Deputy Prime Minister tell us whether the global amount, as well as the nature of the taxes which are the cause of the two-month dispute, corresponds exactly to the real reimbursement Bill C-56 proposes to make to the Quebec taxpayers?

[*English*]

Mr. MacEachen: Yes, Mr. Speaker, the bill does contain all the information that would be of interest to the hon. member.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, on June 8, 1978, from my seat here, I promised the Minister of Finance that I would bring him suitable technical means to enable him to reduce or abolish the tax at the manufacturing level to give Canadian taxpayers a tax reduction which would increase their purchasing power in order to stimulate the consumption of Canadian products.

Mr. Speaker, I want to ask you for leave to hold my promise, and to give immediately to the Acting Prime Minister, according to the commitment I made at that time—

[*English*]

Mr. Speaker: Order.

* * *

ATOMIC ENERGY CONTROL BOARD

REPORTED DEFICIENCY IN SAFETY FEATURES OF NUCLEAR POWER PLANTS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for whichever minister of the Crown is responsible this afternoon for reporting to the House in relation to the affairs of the Atomic Energy Control Board. It relates to certain press reports this morning which are serious enough they are causing enough disquiet and concern throughout the country that I am sure at least one minister, if not more than one, has been briefed about the problem. These reports have never been made public. They indicate that our nuclear power plants are seriously deficient in some of their safety functions. My question, to whichever minister is responsible this afternoon, relates to public access and lack of knowledge of those reports and the complaint about conditions. For instance, in December a report was made—

• (1432)

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

Mr. Lawrence: My question is this. In view of one of those reports, a copy of which I have, recommending that the original licensing standard for nuclear plants be seriously reviewed or substantially altered, why have these scientific and technical concerns and the reports themselves never been made public?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will raise the question with the Minister of Energy, Mines and Resources and he will report to the House.

Mr. Lawrence: Mr. Speaker, among those recommendations, one full report was considered by the Atomic Energy Control Board on March 28 and 29 of this year. My question to the minister, and I would have thought the situation was important enough for him to have been briefed on it, is this. What has been the result of this consideration by the Atomic Energy Control Board and, again, why has there been no public disclosure of the recommendations and scientific concerns?

Mr. Faulkner: Mr. Speaker, I think that on both questions the Minister of Energy, Mines and Resources will want to report to the House.

Oral Questions

THE CANADIAN CONSTITUTION

EFFECT OF NEW LEGISLATION ON THE MONARCHY

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is for the Minister of Justice. However, he is not here and I direct it to the Deputy Prime Minister. Approximately three years ago, the Prime Minister made the statement in a speech in Quebec city that this government intended to achieve the end of the monarchy by placing the Governor General of Canada in the position of being able to do all those things that Her Majesty the Queen could do.

I ask the Deputy Prime Minister, why did the government, having this idea in mind all that time, wait three years before doing the proper, appropriate and constitutional thing of advising Her Majesty as to the changes to be made? I also ask why the government has decided to place before parliament such a bill, when section 91 of the BNA Act reads:

It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order, and good government of Canada—

The proposed bill would delete the name and expression "The Queen" and substitute the Governor General of Canada in her place, thereby placing an end, in effect, to the monarchy in this country.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the right hon. gentleman maybe aware that it is the intention of the government to give first reading to a constitutional bill this afternoon. I understand that copies have been made available on a confidential basis. It is not my intention to debate or comment upon the contents of that bill until it comes before the House in the normal way, except to say that the allegations made by the right hon. gentleman will be proved to be totally wrong when the words of the bill are made known to the public of Canada.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, I am using the Prime Minister's own expression in a speech in which he said three years ago, "We will put an end to the Queen of England having any authority over Canada." That, I am informed, is being effected by the simple means of repealing a portion of section 91, removing the expression "The Queen" and substituting the Governor General of Canada.

Some hon. Members: Order.

Mr. Diefenbaker: If the Deputy Prime Minister thinks I am wrong in that regard, all I can say is that he had better reread it and explain to the House later today why we have this complete travesty of our constitutional system in order to get the support of individuals such as those who now interrupt and are not even fit to be parliamentary secretaries.

Mr. MacEachen: Mr. Speaker, as I said earlier, it is very difficult to anticipate in the question period a bill which has not yet been presented to the House of Commons. But I believe that on policy grounds alone it ought to be stated to the right hon. gentleman, members of the House of Commons and the public of Canada, that under any proposal made or supported by this government the Queen will continue to be the Queen of Canada and the sovereign of this country.

Mr. Alexander: Mr. Speaker, my question is for the Postmaster General. He seems to have vacated the premises, trying to solve the dilemma of the Post Office. I would ask that you keep me on your list until he returns.

* * *

FOREIGN INVESTMENT

TAKEOVER OF HUSKY OIL—APPLICATION OF FIRA

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce in his capacity as minister responsible for the administration of the Foreign Investment Review Act. My question is with respect to the apparent desire of those controlling Husky Oil to accept the offer to purchase their interest made by Occidental Oil.

I ask the minister if he will make a commitment now, on behalf of himself and the government, that if Occidental does not file an application for the approval of the Canadian aspects of this takeover by the government under the Foreign Investment Review Act, he will not condone any end runs by Occidental around the act but, instead, will formally demand the filing of such an application, thereafter taking every other step provided for in the act to ensure that this important transaction is fully reviewed by FIRA and the cabinet in terms of whether it would provide the necessary degree of significant benefit to Canada.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, as far as I am aware, there has been no expression in the papers, certainly not to me privately, of Occidental's desire to escape or to do an end run around FIRA. As I understand it, the application to purchase Husky shares by Occidental would definitely have to come before FIRA, and I would certainly think the board and the commissioner would view it as they have all other applications and look for significant advantage to Canada.

* * *

CANADIAN WHEAT BOARD

FINAL PAYMENT FOR NEXT CROP YEAR

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. In view of the annual renewal of the Chinese wheat contract, can the minister tell the House and the western producers—I know he cannot give an exact price—whether the price will be high enough to give a final payment for the next crop year, because

there will be little or no final payment for this year, as the minister himself has said?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am delighted to have the opportunity to join with the hon. member in being pleased about the completion of another contract with China in our long-standing relationship of being prime suppliers to them. This three million tons is a very notable sale. I do not think I would want to even begin speculating about price. The hon. member knows that current card prices are well over the initial price paid to the producer and that, obviously, has a very positive impact upon income.

Mr. Ritchie: Mr. Speaker, as the Wheat Board has announced the loss of $81.5 million, sterling, in the years 1961 to 1976 in dealing with China—many producers feel it is even greater—can the minister tell the House why this was announced through the board's publication, "Grain Matters," rather than through the annual report of the Canadian Wheat Board?

Mr. Lang: Mr. Speaker, I believe the Wheat Board, having put some information into the annual report, felt that farmers wanted a further explanation. Therefore, they published it in "Grain Matters." I would also inform the hon. member that the current contract with the Chinese is in Canadian dollars.

* * *

● (1442)

COMMUNICATIONS

ALLEGED POLITICALLY-ORIENTED MEDIA SUMMARY SERVICE FOR PRIME MINISTER

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, in the absence of the Prime Minister, may I ask the Deputy Prime Minister and President of Privy Council a question? In view of the publication of the Prime Minister's press office media summary and the official line of the press office, I ask if that document is just a time saver and is not the sinister tool for media manipulation that it might appear to be.

I ask the Deputy Prime Minister if the government will provide this media summary each morning to at least the leaders of the other parties, to the House leaders or, for that matter, to all members of parliament if there is no desire to manipulate the press.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the purpose of providing the media summary is to monitor both the electronic and print media with a view to saving time. I have been receiving the summary for some time and find it very useful. I gather that the leaders of the other parties have staff at their disposal who undoubtedly are providing them with a relevant update of current events in one form or another as they are reported in the media. I would see no reason to duplicate that service by providing a service from the PMO.

Mr. Benjamin: A supplementary question, Mr. Speaker. In view of the fact that the media summary is not only a summary of news but reports the names of reporters and various members of the media and quotes people such as Hargreaves for being dry, Henderson for being more enthusiastic, and Michel Guenard for being straightforward and rather enthusiastic—this sort of assessment—could the Deputy Prime Minister tell the House if the summaries are being computerized? Is this an effort to separate the good guys from the bad guys in the press gallery? Can he tell the House the justification for this expenditure in addition to the PMO press office? Is this work being contracted out, or is it being done in the Prime Minister's office?

Mr. MacEachen: Mr. Speaker, it would be foolish of the hon. member to try to convince me that this practice is not followed in the office of the leader of every responsible party. There is a system by which news items are brought to the attention of the leader of the party. Many years ago, when I worked for a leader of the opposition, it was quite common to prepare a daily print summary. This is merely an update of a practice that has prevailed for a long time. The hon. member might be able to sell to someone else the idea that this is a new concept, but he should not try to sell it to me.

* * *

TRADE

REPORT ON GATT NEGOTIATIONS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is addressed to that consummate actor, the Deputy Prime Minister and President of Privy Council who is in charge of the GATT negotiations. Would he bring us up to date? There is a western economic summit beginning on July 16. Mr. Jake Warren is now in Washington, meeting with Mr. Strauss and representatives of the EEC and Japan. We understand that U.S. officials have said they are beginning to see a pattern of agreement emerge in the GATT negotiations.

In view of the importance of these negotiations to Canada, particularly to central Canada, could the minister tell us what pattern of agreement is starting to be seen? What is this pattern of agreement? Could he give the House some details? Would he even agree to speak on motions some time before the House adjourns on June 30 to bring us up to date on this most important matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, last Wednesday, along with a number of my colleagues, I had a meeting with Mr. Warren prior to his departure for Washington to meet with the United States and the community in Japan on multilateral negotiations. Certain views were conveyed to our chief negotiator as to how he ought to respond to prospective developments at that meeting. It is not possible to say that a pattern of settlement had emerged by last Wednesday. It may well have emerged, or will emerge at the meeting in Washing-

ton, and if it does I will be glad, either by question or some other method, to convey the information to members of the House.

Mr. Crosbie: Mr. Speaker, a supplementary question. As the Deputy Prime Minister knows, this is also a very important subject with respect to Quebec, because Quebec industries are threatened by tariff cuts if we should just have the tariff cut. I should like to ask the President of Privy Council this question. The new tariff cuts sought were about 40 per cent for certain countries, the New York *Times* service reports, and exclude textiles, steel products, shoes and televisions from the general, over-all tariff cut.

Has Canada informed the other countries at GATT that we want to exclude textiles, shoes and televisions, or what items have we told the other countries that we want to except from the general decline in tariffs that is likely to come about?

Mr. MacEachen: Mr. Speaker, we are in the preliminary stage of a negotiating session. Countries are providing offer lists and request lists. There is an exchange, obviously, on the part of each country to improve the response from other countries. For that reason, generally the request lists have remained confidential, except that there have been exchanges with provincial governments, members of private industry and trade unions, I understand, on a confidential basis. That is the general situation.

I have stated in the House already, with respect to shoes and textiles, that there is not likely to be any general desire on the part of GATT negotiators to undertake extensive cuts in either of these sectors which are facing difficulties in many of the countries at the GATT table.

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POST OFFICE

ACTION TO IMPROVE MAIL DELIVERY

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is for the Postmaster General. At present the minister is studying proposals which, as I understand it, will bring about improved labour-management relations and achieve faster, more reliable mail service, the two most serious problems. In the Ottawa *Citizen* of June 3, 1978, the minister is quoted as saying:

"In the old days, milk and bread and groceries were delivered to your door—now there's no milk at the door. We are living in 1978.

"You can't distribute six billion pieces of mail the same way as one billion."

I am sure the minister appreciates the fact that the letter carriers are concerned about that matter, as are the people of Canada. Is this one of the proposals the minister is presently studying? In other words, what is he doing about door-to-door mail delivery?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I should like to tell the hon. member for Hamilton West that as far as letter carriers are concerned, I have stated—and I repeat—there is no question of curtailing the existing service. On the contrary, I think we are improving it considerably. We give service to what we call fill-ins in certain areas. At the moment we are studying the possibility of enlarging again, if at all possible, taking into consideration the cost in man-years and within our financial capabilities.

Mr. Alexander: Mr. Speaker, I am sure the minister would not mind my saying that in future he should not make such stupid statements. It does not show concern for the people of Canada who want their mail. The Postmaster General is presently studying proposals which, as he says, will bring about an improvement in labour relations and achieve a faster and better mail service. At the same time, a press release of June 7 from the Post Office quotes the minister as saying:

Naturally, it would be premature at this stage to make public the measures being examined to bring about the desired changes, but I hope to be able to make some of them known at a later date.

Given the fact that CUPW says a strike is imminent, will the Postmaster General disclose these proposals to the Canadian people, or is he going to be secretive about them as he was about the 1975 Hays report? According to that report, there is a lot of mismanagement and mess in the Post Office. Are we going to be faced with the same secretive attitude?

Mr. Lamontagne: Mr. Speaker, I think I will not say anything about some of the adjectives used by the hon. member for Hamilton West. I am not used to them. However, I will get right to the point and tell him that at the moment we are negotiating with the Letter Carriers Union in a most progressive and understanding way. We hope to be able to get a settlement very soon. As far as CUPW is concerned, we are in conciliation at the moment. It would be very unwise for me at this time to take on the responsibility of the conciliation board. Let them take their responsibility, and we will take ours when the time comes.

* * *

• (1452)

FINANCE

FEDERAL FUNDING FOR INTERNATIONAL YEAR OF THE CHILD

Mr. Peter Elzinga (Pembina): Mr. Speaker, my question is for the government House leader. Can he advise whether any decision has been made by cabinet with regard to federal funding for the International Year of the Child?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have absolutely no responsibility for that program.

DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is to the Prime Minister. In his answer yesterday to the hon. member for Capilano regarding anti-dumping duties, the Prime Minister said:

Mr. Speaker, the producers in Canada expect to be able to produce for the entire Canadian market. If they are precluded from producing for a province—

Since Algoma produces only 13,000 tons, and Canadian consumption is 17,000 tons, obviously Algoma cannot produce for the entire Canadian market. Algoma has already put western fabricators on an allocation system, thereby permanently ensuring they cannot supply that market. Will the Prime Minister now recognize the reality of the regional market that exists in British Columbia and give assurance that the anti-dumping duty will not be reinstated at the end of this month?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I believe the Minister of Finance dealt with that part of the question yesterday. I can repeat to the hon. member that when we suspended the anti-dumping duties some months ago, it was a temporary measure made with the agreement of British Columbia and other provinces which expressed satisfaction with it in order to permit all parties to readjust to the current situation. I believe the answer I gave yesterday had to do with a question posed in economic terms. I indicated that surely it is the objective of producers in Canada, including Algoma, to try to produce for the entire Canadian market. Because they were not doing that some months ago, we did allow for a period of readjustment. Whether this period should be prolonged or not is something to which the Minister of Finance says he is giving consideration.

Mr. Friesen: Mr. Speaker, it seems strange that if the province of British Columbia was in favour of it, they submitted a lengthy brief to the tribunal opposing it. How long will fabricators in British Columbia have to wait, or are they even going to be in existence by the time Algoma optimizes its production so they can be supplied? In the meantime, will the federal government do something to provide a supply for these fabricators so they will not be run out of business?

Mr. Trudeau: Mr. Speaker, the hon. member is repeating the kind of question which was put to the government as the result of a situation which developed more than six months ago. We acted, at that time, in a special or temporary way in order to permit the various parties to adjust to the current reality. Yesterday, the Minister of Finance again said in this House that he would examine the situation to see if there had been adjustments and whether further measures were needed.

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COMMUNICATIONS

SUGGESTION OF BELL CANADA FOR NATIONAL CONFERENCE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications. In view of the many and different communications problems which are ending up in the courts, before the CRTC or before the Restrictive Trade Practices Commission—quite a few of them involving Bell Canada—has the minister considered, and does she think there is any merit in the suggestion of the president of Bell Canada, Mr. de Grandpre, that it is time for many of these problems to be brought together under one roof at a national communications conference? If she thinks it has any merit, what has she done about it?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, there is always merit in getting all people concerned in the same room in order to discuss pertinent problems. I have looked at Mr. de Grandpre's suggestion. The provincial ministers of communications have also asked me to meet on the particular problems which are currently preoccupying the industry. There is some chance that the interested parties, the telephone company and the other carriers, might be included in that meeting.

Mr. Nowlan: Mr. Speaker, I was most interested in the minister's reply because there seems to be a problem of communication here in the chamber, mechanically anyway, judging by the noise we hear from outside. I wonder if it is sabotage by one of the communications people. Be that as it may, I was interested in the part of the minister's answer that I could hear.

Do I understand that she is giving serious consideration to a national communications conference so that the problems of interconnection, terminal connection, Telesat, earth station policy and many other diverse problems can be brought under one roof, so we can start to get a coherent policy in such a vital field rather than having decisions made on a piecemeal basis by regulatory bodies and/or the Supreme Court of Canada?

Mrs. Sauvé: Mr. Speaker, regardless of the problems we have had with communication in this chamber, I have always managed to have priority over any means of communication that we have. As to the question put by the hon. member, that agenda is quite an important one. It spans the complete range of activities of the whole of my department. If the hon. member is thinking specifically, because it is the first thing he mentioned, of interconnection, I remind him that this matter is presently before the CRTC for examination. It would, therefore, be quite improper for me to comment on it. However, the case which is presently being studied is very important. I shall look into it further to see whether there is any possibility of developing policies regarding this important question.

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INDUSTRY

VISIT OF METRIC COMMISSION TO YUKON

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Why did the Metric Commission fly to Whitehorse, in the Yukon, last week for routine working meetings on the metric system in the meat packing industry of Canada? In particular, how can the minister justify the expenditure of some $20,000 for this two-day trip, particularly in view of the fact there is no meat packing industry in the Yukon?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I will take the question as notice and try to find that out.

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NATIONAL MUSEUMS

APPOINTMENT OF SECRETARY-GENERAL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? In view of the fact that in announcing a few days ago the appointment of a new Secretary General for the National Museums of Canada, the Prime Minister went out of his way to praise Miss Jennifer McQueen for the work she had done as acting secretary-general, stating that during that period Miss McQueen had demonstrated all the qualities necessary for a promising career in the public service, why was Miss McQueen not appointed to the post for which she was a natural?

Right Hon. P. E. Trudeau (Prime Minister): Because somebody else was more qualified, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): How does the Prime Minister expect the people of Canada to believe that this government is committed to equality between men and women when so soon after passing up Dr. Marguerite Ritchie for another post, another qualified woman has been pushed aside?

Mr. Trudeau: Mr. Speaker, the hon. member might remember that a very short while ago there was an acting head of the Economic Council of Canada who was replaced by a woman who was not on the Economic Council of Canada. It can happen on both sides, Mr. Speaker.

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ELECTIONS

ANNOUNCEMENT OF DATE OF BY-ELECTIONS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is for the Prime Minister. Some time ago I asked what his intention was with regard to the seven by-elections which have not been called. He indicated that he would observe the law. I assume that is so. Can he tell us his intentions with regard to that matter, and when will he be making an announcement about the setting of the date for those by-elections?

Right Hon. P. E. Trudeau (Prime Minister): My intentions have not changed, Mr. Speaker. I still intend to abide by the provisions of the legislation.

Mr. Baker (Grenville-Carleton): Given that the Standing Committee on Privileges and Elections seems to be one jump ahead of the Prime Minister with regard to this matter and has come to some consensus as to how the Election Expenses Act might apply to candidates in by-elections, does the government House leader have any intention of bringing that legislation forward within the next few days?

● (1502)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I understood that consensus existed among the parties, but I have been recently informed that no such consensus exists with respect to bringing in legislation, as I was prepared to do to clear up this matter.

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PRIVILEGE

MR. BALDWIN—THE ALEXANDER PETER TREU CASE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise on a question of privilege of which I have given you notice. It has to do with the case of Dr. Alexander Peter Treu.

In the first place I want to make my own position clear. I am acting as one of the legal counsel to Dr. Treu. I am receiving no fee now, nor will I be receiving any fee, so I have no pecuniary interest at all. I think the House is entitled to know this.

Some hon. Members: Hear, hear!

Mr. Baldwin: I was greatly disturbed to read in *Hansard* some of the statements made by the Prime Minister (Mr. Trudeau) yesterday in answer to questions asked by my hon. friend from Halifax and other members of this party. Either the right hon. gentleman was devious, or he was ignorant. Because of the rules of the House I will accept the latter explanation. As reported at page 6517, the Prime Minister said, in connection with the contracts Dr. Treu received after his persecution by the government had commenced:

> The simple answer, as the Minister of Justice indicated, is that the contracts received from NATO during the latter period were not classified as confidential.

This is a very natural thing. These are commercial contracts and no one suggests that commercial contracts are classified. But out of those contracts received by Dr. Treu, while he was being prosecuted, while his documents were taken away during the two years of his trial, some 2,000 products and/or documents of a classified nature were processed by Dr. Treu and forwarded by him to the NATO centres at which they were received. The contracts may not have been classified but the end products were, to the extent of some 2,000.

In the second place, as far as I am able to gather in a limited time, Dr. Treu did receive at least two classified documents, one in April, 1975, and a second document dated June 21, 1976, after his trial had commenced, which he received with an attached list of a classified nature on June 26, 1976, and of course he sent the classified material back. So much for the question of classified documents.

Dealing with a further aspect, the right hon. gentleman said with regard to the security classification:

When he left the company his security clearance ceased by the very fact of his leaving.

Later on, as reported on the right hand side of the same page and speaking about Dr. Treu, the Prime Minister said: "... he concluded he no longer had the clearance of that job..."

The facts are that in December of 1972 Northern Electric, with whom Dr. Treu had been working as one of the advisers in connection with a most complex and useful scheme in relation to the NATO countries, of which Canada is still a part, got out of the business. At the strong urging of both the government and Northern Electric a company was formed by Dr. Treu to take over in December of 1972.

In June of 1973 Dr. Treu was among those attending a security meeting of a classified nature where he was "badged" and security cleared, and during which he talked to Mr. Jenkyns, the security clearance officer acting as liaison with NATO. Mr. Jenkyns was the security officer for the Department of Supply and Services. In June of 1974, Dr. Treu, security cleared and wearing his badge, attended a similar meeting. Finally, a letter dated January 5, 1976, over the signature of Hugh Grant, director of the defence programs branch of the Department of Industry, Trade and Commerce, invited Dr. Treu to attend a meeting of that branch which was to be held in Ottawa during the week of April 5, 1976.

I sincerely hope that the Prime Minister will set the record straight with respect to these issues, and I hope that, as he continues to play around with his constitutional tinkertoys, someone who has some knowledge of the law and human rights and natural justice will see that the proper kind of arrangements are written into the constitution in that regard.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. gentleman stated at the beginning of his question of privilege that he was acting on behalf of a person who is pleading his case before the appeal court. Obviously he is acting as a lawyer properly should before the courts. He is pleading the case of his client. The courts have already decided the client is guilty under the law. I take it that if the lawyer opposite us wants to continue pleading the case, he can go before the courts and do so.

The hon. member is now presenting a case not as a member of parliament but as a party to litigation in a criminal matter. He is apparently giving evidence which he got from his client. I have contrary evidence. I have evidence from the government that the contracts received from NATO during that period were not in classified areas. In some subtle way the hon. member admits this, but he says the results of the contracts, presumably work that Mr. Treu did, ended up being classified, I suppose by NATO. That is not surprising. A person who is not classified can do work for a government or for the private sector, or for an international organization, which can then decide to classify it. The person doing the work is not the one who is going to decide whether the receiver of the work will communicate it to the enemy or not.

I think it is interesting that the hon. gentleman should be using the House of Commons to plead a case which is before the appeal court, but I suggest he be properly qualified before the bar and get along with pleading his case in the proper place.

Some hon. Members: Hear, hear!

Mr. Speaker: Order. It may be that the hon. member for Peace River (Mr. Baldwin) as drawn attention to what is essentially a disagreement with respect to the Prime Minister's statement of an earlier day. In the final analysis, from a procedural point of view, I note he has attached no motion to his remarks, obviating the need for action by the Chair.

ROUTINE PROCEEDINGS

[*English*]

CONSTITUTIONAL AMENDMENT ACT, 1978

MEASURE TO AMEND THE CONSTITUTION

Right Hon. P. E. Trudeau (Prime Minister) moved for leave to introduce Bill C-60, to amend the Constitution of Canada with respect to matters coming within the legislative authority of the Parliament of Canada, and to approve and authorize the taking of measures necessary for the amendment of the constitution with respect to certain other matters.

Some hon. Members: Hear, hear!

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

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,465, 1,710, 1,711 and 1,837.

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

[*Text*]

BUILDING PROJECTS

Question No. 1,465—**Mr. Alexander:**

What building projects are in the five years capital works budget for the southern Ontario region (Niagara Falls to Woodstock) by (a) the Department of Public Works (b) the Department of Transport (c) the Department of External Affairs (d) the Department of National Defence (e) the Department of Industry, Trade and Commerce (f) Central Mortgage and Housing Corporation (g) other Crown corporations?

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): (a) Information dealing with proposed expenditures beyond the current fiscal year are not publicly available until estimates are tabled in parliament. The estimates list, in the case of Public Works Canada, all capital projects estimated to cost $250,000 or more and on which work is estimated to start in 1978-79. The 1978-79 estimates list one Public Works Canada-funded building project for southern Ontario (Niagara Falls to Woodstock) on page 21-28: Niagara-on-the-Lake post office. In addition, two minor building projects are under construction: Virgil post office, Winona post office. (b) None. (c) None. (d) There are two capital building projects in the DND program for the southern Ontario region in London, an extension to a military garage—estimated at $450,000 and a new training building estimated at $560,000. (e) None. (f) CMHC does not plan any construction on its own account in the southern Ontario region in the next five years. Its capital investment budget is dependent upon provincial agencies, municipalities, and private organizations in the housing field. (g) In so far as the Canadian Broadcasting Corporation is concerned: Windsor—replace French and English television transmitters. London and Sarnia—new English FM stereo radio transmitters. Other projects are planned for the area under the CBC's accelerated coverage plan. The ACP is a large, complex and highly integrated undertaking which now involves some 300 locations and 650 engineering projects. Names of the locations and the nature of the service to be provided are made public, step by step, as applications for licences are made to the CRTC. In so far as the Canadian National Railways is concerned: Building projects included in its five-year plans of capital requirements for the southern Ontario region between Niagara Falls and Woodstock are: 1. Additions or revisions to trackage at Brantford, Caledonia, and Jarvis as required to meet traffic from the new Stelco plant at Nanticoke. 2. Additional tracks in Parkdale yard. In so far as Export Development Corporation is concerned: By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors. In so far as the St. Lawrence Seaway Authority is concerned: Bridge over Welland Canal at Port Colborne, channel improvements, bridge No. 10 to Port Robinson, Welland Canal. In so far as the other proprietary Crown corporations are concerned: None.

PROVIDENT HOUSE—TORONTO

Question No. 1,710—**Mr. Brisco:**

1. Who owns Provident House in Toronto?

2. Are any experiments being conducted at Provident House and, if so, who monitors the experiments and what is the nature of the experiments?

3. Who, and in which department, monitors Provident House?

4. What was the cost of Provident House?

5. What are the ongoing annual costs?

[Mr. Alexander.]

6. (a) How much is paid in salary to Provident House staff and to whom (b) what is the nationality of the occupants?

7. How many technical papers have been written by the occupants of Provident House?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned the answer is as follows: 1. The Provident House is owned by: McClintock Homes, 3251 Sheppard Avenue E., Agincourt, Ontario.

2. The thermal performance of the solar space and service water heating systems, as well as the performance of the collectors and annual heat storage unit, are being scientifically monitored with instrumentation installed by the National Research Council in 1976. The project is being monitored by the firm of: Hooper and Angus Assoc. Ltd., 980 Yonge Street, Toronto, Ontario.

3. The division of building research of the National Research Council is responsible for the monitoring contract on the Provident House.

4. The design of the Provident House experiment was initiated under the Canadian Urban Demonstration Program of the Ministry of State for Urban Affairs in 1975. Financial support for the concept and working design was $90,430. Cost of solar hardware purchase and installation, as well as cost of modifying house design for solar system, totalled approximately $55,000, and was supported by the Ontario government ministry of energy.

5. Annual operating costs has been absorbed by the owner of Provident House, and is therefore unknown.

6. The owner, McClintock Homes, has a field man at the housing development containing Provident House. Part of his duties is to care for the Provident House. His salary is unknown. The house is currently rented by a Canadian couple with no children.

7. The occupants and owners of the Provident House have not written any technical papers on the project. The designers, Mr. John Hix and Mr. F. C. Hooper, have prepared a number of articles on facets of the project. Mr. Hooper is currently preparing an assessment paper on the project for the annual meeting of the Solar Energy Society of Canada Inc. in London, Ontario, August 20-24, 1978.

SOLAR ENERGY EXPERIMENTS—B.C.

Question No. 1,711—**Mr. Brisco:**

1. Has a condominium building recently been funded for solar energy experiments in Kitsilano, British Columbia?

2. Who owns the building?

3. (a) How much funding has been provided and was it in the nature of a grant or loan (b) what conditions are attached to the provision of this funding?

4. (a) Who applied for the funding and to whom was it paid (b) who approved it?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned the answer is as

follows: 1. Yes. A solar heating system trial has been funded in Kitsilano, B.C.

2. The eight-unit row housing project is owned by: Kitsilano Housing Society, Broadway and Vine, Vancouver, B.C.

3 and 4. The project is one of 15 initiated in FY 1977-78, under the National Research Council Solar Energy Research and Development Program. Part of this program is for trials of solar heating systems in multi-unit residential buildings. Over 80 groups responded to an announcement of the system trial program. These were screened by members of the division of building research. Thirty-five of the respondents were invited to submit detailed proposals, and 15 were finally awarded contracts. Final selection was by building research staff. The contracts cover the cost of designing the solar system; purchasing the solar heating components, and installing the solar system in the building. The contractor is reimbursed costs as they are incurred. At the end of the contract, the solar system must be demonstrated as being operational, and the building owner must reimburse the government a percentage of the solar component cost. The building owner is then the owner of the solar heating system. A condition of the contract is that the NRC or its agent have access to the building and system, for five years, to monitor the thermal performance of the solar heating components and system. The contract with Kitsilano housing authority is for $71,298.

MINISTER OF NATIONAL REVENUE

Question No. 1,837—**Mr. Epp:**

Is the present Minister of National Revenue collecting both a ministerial and a senatorial salary and (a) if so, in what amount in each case (b) if not, what salary is he receiving and what is the amount?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms citation No. 171 (m) and (ff).

[*English*]

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

Some hon. Members: Agreed.

● (1512)

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NATURAL RESOURCES—CANADIAN CONTROL OF DEVELOPMENT

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands) moved:

That, in the opinion of this House

Natural Resources

(a) all major new resource developments should be majority Canadian controlled as promised by the government during the 1974 federal election campaign; and

(b) in order to avoid further domination and ownership of Canada's oil resources by foreign multi-national oil companies, and a continuing financial rip-off of the Canadian consumer, the development of Husky Oil Company's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected.

Mr. Speaker: The motion is debatable, and hon. members will want to be reminded that proceedings on this motion shall expire in accordance with Standing Order 58(11) at the ordinary hour of adjournment later this day.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the House has just given first reading to a bill designed to patriate the Canadian constitution. That ought to remind us that one of the factors which motivated the Fathers of Confederation in bringing together the various provinces which now make up Canada was the fear that Canada would be overwhelmed and absorbed by the emerging giant to the south of us. I submit that this is still one of our major concerns. In the years which have transpired since 1867 we have gone a long way toward economic absorption, social assimilation, and political domination by the United States.

The Leader of the New Democratic Party, the hon. member for Oshawa-Whitby (Mr. Broadbent), in the policy paper which he presented to the New Democratic Party council—about which he has spoken in this House—called "An Industrial Strategy for Canada", contended that economic growth in Canada depends upon retaining our valuable resources under Canadian ownership and control.

The Liberal party in Canada has always paid lip service to the idea of maintaining economic independence for this country. Many members who have sat in the House in the Liberal ranks over the last 15 years have been members of the committee for an independent Canada, but the fact is that the record of their performance with respect to maintaining Canada as an independent economic entity has been a dismal one.

The present government has been in office for 15 years. In 1963, headed by Walter Gordon, Donald Macdonald, and Judy LaMarsh, a group came marching into the House of Commons to the tune of "Oh Canada, we stand on guard for thee". However, in the years which followed there was no change with respect to the steady encroachment upon our economic independence by large United States controlled multinational corporations. Then in the election campaign of 1974 the Prime Minister (Mr. Trudeau) made a commitment to the people of this country. This is what he said:

The Liberal Party of Canada sets as an objective that major new projects in the natural resource field should have at least 50 per cent, and preferably 60 per cent, Canadian equity ownership.

I asked the Prime Minister yesterday if that commitment still stood, and the Prime Minister answered in the affirmative. All the facts prove him to be wrong and, if he were on to his job, he would know that he was wrong. For instance, if he takes a look at the long list of oil and gas companies which have been taken over by foreign corporations since June, 1974,

he will realize that the 50 per cent to 60 per cent Canadian ownership clause has not been applied. If he takes the trouble to look at the figures which were put out by corporations under the Corporations and Labour Unions Returns Act, he will find that in the last year for which figures are available, which was 1975, of foreign companies in the petroleum and coal products field foreign ownership is 95 per cent in equity, 95 per cent in sales, and 95 per cent in profits.

However, I think probably the most damning indictment of the Prime Minister's failure to uphold his commitment to maintain 50 per cent to 60 per cent Canadian ownership is to be found in the document I hold in my hand, which is a copy of a document over the signature of the Minister of Industry, Trade and Commerce (Mr. Horner). It is a review of the matter of Canadian ownership compared with foreign ownership in this country. It shows, in the first place, that consistently there have been takeovers by foreign corporations which have not involved 50 per cent Canadian ownership. The document says that in most instances so far it has not proven feasible to secure full compliance with the objective of Canadian ownership of resource-based companies. The Prime Minister put forward this policy in June, 1974. He said yesterday that it still stands, but the Minister of Industry, Trade and Commerce says that it has not been found feasible to put it into effect. Who is telling the truth, the Prime Minister or the Minister of Industry, Trade and Commerce?

In this document the Minister of Industry, Trade and Commerce admits that most investors know very little about this policy. He says, and I quote:

—at present many, perhaps most, foreign investors are not aware of this policy objective. There has been very little publicity and the last statement on the subject is three years old.

In this same document the Minister of Industry, Trade and Commerce suggests the advisability of dropping this provision, but he adds that the public should not be told about it because, and again I quote:

—it would be preferable that there be no public statement to that effect so as to minimize the danger that the change of practice would be seen as a fall-back by the government.

The government's commitment to maintain 50 per cent to 60 per cent Canadian ownership has proved to be a farce. The government has proved that it has not seriously attempted to carry out its policy or to maintain the level to which the Prime Minister committed his government in 1974. I know of no better illustration of this than the oil industry, which is the best example of creeping economic continentalism and the growing U.S. domination of our resource industries.

● (1522)

In the last 50 years the control of light oil in this country has been taken over almost entirely by U.S. majors. Virtually 100 per cent of the light crude oil in this country is now under the control of U.S. petroleum companies. The result is that they have raped this resource to the point where we have only about ten years' supply left. Sixty per cent of our production of oil and natural gas for years went to the U.S., even though it was well known that the amount of reserves, we had on hand was perilously low.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Now that we have only ten years' supply left, the industry began to look at other sources. The next area it looked at was the tar sands. One might have thought that we would have learned from the light oil experience, and that there would have been some public participation or Canadian ownership in the development of the tar sands. But no, we allowed the three large U.S. companies which form Syncrude not only to take over the development of a large area of the tar sands but to do so with the financial assistance of the Government of Canada and of the governments of Ontario and Alberta. As a matter of fact the Canadian people are putting up a major part of the money in return for a minor interest in that development, and it is interesting that the next company in line is the Shell Oil Company, another U.S. company which is going to develop the tar sands.

That brings us to the present situation when we find that the only remaining oil acreage we have in this country which is not completely under foreign domination is the heavy oil deposits on the Saskatchewan-Alberta border. These oil deposits may be very important for the future industrial development of Canada, because at present we see from the 1977 figures that Canada has a net deficit in oil production of approximately 100,000 barrels a day. The result is that in 1977 we had a deficit, as a result of imported oil, of $1.5 billion, and with our exports being phased out because of our diminishing reserves it is estimated that by 1985 our deficit could reach $5 billion. In light of that fact, the heavy oil acreage in western Canada becomes of tremendous importance. That area is largely controlled by the Husky Oil Company which has over 1.5 million acres under lease or under option. It is estimated that with the new technology now available, it has 16 billion barrels of recoverable oil.

Joseph Baird, the president of Occidental Oil, is reported in this morning's paper as having said, "This is a real carrot". Yes, 16 billion barrels of recoverable oil in a good area, reasonably accessible, not like oil in the Arctic or in the ocean, but a supply of oil which would meet Canada's needs and save us from being importers of oil and from becoming increasingly dependent upon the oil producing countries which at present have such tremendous power around the world, is a real carrot.

For over a year Petro-Canada has been endeavouring to persuade Husky to begin a large scale development of this heavy oil, but no action has taken place. I am told that it even offered a partnership to help them raise the necessary capital, but that was not acceptable. As a matter of fact I suspect that the oil industry is not averse to having Canada find it necessary to import some of its oil, particularly if they buy that oil from sources which the multinational oil companies control. Finally, Petro-Canada did what seemed to me was the logical thing to do. It made an offer to purchase the Husky Oil Company and to develop that field, either alone or in partnership with the Saskatchewan and Alberta governments, and I want to point out that they did so with the approval of the

cabinet, as the Minister of Energy, Mines and Resources (Mr. Gillespie) has stated in the House.

This was a logical step to take, but what do we find? We find that whereas on Monday, June 20, as reported at page 6268 of *Hansard*, the Minister of Energy, Mines and Resources said that this development by Petro-Canada of the heavy oil deposits was "in the national interest", by the end of the week the picture began to change. We see it, first of all, in the words of the Minister of Industry, Trade and Commerce who criticized the decision made by Petro-Canada, and when Occidental made counter offers to Petro-Canada's offer to buy Husky, he said, "I'm not shedding many tears over Petro-Canada", and Alberta's energy minister, Don Getty, said on television the other night that they "don't want a publicly owned company" in the field.

Mr. Lambert (Edmonton West): Nor does Canada, if it is based on your Saskatchewan government's policies!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I see this is endorsed by some of the Progressive Conservative members who share that view.

I want to remind the House that the U.S. and Canada are probably the only two industrialized nations in the world that do not have a publicly owned oil company which controls the major part of the oil industry in their countries.

The gentlemen to my right might hold back the forces of progress for a while, but the fact is that eventually the Canadian people will insist on having a voice in determining the development of their own resources.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The hon. member for Edmonton West (Mr. Lambert) may make all the speeches he wants when I am through. He does not need to bust his gut shouting from his corner of the House. As a matter of fact, he cannot spare any of that.

Some hon. Members: Oh, oh!

Mr. Douglas (Nanaimo-Cowichan-The Islands): Last Thursday, as reported at page 6432 of *Hansard*, the Minister of Energy, Mines and Resources had changed his mind and said that it was no longer "in the public interest" for Petro-Canada to develop the Husky Oil acreage. He then took the position that it was in the national interest that the oil deposits be developed, irrespective of who develops them. That is quite a switch. He went on to say further that if it were guaranteed that Occidental would develop the field, then the Canadian objective would have been achieved. That change of pace in two days is difficult to understand. First of all, it was a clear signal to FIRA that there would be no objection from the cabinet if FIRA decided to allow the transfer of the Husky Oil assets to Occidental which is bidding against Petro-Canada. But I ask, what kind of sellout are we witnessing?

Why was Petro-Canada bidding for Husky Oil in the first place if it is not important that Petro-Canada develop this oilfield, and if Occidental is now interested in developing that field, what has Occidental been doing until now when Petro-Canada and the government were trying to find some person or persons to develop that field? The result is that Petro-Canada has become the birdie in sort of a badminton game between two American companies, which are bouncing it back and forth. Every time Petro-Canada makes a bid, Occidental tops it. I ask the House to consider what this does to the status of Petro-Canada in this country and the international petroleum business. The government's treatment of Petro-Canada, in saying that it does not matter who develops the field so long as it is developed, demeans Petro-Canada. The cabinet is demeaning itself by making it appear to all the world that it is manipulated by the oil cartel, which has been calling the tune up until now, and apparently is still doing so.

● (1532)

This topic is very important because a great deposit of oil either will be developed by Canadians for Canadians, or it will pass into the control of a foreign corporation over which we will have little control. If the government was not able to persuade Husky to develop the field with sufficient urgency, we have no guarantee that Occidental will develop the field with sufficient urgency to meet the oil needs of Canada.

The first line of defence is FIRA. It has the power to recommend that there be no transfer from Husky to Occidental, or to recommend that the transfer be permitted. Up until now, in my opinion, FIRA has been a comparatively toothless tiger. It has allowed transfer after transfer, although the memo of the Minister of Industry, Trade and Commerce showed that there was not 50 per cent Canadian ownership. This time FIRA has a chance to redeem itself. My hope is that it will be seized of the importance to Canada of applying the 50 per cent to 60 per cent Canadian ownership commitment and insist that no transfer be permitted.

Our second line of defence is the cabinet. They are the body who must make the final decision on the basis of a recommendation from FIRA. I am not overly optimistic. Certainly the cabinet has not been very diligent in applying the 50 per cent to 60 per cent rule which was set forth by the Prime Minister in June, 1974. I hope public opinion in this country will be so aroused that pressure will be brought upon cabinet to apply the 50 per cent to 60 per cent ownership provision, and to say that the development of heavy oil deposits on the Alberta-Saskatchewan border will not be transferred to the Occidental Oil Company, but that they will be developed by the people's own company, Petro-Canada.

Mr. Bawden: At what price?

Mr. Douglas (Nanaimo-Cowichan-The Islands): The offer is $52 a share. That is the offer which is going out to them right now. As far as Occidental is concerned, it is not an outright purchase; it is a trade. I think many people would rather take the cash than the trade.

According to this morning's paper, the president of Occidental said that if they go ahead they want concessions on taxes and royalties, and also they would be quite willing to let the two provincial governments and Petro-Can put up the major part of the money to build a tertiary recovery plant, but of course they insist on retaining the acreage and control of the feed stock. Anyone silly enough to put up extraction facilities and leave the oil supplies in the hands of a company over which he has no control, certainly would be buying a pig in a poke.

Mr. Bawden: What about Saskatchewan?

Mr. Douglas (Nanaimo-Cowichan-The Islands): I cannot answer all the hon. member's questions because my time is limited.

Mr. Bawden: Well, you were the premier.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Today first reading was given to a bill dealing with our Constitution. The House, and particularly the government, must realize that people are not made great by a constitution. It is the people who make a constitution.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): It is the people who make a nation great.

The Acting Speaker (Mr. Turner): I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) did not start until 3.13, and he has until 3.43.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): In closing, what makes a nation great is not just its constitution. A constitution is an attempt to put into legal form the hopes, aspirations, and objectives of free people. A nation only becomes great when that nation has a sense of pride and purpose. It cannot have that if its resources are to be owned outside its own borders, and if it is to have no voice whatsoever in the determination of its own economic destiny.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): The Canadian historian, Frank Underhill, whom many of us remember with admiration and affection, once said that a nation is a collection of people who have done great things together in the past and who are determined to do great things together in the future. Canadians have done great things in the past. There is a long litany of accomplishments in peace and in war of which we can be proud. Nothing would do more to galvanize Canadians and make us a great nation than to have a sense of purpose in respect of developing our own resources, to do it with our own money and our own effort, and to be the arbiters of our own destiny. In order to do those things we need courageous leadership, and an opportunity to develop our resources. Neither the leadership nor the opportunity has been given to us by the government. If the government and the House fail to deal courageously with this problem, then we and those who come after us will have to pay the price of our inertia and apathy.

Some hon. Members: Hear, hear!

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, hon. members present will be glad to know that I do not intend to take up my full allotment of time in respect of this matter, simply because we do not think there is enough merit in the concept indicated by the New Democratic motion today to take up too much of the time of the House. This is not to say that we disagree with everything in the motion by any means, nor do we disagree with all the sentiments expressed by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas).

In this House, in the political field of this country, and as far as public opinion is concerned, nationalistic sentiment is not solely the prerogative of the New Democratic Party, the Liberal party or the Progressive Conservative party by any means. Certainly, for one, I agree it is long past due when Canada's national resources should be developed by and for the Canadian national interest. But in many respects we certainly do not agree with the nationalistic sentiments expressed by the hon. member who was the mover of the motion and who has just sat down.

• (1542)

Contrary, however, to the merits of his argument, and contrary to the main thrust of the socialistic dogma to which he adheres, and from which, unfortunately, there is no difference in concept, principle or policy on the part of the federal Liberal government of the day, we emphatically do not believe, as the hon. member just indicated, that there are only two choices or two alternatives.

That hon. member said there are only two alternatives. One of those alternatives, in his mind, obviously is the continued domination of the Canadian oil industry by foreigners, and perhaps even a consolidation through the offer or the bid by the Occidental Oil Company of California to take over Husky Oil of Canada. That is the one choice the hon. member graphically describes for us. That is not his choice, that is not my choice, and it is not our party's choice.

The other alternative he presented to the House and the public, however, as the only way Canadian resources can be preserved for Canadian use and, in the long term, for the Canadian national interest, is to have a Canadian federal governmental agency take it over.

Some hon. Members: Hear, hear!

Mr. Lawrence: Obviously the applause from the NDP benches for that type of program comes as no surprise. What was surprising, however, was that from the federal Liberal benches during the course of the remarks by the hon. member for Nanaimo-Cowichan-The Islands, there was equal applause for some of those sentiments respecting a governmental Crown agency. The minister of the day nodded his head and grinned, indicating that is perfectly correct.

Those two are not the only alternatives; they are not the only choices, no matter how much the socialists and near socialists believe those are the choices to be presented to the Canadian people.

There is another choice, and that other choice is obviously far preferable, not only in the short run but in the long-term interests of the development of Canadian resources by and for Canadians, and that other choice has to be, and it should be our position, that Husky Oil and the development of the heavy oil fields be undertaken by Canadian interests, by Canadians through the Canadian private sector, not the Canadian public sector.

Some hon. Members: Oh, oh!

Mr. Lawrence: I suggest that is completely distinct from the position taken by the hon. member who has just sat down, for the NDP socialists, and completely distinct from the position which I know the minister has taken, and the Prime Minister (Mr. Trudeau) undoubtedly has taken through this whole sorry mess which has led us to this situation today. That position has been that the only answer has to be Petro-Can or a Canadian government agency bidding for the shares of Husky. I say we disagree profoundly with the principle that a federal governmental agency is the only answer to Canadian control of Canadian resources. Specifically in relation to this matter, we believe that Petro-Can should not control the Canadian development of heavy oil in this country.

Our position is that Canadian private interests can and should be encouraged to develop Canadian resources, and the very obvious and determined present national federal government policy and concept, directed right out of the Prime Minister's office, has been and still is to discourage any other development but that of Petro-Can. We think this is wrong, that it is folly, that it is unfair and highly discriminatory, and it certainly can never serve the Canadian long-term interests either in heavy oil, energy generally or, for that matter, in the Canadian resources field generally.

Heavy oil development has not proceeded as it should have, and there are many reasons for this. We just heard the argument presented to us, and the socialists and the Liberals of this country both claim this, that it is the fault of foreign, specifically American, management and control of the present land—the present land owners, in particular, Husky Oil of Canada. Husky Oil of Canada at the moment is obviously controlled by foreign interests—by American interests. We believe it takes at least two to tango.

Our enquiries, and I have reason to believe they have a very great modicum of authority, have led us to believe there certainly has been a concept and plan, emanating from the very top of our present federal government, which have brought home to Husky over a period of the last three months, in no uncertain terms, that come hell or high water this present federal government is going to permit only Petro-Can to develop the heavy oil potential. We say this is wrong, heavy handed, and discriminatory. It is against our concept of what Petro-Can was set up for in the first place, and it is against the long-term interests of Canada.

How many more federal government agencies will be required to bail out, take over, or buy back some of these fields when they come on market? Are we forever going to be required to rely on the half knowledge of federal governmental people, in particular of persons in the federal government at the political level, in taking over these fields as they may become available in the future?

I agree completely that control should not have passed from Canada in the first place, and perhaps that is a damning indictment not only of this government but of all past governments. In any event, it has happened, and it has happened by a number of ways and means which can be directly related to the policies and principles of successive federal governments, not only in the energy field and not only in the resources field, but also in the tax field. There is no question about that. Nevertheless, it has happened, and the facts speak for themselves.

The Canadian resources industry generally is dominated by foreigners. The Canadian energy field industries are dominated by foreigners, and the Canadian petroleum industry is dominated by foreigners. However, do you really think it is the government of the day that we should continually be looking to in order to bail us out of the situation we are in as a result of these past errors and failures? God forbid! I do not care what the political complexion is of the government of the day. This is a wrong, heavy-handed move. If I had my "druthers", for instance, not only would I move specifically to make sure that that the Occidental bid was never countenanced by the government of the day, but I would also move to make very sure that the Petro-Canada bid was withdrawn as well. It is a wrong move to encourage, and it is wrong to use a heavy hand, as this government has been using over the last few months, to discourage and to drag its feet in respect of that heavy oil development.

● (1552)

The heavy oil development should have been well on its way by now, but it is not. It is not the fault of foreigners but of the footdragging of this government and its numerous agencies in the field. Husky Oil has known for some time, and let us make no bones about it, that they were not going to be permitted under this government to develop that heavy oil field. There is no question about that whatsoever.

The hon. member spoke the other day of collusion between Occidental Oil and Husky Oil, and that may well be the case.

I simply ask you, Mr. Speaker, would you not do exactly the same if you knew that the people who wanted to take you over cared less about efficiency or where they were getting their money? These companies knew that behind the agency which would eventually take over, there was the unlimited resources of the poor Canadian taxpayer. Of course the present moves are a giant poker game designed to up the ante. The only problem is that the poor sucker who is going to pay in the long run will be the Canadian taxpayer, and this is very wrong.

I suggest to you, sir, that that was not the purpose of Petro-Canada. Petro-Canada, surely, was set up by this House, and I will not go back and read the speeches, as a governmental move for a Crown agency to create something new in this country, not to follow the jaded policies of the CDC and attempt to buy back some of those endeavours. It is a wrong, false move at the moment for Petro-Canada to do just exactly that. If we had our way we would say, "A pox on all of them and their alternatives." The alternative is not the government versus the Americans.

There is another alternative, but it has been almost completely destroyed by the inepteness of the government of the day and the Petro-Canada management coming forward on at least two occasions; and I am sure that it will happen more and more as the crunch finally comes. It has been destroyed by successive counter offers made by companies which may not really be in the game on the one hand, and a governmental agency on the other hand which feels it has no restriction or limitation whatsoever on the amount of money it can pay. As I say, the people who will pay in the end will be the taxpayers of this country.

I ask you, Mr. Speaker, what new oil resources are going to be available to the people of Canada that we do not know about now? What new development, what real initiative and leadership are taking place that will bring new wealth and new industry to Canada as a whole? What is going to happen to that $500 million to $800 million that will be spent under this scheme, which was devised in the Prime Minister's office and encouraged by the socialists on our left, those socialists who like to wrap themselves in the flag and indicate what great patriots and nationalists they are? I will tell you what is going to happen, Mr. Speaker. Under this scheme that $800 million of Canadian taxpayers' funds are going to travel south of the border. What good, Mr. Speaker, is that money going to do Canada when it crosses the border? What new development is that going to foster in this country? Absolutely none!

The minister is about to speak when I sit down, and I hope he will give us a lot more detail than has been provided so far. This is not the sole and exclusive policy of a governmental Crown agency that we are talking about when we talk of Petro-Canada and its two offers so far; we are talking about a policy that has been devised and initiated not even, I suspect, in the offices of the hon. ministers but in the office of the Prime Minister of this country. There are many, many close connections between what has happened over the last four months and individuals who deal with and have connections with the Prime Minister's office itself.

[Mr. Lawrence.]

We on this side of the House suspect that a concerted, intentional, and prejudicial series of moves have been put into play on Husky in order to get it out of the picture and to make sure that everyone else is scared off due to some of the unreal statements and offers that have been made. If the Petro-Canada offer is so closely connected with the policies and principles of this government, I hope that the minister of the day will tell us what the basis of the Petro-Can offer is. How do they arrive at the figure which they have just come along with, because this is not his money or Petro-Can's money; this is the money of the people of this country? It is a very high trust, and burden, placed on the minister of the Crown responsible for this agency to the people of this country.

I would like a very detailed explanation. Why is it $58; why is it not $78; why is it not $38? How are these things devised. The second figure that has now come along is different from the first, and I would like to know how they arrived at the first figure. I hope we are going to get an explanation, because it is owed to us in view of the fact this government is spending the taxpayers' money. I am also looking for an explanation of the great volume of share selling and buying and the activity that occurred prior to the public announcement of Petro-Canada's offer. It is great for the minister to come along, as I am sure—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Gillespie: You have had only 20 minutes.

Mr. Lawrence: I shall sum up, Mr. Speaker. There are a great many facets of this whole transaction which are wrapped in mystery. In the long term interest of investment in Canada's resources by Canadians with Canadian capital, to have the heavy hand of the government intrude in a way such as this one has will not encourage that investment. There will be no investment in Canadian resources, energy, or in particular the Canadian petroleum field from either side of the border. We need that type of investment, and we need changes in our tax laws to encourage it. It must be as profitable for Canadians to invest in Canada as it is for the Americans. This situation simply does not apply today.

We must not let the socialists or the near socialists in the government today pull the wool over our eyes, or permit them to pull the wool over the eyes of the Canadian public when they say there are only two alternatives, those two alternatives being the continued domination by the United States in this important field, or for a Canadian governmental agency to act as "Big Brother" and take over.

• (1602)

The third alternative and the only answer in the long run is for the Canadian private sector to be given some breaks by the government such as investors in other countries receive. That is where the change has to come, Mr. Speaker.

Some hon. Members: Hear, hear!

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I welcome the opportunity to participate in this debate this afternoon which addresses itself to two very important issues. The first issue is that of Canadian ownership and control of resource developments in Canada, and the second issue, the current one, is whether development of Husky's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected.

I listened to the speech of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) with great interest and care. This is an area with which I was associated in my previous portfolio and with which I am very much involved in my present porfolio. I should like to tell the hon. member for Nanaimo-Cowichan-The Islands that I thought he made a very good speech but, of course, that does not mean I agree with everything he said. Many of us on this side of the House could agree with the sentiments he uttered today and the degree to which he put Canada first in his remarks.

By contrast, I was appalled when the official spokesman for the Conservative party, the hon. member for Northumberland-Durham (Mr. Lawrence), said he was not going to take all the time allotted to him today—although he was able to, with our encouragement. I think it is appalling when the official spokesman for the official party—the party that would like to become the government of this country—

Mr. Paproski: Will become.

Mr. Gillespie: —says that he is not going to take all his time to address himself to this issue because in some way this issue is not important to him or his party. That is a shocking situation. Clearly the Conservative party is retreating once again in a major policy area. They are running away from responsibility; they are hiding their heads because they do not want to state their position. I have heard comments to the effect that they may not have one. That is probably the kindest thing we could say. There is so much contention within the party that they cannot make up their minds.

I could not but reflect upon a phrase the hon. member for Northumberland-Durham used. I think his words were to the effect that we should bail ourselves out of past errors. I could not think of a better description of the mandate he was given by his own party in this House—"to bail us out of our past errors." Quite clearly their past error is that they are still living with it and do not know what to do with it. That error was that they voted against the creation of Petro-Canada.

I was appalled that the energy spokesman of the official opposition was not prepared to address himself to the question of energy policy. We on this side of the House would have liked to hear what the Conservatives have to say. I think a lot of people in the country have been wondering for a long time what the position of the Tory party is on energy.

In my opening remarks, Mr. Speaker, I referred to the two parts of this resolution. I should like to deal briefly with a review of the policy initiatives, the legislative action, regulatory action, and legislative proposals of this government in the last four years.

The hon. member for Nanaimo-Cowichan-The Islands referred to FIRA. This legislation was originally passed by the House in 1973. Part I was proclaimed in the early part of 1974, but part II was not proclaimed until this parliament. The Foreign Investment Review Agency was a very significant piece of legislation in the development of Canadian policy for the development and protection of Canadian resources. Hon. members are aware of the one test contained in the Foreign Investment Review Agency Act, the phrase "significant benefit to Canada". The act was not set up to block foreign investment unless that investment does not provide significant benefit to Canada.

The second significant event I should like to refer to was also referred by the hon. member for Nanaimo-Cowichan-The Islands, and that is the election promise made by the Prime Minister (Mr. Trudeau) in the Sault in the late spring of 1974. When I was minister of industry, trade and commerce I referred to that promise as reported in the Commons *Debates* for October 10, 1974, when I said:

> The Prime Minister said that the Liberal Party of Canada sets as its objective that new, major projects in the natural resources field should have at least 50 per cent, and preferably 60 per cent, Canadian equity ownership. As there are overlapping responsibilities for the development of Canada's natural resources shared by both the federal government and the provinces, he said we would hope to pursue this objective jointly with the provinces.

I will return later in my remarks to the part the provinces might and should play in this area of ownership and the question of the percentage of Canadian equity participation.

Yesterday the Prime Minister was asked whether he stood by that statement, and he replied very quickly that he does. That was an important statement in 1974, and that was an important statement yesterday.

Perhaps I might refer in passing, Mr. Speaker, to that statement about 50 per cent and preferably 60 per cent Canadian equity ownership, which today is seen as part of that policy in respect of resources. One can think back to the government of the day and the policy with respect to uranium in this country—that Canadians should hold 67 per cent of all new projects. In a few moments I will refer to the oil and gas bill now before the House which takes the same kinds of proposals a step further in that industry. The result of that uranium policy was to ensure that a project at Key Lake, Saskatchewan, will be Canadian controlled. More than that, a Canadian Crown corporation, Eldorado, will participate in that project because Inexco, the American corporation which was a one third partner in the deal, decided it would sell its ownership. It provided an option to Eldorado, which in turn has set up one half of that development to the Saskatchewan government. As a result of that, there will be greater Canadian participation in the uranium industry.

● (1612)

The next significant event in this parliament was the passage of the Petro-Canada Act in July, 1975. It is worth

quoting for the record and for the edification of members of the official opposition the purposes of the act:

The purpose of this Act is to establish within the energy industries in Canada a Crown owned company with authority to explore for hydrocarbon deposits, to negotiate for and acquire petroleum and petroleum products from abroad to assure a continuity of supply for the needs of Canada, to develop and exploit deposits of hydrocarbons within and without Canada in the interests of Canada, to carry out research and development projects in relation to hydrocarbons and other fuels, and to engage in exploration for, and the production, distribution, refining and marketing of, fuels.

About a week ago another member of the official opposition, the hon. member for Calgary Centre (Mr. Andre), raised a question during question period which suggested that the Crown corporation, Petro-Canada, did not have a mandate for the acquisition of other companies. I draw his attention to the objectives, powers and duties set forth in the Petro-Canada Act. I quote paragraph 6:

The objects of the Corporation are

(a) to engage in exploration for and the development of hydrocarbons and other types of fuel or energy;

(b) to engage in research and development projects relating to fuel and energy resources;

(c) to import, produce, transport, distribute, refine and market hydrocarbons of all descriptions;

(d) to produce, distribute, transport and market other fuels and energy; and

(e) to engage or invest in ventures or enterprises related to the exploration, production, importation, distribution, refining and marketing of fuel, energy and related resources.

The mandate of Petro-Canada is very clear in this area, although the official opposition may not be very clear about it.

On July 18, 1975, the government promulgated a new set of principles for international business conduct. It might be worth referring to those principles because they have not received the attention they deserve. These principles in July, 1975, served notice on companies doing business in Canada that there were certain expectations which the government had with regard to their conduct. I quote the preamble:

Foreign-controlled businesses in Canada are expected to operate in ways that will bring significant benefit to Canada. To this end they should pursue policies that will foster their independence in decision-making, their innovative and other entrepreneurial capabilities, their efficiency, and their identification with Canada and the aspirations of the Canadian people.

There are 14 separate principles set out. I wish to refer to Nos. 1 and 9. The first one reads:

Pursue a high degree of autonomy in the exercise of decision-making and risk-taking functions, including innovative activity and the marketing of any resulting new products.

Number 9 reads:

Create a financial structure that provides opportunity for substantial equity participation in the Canadian enterprise by the Canadian public.

The next move that was taken was a year ago in August. This is a significant one. Again there has been very little reference to it by the official opposition. I refer to the new regulations that were established for the exploration and development of oil and gas on federal lands. There were three particular principles which were set out at that time and which are now operative.

The first one provides a preference for Petro-Canada with regard to Crown lands. We gave Petro-Canada an option to look over the then existing Crown lands which were not out to permit or to lease, and to choose from those lands 25 per cent.

The second preference was that Petro-Canada could select up to 25 per cent of any lands surrendered back to the Crown by other oil companies. This is over a period of seven years following promulgation of the regulations. In those two ways regulations have been made to give Petro-Canada a preference in the development of Crown land under federal control.

The third regulation promulgated at that time had to do with the back-in provision for Petro-Canada when a permit came up for special renewal. This special renewal is not an automatic decision on the part of the administrative authority. It is a discretionary one.

The government at that time introduced a back-in provision which in effect stated that if there is no more than 10 per cent Canadian ownership in a particular project, Petro-Canada would have a 25 per cent right to back in and then pay its way from then on in. If there is 35 per cent Canadian participation in a project, Petro-Canada would not have any right to back in.

There was a heavy emphasis on getting Canadian ownership into that particular phase of the exploration cycle. If Canadian ownership was already there, Petro-Canada had no right up to 35 per cent. However, between 10 and 35 per cent the Crown corporation would have special rights.

In January, 1976, Petro-Canada started up. In August, 1976, it acquired the assets of ARCAN, which was the Atlantic Richfield subsidiary operating in Canada. As hon. members will recall, that corporation was not able to hack it with the Syncrude project. It was the withdrawal of ARCAN which created the condition of near disaster for that project, and the governments of Alberta and Ontario, as well as the federal government, had to move in to salvage this project for the benefit of Canada.

The assets were acquired in August, 1976, by Petro-Canada. I do not recall the official opposition raising any objection at that time. If they did, I am surprised that they did not remind us today. It is another clear example of the inconsistencies and inability of the official opposition really to decide how they are going to treat the Crown corporation.

Mr. Mazankowski: When did you discover heavy oil?

Mr. Gillespie: I would like to carry on. I am sure the hon. member opposite will have an opportunity to make his remarks.

Early this year we gave first reading to the Canada Oil and Gas Act. That act provides further Canadian ownership opportunities in the sense that it will require 25 per cent Canadian participation in producing facilities under the new oil and gas regulations. This is not 50 per cent, but it is an important step toward that objective of increasing Canadian participation in the oil and gas industry under federal jurisdiction.

In conclusion, with regard to the foreign investment side, I believe that any fair minded person will have to say that the record shows a very strong commitment on the part of the government to increasing Canadian participation and control in Canadian resource development. These measures have been taken during the life of this parliament, over the past four years. We have seen no comparable commitment to these issues by the official opposition.

The official position of the official opposition is that they would dismantle Petro-Canada if they were to form the next government. They would rely more on the national oil companies of other countries than they would on the national oil company of Canada. They seem to have forgotten that a national oil company, British Petroleum, operates in Canada. They seem to have forgotten that the French government has a national oil company investing in Canada. The official opposition seem to have forgotten that the Italian government has a national oil company operating in Canada. They have forgotten that the German government has an investment in the oil and gas industry in this country. They have forgotten that the Japanese government has an investment in this country. What they are saying to the Canadian people is that they are quite prepared to accept the national oil companies of other countries, but they are not prepared to accept our own national oil company. I think it is about time members of the Conservative party moved into the twentieth century because the position they have taken on this issue is to return to the colonization approach, the colonial attitude of their heyday.

● (1622)

I should like to turn, now, to the subject of the development of heavy oil in Saskatchewan in the context of our policy of self-reliance for Canada. It is important that hon. members should recognize that this policy of reducing our dependence on foreign oil was endorsed by the provincial premiers at the first ministers' conference in February. Moreover, the heavy oil of Saskatchewan was singled out for special treatment by the premiers, including the premier of Saskatchewan, presumably.

Hon. members will realize how important the heavy oil resources of Canada are if they have referred recently to a booklet put out by my department "Oil Sands and Heavy Oils—the Prospects." I would refer them to page three which sets out the proportion of oil sands which are available commercially, the economic possibilities, and attraction to investors. In the Lloydminster area alone these deposits are the equivalent of about half the recoverable reserves in the conventional fields of Alberta. That is how important they are.

The corporate sector, more particularly Husky, has its own time frame from the point of view of the development of company assets. We are dealing here with a classic situation in which the legitimate time frame of the private sector does not conform with the time frame which the government has determined to be in the national interest. Petro-Canada, along with the government of Saskatchewan, the federal government and Husky, held a number of discussions about the development of these sands. It was the view of Petro-Canada that it would not be possible, given the sense of urgency attached to the matter by the Government of Canada, to reach a solution without making a take-over bid. This bid, together with the counter bid by Occidental and the further bid by Petro-Canada, is now history, and time alone will tell what the result will be. But I believe Canadians can feel reassured by the presence of the Foreign Investment Review Act. Occidental has already noted the importance of that legislation and made its offer conditional not just upon the basis of 80 per cent acceptance but on the basis of its approval under the act. The corporation has also stated it wants Petro-Canada along with it. Petro-Canada, for its part, has announced that it is preparing its own offer.

The other main conclusion we might draw at this time reflecting on both issues, this project and the Canadian development of resources, particularly the ownership criteria which might apply, is that the provinces have remained silent for too long. It is up to the provinces, now, to accept the Prime Minister's invitation to discuss this question of 50 per cent, preferably 60 per cent, Canadian equity ownership of resource projects. Too much time has gone by. There seems to be too much emphasis on the part of the provinces on questions having to do with their jurisdiction and ownership of the resources. It is time to let Canadians know what share of the equity participation Canadians should enjoy in major new projects.

The time has come for the Tories to address themselves to this question, too. We know how they stand with regard to Petro-Canada. They would dismantle it. This may be a very uneasy policy position for them to live with. I would welcome a change of mind on their part; it is long overdue. But I would welcome it if they would address their attention to this question of Canadian participation. The hon. member for Northumberland-Durham talked about straw men. He never once dealt with the question of what his party believed to be a reasonable degree of participation of Canadians in the resource development of our country.

The people know where the Liberals stand; our record in this parliament is clear. I think the time has come to hear from the official opposition. Canadians would also welcome a statement from the provincial premiers.

● (1632)

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, first I would like to congratulate my colleague, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) for having moved this motion.

Last week, the hon. member proved his awareness of the problem by raising this issue several times in questions put to the Minister of Energy, Mines and Resources (Mr. Gillespie). Though he did not obtain all the explanations he sought, he still made the House more aware than before of this serious problem.

Mr. Speaker, the Husky Oil affair underlines once more the need for Canadians to control their natural resources. At the federal-provincial conference of the ministers of energy last year, one of the items on the agenda was the problem of heavy oil development. The final paper stated that it would cost from $3 to $5 a barrel to convert this heavy oil into useful resources on a large scale. The development of heavy oil therefore requires large investments. According to the Saskatchewan premier, Husky Oil alone cannot support the cost of building a plant for this purpose. Last Wednesday, he estimated the cost of developing the Husky Oil supplies and of building a heavy oil extraction plant at about $2 billion. Heavy oil reserves on the Saskatchewan-Alberta boundary are evaluated at five billion barrels. This may not seem a lot if we think about the estimated supplies of 900 billion barrels in the Alberta tar sands. But extracting oil from the tar sands also involves certain problems. In the case of Husky Oil, you would simply have to inject hot water, in other words use a thermal process, to help the flow of the oil which is too heavy. This development therefore involves only a technological problem since the capital is virtually assured following the offers of Petro-Canada and Occidental. Last June 15, I was listening to the Minister of Energy, Mines and Resources and to the Prime Minister (Mr. Trudeau) who replied to my colleague for Nanaimo-Cowichan-The Islands that whoever the final owner of the Husky Company may be, what counts is that these resources be developed and that they be developed in the national interest.

Mr. Speaker, I believe that when we have a Canadian company, publicly owned to boot, which wants to purchase an oil company which on its own cannot develop oil deposits for the benefit of Canadians, we cannot sit quietly by and let an American company take the development of our energy resources which are vital for the progress of our economy. National interest does not call only for the resources to be developed for Canadians, but also for these resources to be developed by Canadians. The interference of a foreign company in this shameful bargaining has inflated the market value of Husky Oil shares to such a point that Petro-Canada had to raise its offer to $52 a share last week. Frankly I wonder if the Occidental company from California, which indulges in such a financial scheme, deserves our confidence since that increase in value of the stock will result in higher costs and eventually all Canadians will have to pay for it through government subsidies or a price increase. The rich will get even richer at the expense of others.

Mr. Speaker, let us not forget that the large majority of our resource companies are under foreign control. In certain circumstances a Canadian company can be taken over by an American company because there is no Canadian company to buy it. But in the present circumstances, a bid has been filed by a Canadian corporation—Petro-Canada which is owned by all Canadians—to purchase another Canadian corporation.

Then, Mr. Speaker, in light of the financial bargaining that forced Petro-Canada to increase its initial offer of $45 a share to $52 to control Husky Oil, only to see Occidental offer $55 a share, I simply believe that our interests are far from being protected. Petro-Canada will have no control over the development of those important resources. I know that Occidental propose that Petro-Canada participate in a consortium to develop heavy oils in Lloydminster and acquire a third of the shares in the development of those deposits. But who will get control over those deposits? Foreign interests.

Then, Mr. Speaker, when the Prime Minister (Mr. Trudeau) told us during the last election that all major new resource developments should be Canadian controlled, was he joking or did he only try to fool Canadians? The fact is that Petro-Canada has been had by a foreign company. The Foreign Investment Review Agency might accept the proposals of Occidental and authorize it to take over Husky Oil. Where are we going? When will Canadians have a word to say about the control and development of our resources?

Mr. Speaker, our natural resources are not the only things under foreign control, there is also our economy where at least 90 per cent of business is controlled by foreigners, who are often our nearest neighbours, our neighbours to the south. The commitments made by the Prime Minister during the 1974 election have been forgotten to the extent that the government itself is prepared to surrender our birthrights to foreigners against a mess of pottage. Mr. Speaker, this is the work of a government which has had the majority for almost four years.

• (1642)

[*English*]

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, as I start off in this debate I must correct the minister, who again has misinformed the House. I cannot say whether it was intentional or through ignorance, but following the earlier example of my friend and colleague, the hon. member for Peace River (Mr. Baldwin) with regard to the Prime Minister (Mr. Trudeau) I will concede that it was probably the latter.

The Minister of Energy, Mines and Resources (Mr. Gillespie) claimed that we were inaccurate in describing the mandate of Petro-Canada. I refer the minister to a document put out by his predecessor called "An Energy Policy for Canada", published in early July of 1973, in which is contained an analysis of the worth of a national oil company. The analysis contained arguments for a national oil company and arguments against. Anyone reading these arguments without any built-in bias would come to the conclusion that there was not a good argument for a national oil company. The argument against was not strongly against, but on the basis of the analysis done by the Department of Energy, Mines and Resources of the Liberal government under the hon. Donald Macdonald, who was then the minister, one would come to that conclusion.

However, in the fall of 1973 and in 1974, because of the Middle East war the OPEC nations gained strength, and there

were fears about shortages of oil in Canada. It was largely on the strength of the newfound realization that, as a country, we could not count on cheap foreign oil to supply our needs, that the government came to the conclusion that one of the vehicles to be used to improve Canada's security of supply would be a national oil company. That was the main reason for the establishment of Petro-Canada, in the face of the government's own analysis which indicated that such a national oil company would probably not be a good idea.

That was not very long ago, and the minister can check the record. If he wants to check the March 12, 1975, issue of *Hansard*, he will see a speech by his predecessor indicating that in order to promote more security of energy supply for Canada the government was establishing a national oil company to be called Petro-Canada. The original mandate of Petro-Canada when the act was written—and it was written like all acts are written by this government, with a huge, broad brush—was to make sure Petro-Canada could do anything, including pumping gas and changing tires, if that was deemed to be in the national interest. So the act indeed empowers Petro-Canada to do anything. No one ever claimed that what Petro-Canada was doing in trying to take over Husky is in contravention of the act. But it is certainly not in keeping with the original reason given by this government for the establishment of Petro-Canada.

Then, to bolster his argument, the minister brought in the question of the northern regulations establishing the rules which will prevail for exploration of federal lands in the high Arctic. I am appalled that he could use that argument. He said what a great thing it was that Petro-Canada had this favoured position. As the minister should be aware, since the promulgation of those regulations the private sector has abandoned federal lands in the high Arctic and there is virtually no exploration occurring up there, other than that which is captive, namely, PanArctic, with Petro-Canada being the owner of 45 per cent of it.

Mr. Baldwin: The minister thinks that the north is everything north of Toronto.

Mr. Andre: The net result of the minister's regulations, for which he takes credit, is the cessation of exploration in Canada's Arctic. How that will help us achieve self-sufficiency or self-reliance is beyond me. Apparently what the government has done, without admitting it to the Canadian people, is to abandon the notion of self-sufficiency, the idea of Canada producing as much energy as it needs. The government is prepared to see Canadians rely on insecure offshore sources of oil and gas. If, heaven forbid, the day comes when those supplies are cut off and Canadians start freezing in the dark, the credit for that can go right to this minister and his government.

Questions are raised as to why we should dismantle Petro-Canada. There are lots of reasons, and I could debate this for a long time, but I will give just a few arguments based on the annual report of Petro-Canada for 1977. Some people may have seen press releases on Petro-Canada stating, for example, that Petro-Canada had $88 million in revenue in 1977, which is pure flimflam. It is true that their total revenues were $88 million, but you have to pay salaries and things like that, and when you take off expenses for salaries and rent, you get a revenue of $30 million, that is on assets of $878 million or equity of $551 million—$538 million at the start of the year.

In other words, the profit of that company before tax was 5.5 per cent on equity. The taxpayers put in $538 million, and the company did such a marvellous job of investing it that we got 5.5 per cent return on it, when the Minister of Finance (Mr. Chrétien) is not in New York borrowing money at 9 per cent. It is a hell of a deal. We borrow at 9 per cent, give it to Petro-Canada, and then get 5.5 per cent on that. Then you wonder why we want to dismantle the company. By the way, the after tax return, which is what is really important, is 1.7 per cent on equity. In comparison, the average for the industry is in the vicinity of 17 per cent or 18 per cent, so Petro-Canada is doing one tenth as well as the average oil company in Canada. Small wonder! Who can expect any better?

We are talking about the same people who run the Post Office, for goodness sake. If they cannot deliver a letter, how the heck are they going to find oil and gas? Have they contributed to Canada's long term security supply? Let us look at the figures. They found 21 billion cubic feet of gas, but they sold 32 billion cubic feet, meaning they suffered a net depletion of 11 billion cubic feet of gas. They found 2.9 million barrels of oil, but they sold 10.2 million barrels of oil, meaning there was a net depletion of 7.3 million barrels of oil. So if you put a gas value on that in company terms, it comes out to $27 million of inventory that was sold. If you subtract that from the $30 million of net profit, you wind up with the large figure of $3 million on an investment of $538 million by the people of Canada. If that is not reason enough to dismantle the company, there are plenty of others.

Mr. Gillespie: What are some of them?

Mr. Andre: The minister would like more reasons. Let him read the document produced by his own department back in 1973 and he will get lots of reasons there.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who introduced the motion, ended his speech with the rhetorical question, what makes a nation great? He went on to state that it was a sense of purpose, a sense of pride, having goals and objectives, none of which I disagree with. It was well stated and nobody in this party would disagree with that. But then somehow, by some magic, he associated that directly with state ownership, with socialism. He said that the only way a nation can be great is if the state runs everything. That misses the fundamental elements of a nation, namely, the people.

It is the people, not bureaucracy, not government, that make a nation great. It is the releasing of the creative drive in people, the energy in individual Canadians who operate in a free economy where there are opportunities and where government is an assistance, not a hindrance by encouraging the growth of a huge, oppressive bureaucracy which the hon.

member is advocating. The effect of that can only be to stifle the individual and to prevent Canadians from taking on those activities which lead to greatness on an individual basis and as a nation.

Like my friend and colleague, the hon. member for Northumberland-Durham (Mr. Lawrence), I object most strenuously to the notion that only socialists are nationalists and patriots. I was a founding member of the committee for an independent Canada, and I believe that far too much of our economy is owned by foreigners. I know why that is so. It is because the oil industry is owned primarily by foreigners and it is because of the stupid tax laws in this country which have existed for too many years.

I do not know how many members in the House realize that until the budget of 1975 an American could invest in Canadian energy development on free tax dollars but a Canadian could not, so that we had the ludicrous situation where it was cheaper for an American to invest in Canada than for a Canadian to do so. That was the kind of tax law that existed in this country? Why? Because the Liberals, with the encouragement of the CCF and the NDP, wanted a tax system that gouged Canadians. They did not want incentive in the system so that Canadians could invest on an equal basis with foreigners in our own country.

When the hon. member for Nanaimo-Cowichan-The Islands was the premier of Saskatchewan, he was not in Ottawa saying that he wanted to change the law so that Canadians could develop the oil reserves of Saskatchewan; he was inviting Husky to participate. He is more responsible than anybody for Husky having the position it has in Saskatchewan, if you want to assess how Husky got to that position.

● (1652)

Today the hon. member for Nanaimo-Cowichan-The Islands stood and sanctimoniously said that a true Canadian stands for more and more government and a state owned company to take over everything. Of all the sanctimonious—

An hon. Member: Hogwash?

Mr. Knowles (Winnipeg North Centre): Flim-flam?

Mr. Andre: I think the word I was about to use was unparliamentary.

I hope the Minister of Energy, Mines and Resources will listen to what I am saying. The tax provision has a built-in sunset clause. It will change on July 1, 1979. If we want to return to the situation where Americans can invest in Canadian energy supplies tax free, then all we have to do is allow that provision to lapse. It will lapse on July 1, 1979, unless some changes are made. If the New Democratic Party is serious about wanting Canadians to develop our resources, they should join with us in pressuring the government to extend that date, or eliminate it altogether. The tax law could be left as it is now so that we are on a par with foreigners when it comes to investing in our own country.

Also I should like to comment on the apparent ability of the New Democratic Party to be on both sides of the fence at the same time without hurting itself. During oral questions today, the hon. Leader of the New Democratic Party (Mr. Broadbent) stood and condemned the government's handling of the Post Office. He indicated how outrageous it was that letters were not being delivered, were being shipped all over the country, and that the management of that government-run operation was horrendous. Then the hon. member for Nanaimo-Cowichan-The Islands said that we should turn over the entire oil industry to the same people who are running the Post Office. He did not even display a shred of embarrassment about the obvious contradiction. It baffles me.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Those are the last people I would want to run anything.

Mr. Andre: At one time I heard an interesting comment by a Mr. Schumiatcher, whom the hon. member for Nanaimo-Cowichan-The Islands knows well. This gentleman went to Saskatchewan to work for the socialist government of that province. Eventually he became quite a staunch, small "c" right winger. He was asked why he changed fom an avid socialist to a small conservative at the other extreme. In reply, he said that any person who is 20 and not a socialist has no heart, and when he is 40 and not a conservative, he has no brains.

Mr. Knowles (Winnipeg North Centre): He borrowed that from 100 years ago.

Mr. Andre: I do not know if that is his theory or that of someone else. Given the quality of the argument today, despite the actual age, immaturity certainly is evident. The apparent unwillingness of the NDP to see the obvious contradiction is unbelievable. On the one hand the NDP say that the government messes up everything it touches, and on the other hand it says that we need more government.

Why did Petro-Can become involved in the first place? It was negotiating with Husky and Gulf Oil to develop heavy oils. Husky was awaiting a response to a suggested arrangement, when Petro-Can came along with its raid. Then Husky was in contact with Occidental. Occidental came up with a higher offer, and we know the story from then on. Why did Petro-Can do that? Why did it operate that way? There were at least two Canadian consortiums which were ready to make offers for Husky. They were upstaged by Petro-Can.

Mr. Benjamin: Why did they not make the offers?

Mr. Andre: Because of the treacherous behaviour of Petro-Can. Petro-Can was supposed to be negotiating, and instead it pulled out its raid. Petro-Can cannot outbid Occidental. It will be an impossibility because of American tax law. If Petro-Can pays cash, it is a taxable capital gain in the hands of the present owners. Thus, they get to keep half, and the American government will get the other half. That will put Canadian tax dollars into the American treasury. However, Occidental's paper value is not taxable, even though it is a second rate issue

of a preferred share. Given that it does not involve a cash outlay by Occidental, the paper value does not really matter. There is a 10 per cent interest rate, but that is not a big deal. The cash outlay in that regard is minor. Occidental can outbid Petro-Can no matter where it goes. For the sake of the poor Canadian taxpayer, the minister should tell Petro-Can to get out of the action quickly. Also he should tell Occidental to quit as well, and tell Husky to get busy developing the heavy reserves. If Husky cannot do it—

The Acting Speaker (Mr. Turner): I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Douglas (Nanaimo-Cowichan-The Islands): How can Husky do this?

Mr. Andre: I hear the question I am being asked. Over 50 licences and permits are required to undertake any significant energy project in this country. Every one of those licences and permits is given by the government. If that is not control, what is?

Mr. Douglas (Nanaimo-Cowichan-The Islands): It is not done by the federal government. It is done by provincial governments.

Mr. Andre: Petro-Can will spend approximately $600 million of our tax moneys if it is successful. On top of that, to upgrade the physical plant, approximately $1 billion is needed. As well, unknown hundreds of millions are required for the development of the field itself. We are looking at an approximate $2 billion expenditure, which will not add one single barrel of proven recoverable reserves to Canada. It will not contribute one single iota to improving our position.

Last week the President of the Treasury Board (Mr. Andras) stood in the House and gave us a half hour lecture on how responsive the government has been in terms of spending, and how it is cutting back in government expenditures. It realizes that government expenditure is creating havoc in the economy and is causing taxpayers to be upset. He blamed the previous high level of government spending on a minority government. At the same time as we were receiving this sanctimonious lecture, another government agency committed Canadian taxpayers to over $2 billion of expenditure. There is not even a hint of embarrassment anywhere along the line.

Mr. Gillespie: That is false.

Mr. Beatty: The minister is embarrassed.

Mr. Andre: Yes, the minister is embarrassed. Where will that money come from, if not from the taxpayers?

Mr. Mazankowski: Petro-Can will borrow the money.

Mr. Andre: Yes, Petro-Can will borrow the money. The minister thinks the situation is different if the money is borrowed by Petro-Can rather than the Minister of Finance. What is the difference? They are both agents of Her Majesty and of the federal government. If the Minister of Finance borrows $11 billion and Petro-Can borrows another $2 billion, the total government borrowing is $13 billion.

Mr. Mazankowski: Then the government writes it off, as it did for the CNR.

Mr. Andre: That is right, it will be written off. It will be disguised and will never show up in the estimates. The public will not know that the money is coming out of their jeans. The economy will remain sick, as will the country. It is time for the government to be more honest. It is time for the government to display more willingness to be truthful and open with Canadians. The government should stand behind the statements made by the Prime Minister recently. He claimed that he believed in the private sector, as we approached an election. That faith should be demonstrated.

We should let the private sector get on with developing the heavy oil reserves. Let us allow Canadians as individuals and as entrepreneurs to use their creativity and energy to satisfy these national goals. Let us not fool ourselves by believing that big government—"Big Brother"—here in Ottawa is somehow more capable, efficient, and effective in fulfilling these national goals than is the private sector, because the facts just do not bear that out, Mr. Speaker.

• (1702)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Before recognizing the hon. parliamentary secretary, it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe-North (Mr. Rynard)—Health and Welfare—Emigration of doctors from Canada; the hon. member for Red Deer (Mr. Towers)—Post Office—Unfilled orders for Olympic coins; the hon. member for Churchill (Mr. Smith)—Grain—Shortage of boxcars at Churchill, Manitoba.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—NATURAL RESOURCES—CANADIAN CONTROL OF DEVELOPMENT

The House resumed consideration of the motion of Mr. Douglas (Nanaimo-Cowichan-The Islands):

Natural Resources

That, in the opinion of this House

(a) all major new resources developments should be majority Canadian controlled as promised by the Government during the 1974 federal election campaign; and

(b) in order to avoid further domination and ownership of Canada's oil resources by foreign multi-national oil companies, and a continuing financial rip-off of the Canadian consumer, the development of Husky Oil Company's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, I would like to begin my remarks by trying to reply to the last question of my colleague, the hon. member for Calgary Centre (Mr. Andre), who asked where the funds to finance such an undertaking would be coming from. For the information of my colleague, I would like to tell him that Canadians are indeed the most thrifty people in the world since they have the highest savings. In spite of a denigration campaign about everything that is Canadian, I am still confident that Canadians will recognize a good bargain when they see one and that they wil take the opportunity to make investments, not in a credit union or in a bank but in a Canadian business to develop the Canadian economy.

If Canadians do so, Mr. Speaker, they will be doing exactly like some twenty countries throughout the world. For example, allow me to point out that there are at least 25 French public agencies involved in mining operations in Canada. I will spare you, Mr. Speaker, the enumeration of the 25 organizations or agencies of the French government involved in Canada. There are also six German public agencies, five from the United Kingdom, five from Italy, two from the Netherlands, four from Japan and finally two from Spain, for a total of 45 government agencies of all those countries which have confidence in the Canadian economy and find it is excellent to invest and be involved in mining operations in Canada.

And it is that kind of astuteness, Mr. Speaker, to find such economic potential in Canada, which lacks in the provinces and which the provincial governments of Canada lack. The provinces' lack of enthusiasm is something scandalous, Mr. Speaker, because they do not contribute to the development of natural resources, especially of strategic resources like energy. It is this part of the excellent motion of my friend and distinguished colleague the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) that I find the most important, that is the end of the second paragraph, paragraph (b), where he says, and I quote:

. . . the development of Husky Oil Company's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected.

It is precisely, Mr. Speaker, because of this practically complete absence of contribution from the provinces in such undertakings, that so many foreign companies participate in them.

It is not surprising, Mr. Speaker, because it seems that anything coming from the Canadian government is depreciated, not only by persons whose interest is to depreciate our country, but also by several members of the opposition as well. And once again, one can see that Petro-Canada, which was established in spite of the opposition of the Progressive Conservative party, is a corporation which will guarantee all Canadians reliable energy resources, energy resources we can control. I do not understand the position of my colleague from Calgary Centre (Mr. Andre) when he objects to the establishment or the development of Petro-Canada. Yet I did not hear any objection from him when his provincial government in Alberta nationalized Pacific Western Airlines. I wonder if the provincial government has made a mistake in launching such an undertaking. In his next speech, Mr. Speaker, the hon. member might let us know how he sees this action of the provincial government in the operation of an airline.

That is precisely the problem, Mr. Speaker. They are not consistent, they are not consistent with themselves. One day they have one policy, one way of doing things, and the next they have an entirely different way. But with this Liberal government, Mr. Speaker, it is always the same way. During a speech on the government's policy concerning the expansion of the industry and the development of natural resources which the Prime Minister (Mr. Trudeau) delivered in Sault Ste. Marie on June 28, 1974, he stated, and I quote:

The Liberal Party of Canada has set as its objective that new, major projects in the natural resources field should have at least 50 per cent, and preferably 60 per cent, Canadian equity ownership. As there are overlapping responsibilities for the development of Canada's natural resources shared by both the federal government and the provinces, the federal government hopes to pursue this objective jointly with the provinces.

Mr. Speaker, we know the provinces have always lagged behind; we have seen it happen in two easily identifiable undertakings, namely Petro-Canada and Syncrude. It was quite a job convincing the provinces to become involved and join the federal government. Later on during that same campaign, the Minister of Energy, Mines and Resources (Mr. Gillespie) reaffirmed and dealt in depth with that policy objective in a statement to the House of Commons.

The Prime Minister stated in the House yesterday that that policy objective of the government had not changed. Contrary to what we often see our friends do across the way.

Everyone knows that foreign investments have played an extremely important part in the development of our natural resources in Canada and will continue to do so in the future. This influx of foreign capital in the past has resulted, among other things, in a large number of our resource industry in Canada belonging and being controlled today by foreign interests. Those industries are found predominantly in the sector of combustible minerals; they also assume a relatively important role in mining and forestry operations, and a comparatively small though not negligible one in the Canadian fishing sector.

However, there has been very little change in the level of foreign ownership in natural resources development industries.

The changes which actually took place over the last five years were aimed mainly at reducing the level of foreign ownership and raising the level of Canadian participation in these industries. The government has committed itself to promote higher Canadian participation and has passed a certain number of measures to that effect.

In 1970, the government adopted a policy limiting to 33 per cent the level of foreign ownership in uranium mining. The Minister of Energy, Mines and Resources has stated that he will table a bill designed to implement this policy as soon as possible. Canadian participation in the development of petroleum and gas resources in the Arctic regions of Canada has been ensured by the direct involvement of the government in the PanArctic consortium.

Petro-Canada is a mechanism which we have created in spite of the Conservative opposition, as I indicated earlier, so that the federal government and Canadians generally could participate in the exploitation and the development of petroleum and gas resources of Canada.

Last year we amended the regulations governing petroleum and gas deposits in Canada in order to apply the policy which the government had already announced and whereby the authorization to produce crude oil from federal lands would be granted only if the enterprise had a Canadian financial involvement of at least 25 per cent. The government's commitment towards the increase of the Canadian content and participation in the development of resources has been reiterated in the document regarding the energy policy of the government entitled "An Energy Strategy for Canada". In keeping with the implementation of the Foreign Investments Review Act, we have paid particular attention to the government's objective concerning wider Canadian participation in natural resources development projects. Mr. Speaker, the results are quite eloquent.

Tremendous capital funds will be required for the expansion of natural resources industries in Canada in the next 10 or 12 years. In the area of energy alone, expenditures during the period from 1978 to 1990 should reach $188 billion. On the short run, capital expenditures in the field of energy should soar from $9.4 billion in 1977 to over $19 billion by 1982.

Foreign capital will obviously be required to support the Canadian economies if we are to reach the objective of self-sufficiency in energy and fully develop the important resources that exist in other sectors. Consequently, by pursuing its objective of boosting Canadian ownership in natural resources industries in Canada the government must take into consideration not only what is desirable but also what is achievable. Those claiming that Canadian resources should be exclusively developed by Canadians would unfortunately be postponing indefinitely a number of important projects which are now on the drafting board and which would create thousands and thousands of jobs for Canadians, contribute substantially to the correction of our balance of payments and stimulate considerably the Canadian economy as a whole.

Mr. Speaker, those are all reasons which prompt the government of Canada not to delay its involvement in the development of natural resources, more particularly energy resources. By doing that, Mr. Speaker, we are only showing as much managerial astuteness and skillfulness as those I named earlier, those seven or eight industrialized countries which chose to come and settle in Canada and contribute with Canadians to our economic development.

● (1712)

[*English*]

Mr. Don Mazankowski (Vegreville): This is a very important debate, Mr. Speaker, as has been pointed out by the other members who have preceded me. I think it is fair to say that it is fundamental to our continuing desire to achieve self-sufficiency in the supply of gas and oil for Canada's domestic needs. It brings up once again the important subject of ownership and control of our gas and oil resources in this country.

We in Canada may not have the luxury of ownership in this very important sector, but it is fair to say that we do have the opportunity to exercise control, and it is very important that we exercise that control, as we must and as we should. The important thing in this ongoing debate about the control and ownership of our natural resources is not so much a matter of whether we own them but, more important, a matter of whether we have the capability of controlling the manner in which these resources will be developed, that we have that capability at the federal and provincial levels and, to some extent, at the local levels.

It is also important that we put the whole question of the creation of Petro-Canada into its proper context. The minister took a great deal of his time today in his speech defending Petro-Canada, as he must, but we should be cognizant of the fact that the creation of Petro-Canada was not the result of *de facto* Liberal policy or philosophy; it was part and parcel of the Liberal survival package which was so important during those very difficult years they experienced between 1972 and 1974 when they had to call upon the support of the NDP to maintain power. When the NDP presented its so-called shopping list to the government as a condition of their support, the national oil company, which later became Petro-Canada, was an item on that list, and to be assured of their continuing support the government had to act upon that item. The Liberals buckled under the pressure of the NDP, and now this minister and this government are doing everything in their power to ensure that Petro-Canada becomes a viable participant in the oil industry in this country.

As I see it, the most important part of this debate is simply that the heavy oil reserves in the Lloydminster area must be developed. Indeed, it is important in the ongoing process of our attempt to achieve self-sufficiency and security of supply that this resource be developed. It is important too from a technological point of view because we are entering into an area in the development of the petrochemical industry where there is a

great deal of technical expertise yet to be developed. We are relatively elementary in that particular area because the heavy oil industry per se has not been looked upon over the years as a viable means by which we could achieve that goal of self-sufficiency, simply because heavy oil was used for other than traditional petroleum requirements. Essentially, heavy oil was used for asphalt paving, manufacturing of building materials, et cetera.

Development of the heavy oil reserves is important from an over-all economic point of view to Canada in terms of stimulating economic activity and of our desire to engage further in the processing and developing of our natural resources in secondary and tertiary ways. It is important furthermore that this resource be developed from the standpoint of Canada's endeavour to achieve an acceptable level in its balance of payments problem.

The prospect of Canada having to import a million barrels of oil a year has a very detrimental impact on the economic welfare of this nation. I would like to quote Jack Gallagher, the president of Dome Petroleum, when he spoke to the Canadian Institute of Strategic Studies last October. I have used these figures before, but I think they are important and they should be reiterated because they demonstrate and, indeed, highlight the impact of depending to any extent upon foreign oil to meet our domestic demands. He stated:

> The economic impact of importing one million barrels per day of foreign oil at $15 per barrel has a negative effect on the economy of $5.5 billion per year. In contrast, using one million barrels per day of domestically produced oil at the same cost delivered in Toronto creates a positive annual economic benefit of $15.6 billion which includes payments to the various levels of government of $6.2 billion . . . In addition to the economic benefit of $15.6 billion from domestic oil . . . (Canada would realize) a saving in foreign exchange of $5.2 billion per year.

● (1722)

From a national economic point of view as well as in the area of security of supply, and our attempts to achieve the degree of self sufficiency we want in this country, it is important that these resources be developed.

It is worth mentioning that, according to the National Energy Board statistics, by 1985 we could be importing 52 per cent of our oil. If we take a figure of $20 per barrel that would work out to $8.5 billion per year, a huge drain that would be devastating to our balance of payments.

It has been suggested that if we proceed to establish a heavy oil upgrading facility, one that would produce 100,000 barrels of oil per day, our imports could be reduced by $730 million per year. The economic benefits to governments should be considered.

In the package put together by Pacific Petroleums Ltd., the company that is spearheading the heavy oil upgrading facility in Alberta, it is indicated that over a 20-year period taxes and royalties accruing to the federal government would amount to $2 billion, and to the provincial government, $2.6 billion. If the facility is not developed the oil will stay in the ground or be used to pave roads and parking lots and as a component in the manufacturing of building materials.

[Mr. Mazankowski.]

As one who resides in and represents the constituency where the city of Lloydminster is located, I think it is important to note the impact that this resource has and will have on the area. The Lloydminster type heavy crude oil pool affects in an economic way an area approximately 100 miles in radius. It has been estimated that some 75,000 people are affected by this industry, directly or indirectly.

It should be noted too that the heavy oil industry is very labour intensive, much more so than the conventional type of oil industry. It has been stated that approximately 34 per cent of the direct and secondary employment in Lloydminster is related to the heavy crude industry. It has been estimated that it takes the labour of one man for each producing well. Currently, in the immediate area, there are more than 3,000 producing wells which, using that formula, directly account for some 3,000 jobs.

Construction of a heavy oil upgrading plant costing $500 million to $700 million, and producing in the range of 100,000 barrels per day, would involve the employment of some 1,500 people. It is estimated that after completion 150 to 200 permanent staff would be required to operate it. There are, of course, the spin-off advantages of the development of the resource that would add to the already significant number of jobs created by the facility.

It has been pointed out by the members who have spoken earlier that current estimates suggest there are 16 billion barrels of heavy oil in the Lloydminster district. Using existing methods of extraction and even those methods in the process of being established, it is considered that only 5 to 10 per cent of the oil can be recovered. Methods being developed are so promising that it is hoped that it will be feasible to recover as much as 25 per cent to 30 per cent of the resource.

I think it is important that we get on with the job of building one upgrading facility at least in order to stimulate research into technology and the expertise that will be required if we are to recover a greater percentage of the available reserves.

I think it is wise to recap some of the history when we analyse the development of this important industry, Mr. Speaker. Heavy oil has been around for a long time. Husky Oil Ltd. has been involved in the Lloydminster area for many years. It is not something that has just been discovered, although I think the Minister of Energy, Mines and Resources (Mr. Gillespie) may just have found out about it recently.

In the days of cheap oil, there was no call on the resource. It was used to make asphalt for paving roads and for making other related items. The price increase by the OPEC cartel in 1973 changed this. Before the thought of establishing a heavy oil upgrading facility became popular, the industry was put in very serious jeopardy in 1974-75 through the export tax and the establishment of export quotas which affected this oil reserve as well as conventional reserves and put the heavy oil industry in a very serious position.

The bulk of this resource was exported to the United States because we did not have the capability in this country of upgrading it in our conventional refineries. Because of export

cutbacks and the export tax, that marketing opportunity was lost. When the markets dried up in the winter of 1975-76, hundreds of wells were closed. This had a very serious impact upon the industry because it costs so much to start up production again after closure, and some wells never regained their productive potential. This was a very serious set-back.

We brought this matter to the attention of the minister of this House. The hon. member for Battleford-Kindersley (Mr. McIsaac) and I made representations to the minister, and I must commend him for his response to them. He visited the area and Lloydminster, and saw first hand the impact that government policies were having upon this very important industry. As a result he set out to make some changes in the regulations, which in effect caused Husky Oil Ltd. and the other companies involved in the extraction of the resource to get back into the business.

● (1732)

At that time the minister realized the importance the heavy oil industry would have upon our over-all efforts to achieve self-reliance or self-sufficiency. I think the experience he gained there was part and parcel of the government's over-all policy to bring about the further development of this resource.

I should also say that Husky was at that time embarking upon an expansion program, a program to bring in a new refining facility. It was not as elaborate as the one talked about in recent days. However, they were initiating action on their own; it was not at the cajoling of the government or Petro-Canada.

When the minister expressed government policy, that it would encourage the further development of this resource and come up with some government programs and incentives to make it attractive, they immediately became interested in the establishment of an upgrading facility. They set out immediately to engage in discussions, consultations and negotiations with both the federal government and the provincial government of Saskatchewan, and later with Petro-Canada.

What looked like a very promising situation back in 1977 has been clouded by the foot-dragging of this minister, his inability to get the province of Saskatchewan and other interested parties together to provide the kind of leadership to back up this statement of producing a million barrels of synthetic oil a day by the year 1985 or 1990.

Having given that background, we now have to look at the best route and best method to develop this resource. We must ensure that the heavy oil which is extracted can be brought up to a specification suitable for our existing conventional refineries.

To be absolutely frank and honest, whether this resource is developed by the private sector or by a Crown corporation, it will only happen if we have a favourable climate in terms of a federal tax policy and in terms of what the provincial government and its royalty and tax structure will bring. We must bear in mind that we have to call upon the company that has proven expertise and experience and is prepared and willing to put its head on the line, so to speak, to develop this resource. In my view, Husky have pioneered the heavy oil industry. They are well prepared and have indicated a willingness to work with Occidental. Occidental expressed a willingness and, I am sure, are prepared to meet the deadlines and challenges in the development of this resource.

I urge the minister to forget his pet project, Petro-Canada, and to get on with the job of developing this resource. We need this resource. It can be used to the best advantage of all Canadians. It can be a very important element in our over-all objective of achieving that degree of self-sufficiency which we need in this country. Let Petro-Canada go into the boondocks to find some extra oil. As the hon. member for Calgary Centre (Mr. Andre) stated, they have yet to prove that they are able to discover one barrel of oil.

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to join in this debate on a most important and interesting topic. I commend the distinguished member for Nanaimo-Cowichan-The Islands (Mr. Douglas), whom all members of this House will be most sad to see take his retirement at the end of this parliament. He came here originally as a younger member of parliament, I believe as long ago as 1935. That was at a time when a Liberal government was returned once again by the majority of the Canadian people after five years of rather disastrous results. After nine years here, the hon. member went on to an illustrious career as premier of his native province of Saskatchewan for a further 17 years.

Mr. Knowles (Winnipeg North Centre): Native? He was born in Scotland.

Mr. Martin: I presumed it was his native province. He returned to Ottawa as a leader of a newly labelled party and continued in that position for ten years. He spent another seven illustrious years in what I consider to be, with a little bit of bias, a most important role in this House, and that is simply a member of parliament.

I wish to deal with the second part of the hon. member's motion, which reads:

> —in order to avoid further domination and ownership of Canada's oil resources by foreign multi-national oil companies, and a continuing financial rip-off of the Canadian consumer, the development of Husky Oil Company's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected.

We are looking at this Husky-Petro-Canada-Occidental issue of redevelopment of heavy oil when the total proven reserves of conventional oil in Canada stand at somewhere between six billion and seven billion barrels. As I understand it, that is enough to meet total Canadian needs for ten years at our present rate of consumption. That is really not very much oil.

This situation has received very critical and close attention by this government since the double whammy in 1973 when we experienced a quadrupling of world prices. There was an acknowledgement by our National Energy Board that our proven reserves were far less than what most Canadians had assumed prior to that time. Suddenly Canadians were faced

with the fact that we were no longer a country with boundless reserves of oil and gas. That is the first point that has to be made, and it is an important one.

The next point is that there are still some Canadians who are understandably confused about this over-all picture. They do not really believe that there is a worldwide crisis developing in the near to immediate future in this area.

It is important to put a few figures on the record. My understanding of the world picture is that at the present time there are 646 billion barrels in place. That is being used up at the rate of 22 billion barrels a year. At most, this gives us about a 30 year supply at current consumption. That does not allow for any expansion in future.

By the turn of the century it is clear that we will have a worldwide problem on our hands. There is no point in our looking to the United States for potential support. Even at this time that country is importing 45 per cent of its needs.

What are we to do to counteract the problem? What have we done and what are we doing? First, we are moving to eliminate completely our exports of conventional crude to the United States. We are quickly moving to a point in the future where there will be no further exports. At the same time, this government has shown considerable leadership across the country in conservation measures. Canadians are subscribing to those measures more and more. They are doing everything they can both individually and collectively to keep down the further increasing demand which has been a normal factor in this country up to this time. On the one hand we are closing down exports, and on the other we are reducing demand. Both these actions have the combined effect of making a significant dent in the over-all demand for oil that ultimately becomes available to Canadians.

● (1742)

The next step I suggest is to look beyond the normal conventional sources to some of the more remote sources of potential oil supply. I think of the tar sands, the Beaufort Sea, the high Arctic and, of course, the heavy oils in the Lloydminster area. In the meantime, until such resources are proven we must get along as net importers to the tune of some 250,000 barrels a day. We will probably continue in a net import position for many years into the future. The question we face is how to keep imports to the minimum.

What are we talking about when we refer to heavy oils? As a layman in this subject, I understand we are talking of a very thick, tacky substance which differs as much in texture from conventional western crude as day differs from night. We are speaking of a resource which, in order to be used in a conventional way, as we wish to use it, has to undergo an incredibly expensive upgrading process after extraction from the ground, the achievement of which is in itself extremely complicated and fantastically expensive. In essence, we are dealing with a quality of oil which modern scientific development enables to be extracted and ultimately used at a price which is far out of line with any cost we have heretofore experienced in obtaining like quantities of oil from conventional sources.

The potential quantity of this oil is, indeed, impressive, so impressive that we cannot afford to ignore it in the face of the situation in which Canadians find themselves. I mentioned earlier that conventional reserves stand at between six and seven billion barrels. Heavy oils are conservatively estimated to contain 16 billion barrels and possibly as much as 20 or 25 billion barrels if we go all the way to tertiary recovery methods. At present we foresee ultimate production of anywhere up to 100,000 or 200,000 barrels per day from these various production methods. The figures I have used may be a little on the high side and be realized only in the distant future, but that is the potential.

Stated another way, the rate of production of heavy oils could ultimately cover up to 50 per cent of our current rate of imports. We are today producing in Canada some 1.4 million barrels of oil per day. Steadily decreasing resources of conventional supplies will reduce this figure to 400,000 barrels a day by 1995. By that time our over-all needs are estimated to reach two million barrels per day. Thus one can see a clear shortfall of 1.6 million barrels a day or, stated another way, we shall only be producing from conventional sources some 20 per cent at most of our over-all needs.

Therefore, unless in the next 15 years we can proceed with developments such as the tar sands, heavy oils, as well as continuing our exploration in the Beaufort Sea and the high Arctic, we shall be in a very vulnerable position at a time when world oil supplies will be shrinking in a very drastic way. There is certainly no guarantee that the problem will have been resolved by the discovery of great globs of oil from offshore.

Alternative resources are not only in themselves extremely expensive but will require dramatic lead-in periods of anywhere up to 30 or 40 years before they can be called upon to make a significant improvement in the over-all energy supply picture. What I am really saying, then, is that Canadians and the government which has duly been elected by them must show leadership in these nonconventional oil resource areas. We shall be facing very significant problems indeed if we fail to do so.

It is estimated that by 1995 some 800,000 to one million barrels per day of the then anticipated shortfall of 1.6 million barrels could be met from these new sources. In other words, if we get on with the job we could be curing some 50 per cent of the shortfall which will exist some 15 years hence. This is without giving any credit to potential discoveries in the Beaufort Sea or in the high Arctic. The reason no figures are projected in these areas is because the potential is still looked upon as simply that, and we do not have any significant proven figures available at this point.

As I have already said, we have to take action soon. The question is: how should we proceed? It is important that we waste no time in developing our heavy oil deposits. What mechanism should be utilized for this purpose? The technology is there. The heavy oil is there. How should this important new

Canadian oil resource be developed and by whom? Do we really care, Mr. Speaker? These questions have to be answered.

Allow me at the outset to state my bias in this regard. I consider myself to be as good a Canadian as any other member in this House. I believe in the strength of our country now, in its strength in the future, in its ability eventually to resolve issues relating to differing regional viewpoints across our vast land mass, in our ability to resolve difficulties arising from the adoption at the national level of two official languages, and in our ability to absorb and appreciate the benefits of a multicultural make-up.

I am sure I share with other members of this House pride at being a Canadian. I am proud of my country. But this does not mean that all developments in this country must be wrapped in Canadian ownership. Had this view been adopted in 1867, we would today in all likelihood be without a transcontinental railway, perhaps even an oil and gas industry. We are a trading nation and we must never forget it. Even Venezuela, from which we get a great deal of our imported oil, is an important buyer of Canadian goods at present. The Venezuelans want to continue to trade with Canadians in the years ahead and surely will do so. It is not necessary, in order to have social value, that everything must be Canadian.

What about the following situation—a situation where already over 80 per cent of our industry is controlled by persons outside Canada, by non-Canadians? Suppose that, in addition, we are facing a crisis of grave proportions. Husky Oil Limited has, I think, proved itself to be a good corporate citizen from the time of its inception some 40 years ago when it had 19 employees. What do we do, given these other parameters I have mentioned, when the Canadian corporation or its U.S. parent wants out? Should we be hiding our heads in the sand? Should we be saying: "Oh well, important resource or not, this company wants out; it is owned by non-Canadian interests so why not let non-Canadian interests replace it as new owners? Who cares about the 80 per cent non-Canadian ownership of the industry? After all, it has been there for years, so why bother?"

Well, Mr. Speaker, I believe the people of Canada do care and have cared for some time. The difficulty, as always, is how best to overcome an ownership imbalance of the present extent. My conclusion is this: an opportunity has been provided in the present instance and, in my view, it should be pursued—not at all costs but in a reasonable and rational way that is capable of being supported by the vast majority of Canadians.

This, I suggest, is what indeed is happening. The government—not with much encouragement or help from the official opposition, I must say—has created a Crown corporation to be an arm of the people in this great industry at a critical period. We were one of the last industrial nations to do so. This Crown corporation has, most properly in my view, made a bid to take over the Husky Oil Company. The company virtually controls most of the acreage in the Lloydminster area where the heavy oil play is taking place. People in my constituency and Canadians at large would not want to see Petro-Can buy out Husky at an unreasonable price, unsupportable by the assets and potential on hand. However, I suggest most Canadians would indeed like to see Petro-Can actively involved in the takeover battle—as it seems to be developing—and not prepared to bow out at the first yelp from a giant non-Canadian counterbidder. That is what is taking place.

• (1752)

Personally, I hope Petro-Canada wins fairly and at a price supportable by the facts at hand. Alternatively, should the other bidder win—a non-Canadian corporation—it is my firm request to this government that before ever approving such a takeover it ensure through the mechanisms available to it and with approval from this parliament that beyond a shadow of a doubt the real interests of, and benefits to, Canadians are proved, perhaps in the Standing Committee on National Resources and Public Works of this House. This should be the assurance prior to any such approval being given.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, I am very pleased to be able to participate in this debate on the development of heavy oil reserves. I happen to share with my friend, the hon. member for Vegreville (Mr. Mazankowski), representation of the city of the Lloydminster, Alberta-Saskatchewan, which is the centre, geographically at least, of the Lloydminster heavy oil fields, as they have become known.

The hon. member for Vegreville spoke earlier this afternoon in this debate. He stressed, among other things, the importance of heavy oil development to that city and to that region of Alberta and Saskatchewan which will be directly affected. In that respect, as is indeed quite often the case, I share that concern with my hon. friend. We should welcome that economic development not only for what it will do in the way of reserves of oil for the nation as a whole but also for the people and businesses in our constituencies who will be involved directly and will benefit from this development.

Today's opposition motion involves a resource which has become a great deal more newsworthy and of much more concern to all Canadians, particularly those of us who represent areas where there are oil resources. The heavy oil reserves of Canada are centred around the Lloydminster area, as has been pointed out by other speakers. I am happy to say that the governments of Saskatchewan and Alberta and the federal government, despite their different interests, responsibilities and roles, have been involved in encouraging the development of these reserves as well as the exploration which is so important to learning more about this great resource.

Various figures and statistics have been put on the record here this afternoon to indicate the scope of these reserves, and it is interesting to note how in recent years the scope and importance of those reserves have changed almost from year to year. I have here a clipping from the Edmonton *Journal* dated October 16, 1976. The headline reads: "Husky Oil sets Lloydminster heavy oil at 12 billion barrels". Part of the article reads as follows:

Husky Oil Ltd. says the Lloydminster heavy oil deposit . . . contains 12 billion barrels of oil or three times the amount given in earlier estimates.

I think that is noteworthy. The article goes on to discuss additional reserves and says the following:

Additional reserves can undoubtedly be found in other sands . . . Husky has interests in 1.6 million acres of the three million acre area involved in the study.

Mr. Nielson—

Mr. Nielson is the president of Husky Oil.

—said it is difficult to estimate how much of the 12 billion barrels of oil in place can be recovered because of difficulties involved in producing heavy oil.

This question was discussed by my friend, the hon. member for Scarborough West (Mr. Martin) who just resumed his seat. The article goes on:

The company has operated for 30 years in the Lloydminster area and has achieved 4 per cent recovery of the oil in place by conventional or primary production methods.

I think the last statement relative to the very low rate of recovery is another important aspect of this whole debate on heavy oil, whether that recovery is accomplished by Husky or any other company, privately owned, Crown owned or whatever. We need two things. We need upgrader facilities, but above all we need better and improved technology to get a greater and better recovery rate. Those two factors are very much involved in any discussion of heavy oil development.

I think it was the hon. member for Vegreville who mentioned earlier that the heavy crude reserves in the Lloydminster area were associated, up until the last four, five or six years, primarily with the construction industry. They were associated with the asphalt industry, whether for highways, parking lots or shingles. As a result it was largely a seasonal operation and production was geared to market demands which were pretty well localized. If we check the figures for production by Husky and other producers of heavy oil in the Lloydminster area over the years, we find that production gradually climbed to accommodate that market until 1973 when the importance of any reserve of oil became much more pronounced. The picture had changed dramatically. I suppose it also changed with the development of sour crude or heavy crude refineries to handle that kind of crude oil. Incidentally, these refineries were not located in Canada and still are not located in Canada. They have been in existence to date only in the United States of America.

That is some of the background which forms the basis for the current importance we place on these reserves and on our search to become more energy self-sufficient. As we look down the road and as we listen to the figures in this debate it becomes obvious to anyone that it is important that this country get on with developing the heavy oil reserves located in the Alberta-Saskatchewan border area.

The politics of oil in recent years have certainly been well known to all of us. I suggest that has been in a direct way because of the dramatic price increases with which we as individuals and industries have been faced in this country and in others which have been directly affected by the dramatic increase following the formation of the OPEC cartel. Mr. Speaker, I see that you are ready to call it six o'clock.

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until 8 p.m.

At 6 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. McIsaac: Mr. Speaker, just before we adjourned for supper at six o'clock I spent a moment or two emphasizing the importance, not only to all of Canada but to my part of Saskatchewan and that part of the province represented by my hon. friend who participated in the debate this afternoon, the hon. member for Vegreville, of the development of heavy oil. I commented on the size of the reserves and on other factors affecting their development. In that respect, a pamphlet referred to by the minister in his remarks earlier this afternoon entitled "Oil Sands and Heavy Oils: The Prospects", contains a paragraph on page 14 which, I think, sums up very well the whole picture of the heavy oil reserves in the Lloydminster area. It reads:

The range of estimates of recoverable oil could therefore give rise to ultimate total production from Lloydminster-type heavy-oil tertiary recovery projects ranging from 100,000 barrels per day to as much as 300,000 barrels per day or more. As mentioned, such development may take a decade or longer to achieve—

So we are not speaking about something that is likely to happen tomorrow or next week. It reads that that development—

—will depend heavily upon the continued successful development and application of tertiary recovery methods and will require the establishment of an economic environment receptive to enhanced recovery projects . . . an essential part of such an environment.

That, more or less, sums up the potential and the possibilities for Canada of that reserve.

Going back to the time of the OPEC crisis which brought all of us in Canada to take a second look, and indeed more than a second look, at the energy picture in this country, I think it was about that time when those of us not directly involved in the oil industry suddenly came to realize that we in Canada were not floating on a sea of oil, a conviction which was generally and widely held by Canadians. I am not sure it is fair to say this but perhaps this was encouraged by governments and by the oil companies themselves. That conviction was certainly shattered for us as we became more aware of the real facts and figures with respect to our oil reserves.

I say "real facts" with full knowledge that real facts are somewhat difficult to come by and to translate in that sense. It is one thing to speak about potential reserves, recoverable reserves, proven reserves, and so on, and these terms in themselves were not that familiar, I am sure, to many of us. Perhaps they lulled us into believing that we thought we had ample reserves here in the country, that we did not need to import oil, and therefore we were sitting pretty, happy with a good and cheap source of oil. But we suddenly realized at

about that time that we were not self-sufficient as a nation. We also came to realize that some of the great reserves we have here in Canada are still unproven, particularly in the case of the northern and the Arctic reserves, and that they are very costly to develop, and we have had Syncrude and the tar sands efforts to prove it. In this motion we are discussing the possibility and the potentiality of heavy oil development.

Again at that time we had it brought home to us that these energy reserves were almost entirely foreign owned by the same companies which were active in the Middle East and the North Sea and other areas around the world. As has been pointed out in the debate this afternoon, governments are in the oil business in almost every oil-producing country, and they are in it today more so than ever before.

To listen this afternoon to some of my friends from the Conservative party taking part in the debate one would think that Canada had the monopoly on a new or innovative idea or project to legislate into existence a Crown-owned resource company now known as Petro-Canada. In this particular case we were not leading the pack. Instead, as a nation we are trailing the pack in so far as the oil-producing countries of the world are concerned.

● (2012)

The concept of Petro-Canada is not new. Certainly it has my support. I do not share the concern of some hon. members opposite that this agency must be in conflict with the private sector in oil. The private sector must be maintained and encouraged. There is ample room for both. At this time Canada requires both the publicly owned Petro-Canada on the one hand and the private sector on the other. Much of the conflict is in the minds of some members opposite.

In 1973, 1974 and 1975 the Canadian oil industry faced some adjustments which were unique to Canada because of its federal nature. The oil industry spokesmen were quite vocal in their criticism, much of which was justified.

As a result of the dramatic rise in the world price, a see-saw developed between the federal and provincial governments over the windfall margins. One can sympathize with the oil companies which operated during the period when governments at both levels re-examined their interests in oil development, whether it be in the form of royalties, income taxes or other regulations pertaining to oil policies. One's sympathies must be tempered to some degree by the healthy balance sheets which continued to appear in the year-end reports of oil companies. The oil companies came out of that tug-of-war fairly well. Exploration activities in Alberta and Saskatchewan have increased dramatically. The results have been good. Over the last number of months the stock market has been good evidence of that recovery as well.

The motion before the House is in two parts. The first part asks for new resource developments in Canada to be majority Canadian controlled. I am sure that principle is supported by all parties in this House.

Some hon. Members: Hear, hear!

Mr. McIsaac: I have enough respect for Canadian oil companies to believe that they can do the job. We have no guarantee that development will occur otherwise. It will occur only, outside of Canadian ownership and involvement, if such development in Canada fits within the over-all, worldwide scheme of things. I am sure the plans of large oil companies are changed quite often on the basis of good businesslike decisions, rather than anything the government or the country does. That does not serve the interests of Canada in becoming self-sufficient, nor does it keep our priorities in order.

Some members of the Conservative party indicated that Petro-Can should not develop Canadian heavy oil. Others in the past have indicated that they would scrap and abolish that company. The hon. member for Northumberland-Durham (Mr. Lawrence) implied that Husky, which has a very large stake in Canadian heavy oil, has been prevented by the government from developing those great stocks and reserves. Husky has not done badly by the federal government or the two provinces involved. The management of Husky Oil has not made such charges against the government. Husky has been in Saskatchewan and Alberta for many years. It has had discussions with Petro-Can and others over recent months regarding the possibility of sale or partnerships. It is not necessary to recount the recent offers and activities in that sense; the papers have performed an adequate job in that regard. The business section of today's *Globe and Mail* carried several articles containing a good deal of background elaboration on these proposals.

Hon. members of the Conservative party asked how much oil Petro-Can has discovered. The question is a good one but it is not relevant to this debate. In so far as heavy oil is concerned, it is not a question of discovery; it is a question of recovery.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. McIsaac: Heavy oil reserves exist. It is a question of getting a greater percentage of those reserves to the surface. It has been estimated that approximately 16 billion barrels of oil are under the 1.6 million acres which Husky Oil controls. Primary recovery of heavy oil is very low; it is 4 per cent to 6 per cent, and perhaps up to 10 per cent. Improved recovery technology is an important factor in this debate. It must proceed and go hand in hand with building an upgrader.

For Canadians to utilize the energy reserves of heavy oil, two things must happen. We need an upgrader plant or facility to handle the heavy oil, and we need improved technology for tertiary recovery of the raw resource so that we can feed oil stock into it. The federal government and the provincial government of Saskatchewan signed a $16 million agreement to stimulate research in this area. As I understand it, Husky Oil submitted an application which was later withdrawn for

unknown reasons. Other small oil companies in the area have initiated programs to move in this direction.

The federal government must do all it can to ensure that heavy oil development takes place as soon as possible in the interests of this country. As a beginning step, the government can deal very quickly with the purchase bid by Occidental. FIRA should be able to determine, without any great lengthy study, that Occidental may have a pretty hefty cheque book but has no expertise in the heavy oil development field. Husky Oil has such expertise. According to telephone calls which I received, Petro-Can has some expertise and is acquiring more. So that expertise is available in the country.

The second part of the hon. member's motion indicates that Petro-Canada should develop Husky Oil's heavy oil reserves together with Alberta and Saskatchewan. In principle I support that, if Husky Oil does not show more determination to put forth the required initiative and drive to bring about that development than it has. I have no objection to private Canadian oil interests being involved as partners. In fact, I welcome that. When the private sector cannot or does not, for whatever reason—and there may be good reason from their point of view—develop Canadian resources in accord with the expressed national interests of this country, the question is, what is our next step?

• (2022)

I suggest that Husky has, indeed, had ample time to make its intentions known. I agree Husky has been negotiating, but it is my view that the company has not been sufficiently forthright in telling any level of government what its firm intention is. That is my view as an observer; I am not thoroughly acquainted with the oil industry. I just suggest that we should not wait years or even months, but perhaps a few weeks, before asking Petro-Can to continue to get on with the job, hopefully in co-operation with the private sector and provincial governments.

In that regard I want to commend the minister for his interest and the efforts he has made to bring about heavy oil development. The minister announced a $16.4 million program a year or two ago. Every budget in the last three or four years has contained steps and measures devised to encourage and bring about oil exploration and development. The most recent budget that came down, the one we are continuing to debate in the House, contains special measures for the development of heavy oil reserves in western Canada. I welcome these changes, but would ask how much more we have to do before that development takes place, or how much longer we have to wait for Husky Oil to announce its intention to proceed with the development—because, indeed, Husky Oil is a key player in this particular field.

Thank you very much, Mr. Speaker, and I thank my colleagues for allowing the additional time.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I am delighted to take part in the debate on the motion of my colleague, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). This motion relates to an issue that directly affects the province of Saskatchewan and the province of Alberta, as well as the entire country.

I listened this afternoon to my friends and colleagues in the Conservative caucus making statements to the effect that Petro-Can should be disbanded and that the whole development of heavy crude oil in the Lloydminster area of Saskatchewan and Alberta should be left in the hands of private Canadian investors and companies. The hon. member for Calgary Centre (Mr. Andre) made reference to two Canadian consortiums which were prepared to make offers to Husky. I have a question that I hope some members in the official opposition will answer. Where the hell were those private Canadian investors and companies in the past when we needed them and where are they now that we need them again?

In fact, who are those two alleged Canadian consortiums? I am satisfied that a Liberal private enterprise government would not go to the length of having Petro-Can bid for Husky unless all other opportunities and sources had been exhausted. It would be the last, along with the official opposition, to get into some kind of public ownership in the petroleum industry. Surely it is obvious that the so-called Canadian entrepreneurs, private investors and companies in the petroleum industry have let us and Canada as a whole down.

The official opposition condemns Crown corporations because of the "incompetence" of Crown corporations. I notice members of that party go to great lengths in condemning Crown corporations that have usually been established and operated under the Liberals and Conservatives. The question is not so much one of whether the operation is private or public, but rather how well the operation is run and who are the people running it.

The hon. member for Calgary Centre complains about our tax laws. As a result of talking to relatives, friends and other people in the petroleum industry on the telephone in the last day or two, as well as over the years since 1947, I am convinced that since the Leduc discovery Canadian companies and Canadian investors, no matter what the ills associated with our tax laws, have done very well thank you. But that is not a sufficient excuse for an alleged Canadian consortium or company letting us down.

When it gets to the point where a private enterprise Liberal government is encouraging and assisting a Crown corporation such as Petro-Can in making bids for shares of the Husky Oil Company, this tells us something about the private sector in Canada, the petroleum industry. What is even more important is a consideration of the outfit that is bidding for Husky shares in competition with Petro-Can. I talked with a knowledgeable person today from the oil industry in Western Canada whose opinion of Occidental can be given as follows: It does not have a lot to offer; it is primarily a gas company; it does not have any particular skills in heavy crude production or refining and will rely on Husky for that expertise; and it has done no research and development in respect of upgrading or refining of heavy crude oil.

What is also interesting is that in the deal Occidental is offering Husky it is not putting up much, if any, money. It is offering a straight trade-off of shares. I am sure the management or board of directors of Occidental are not stupid. They are offering to buy Husky through a trade-off of shares with no expenditure of money. They are doing this because they think there are some bucks to be made out of it, and for no other reason. I do not want anybody in this House to suggest to me that Occidental is making this offer in competition with a Canadian Crown corporation because management of that company has some particular worry or fear about the welfare and good order of Canadian energy supplies or the development of Canadian crude oil.

I wish the Minister of Energy, Mines and Resources (Mr. Gillespie), or his government, had made it plain some two or three weeks ago that, no matter what Occidental bids, it will not be allowed in here. I wish the minister had said: "We neither need them nor want them, and certainly in view of what that company is offering, we certainly do not need them".

There are some 2.1 million acres in the heavy crude area of Lloydminster presently held by various companies. Husky Oil holds about 1.6 million acres, 70 per cent being on the Saskatchewan side of the border and 30 per cent on the Alberta side. A few other companies hold a small number of acres each, including Murphy Oil, Mobil Oil, Imperial Oil and Petro-Can. Petro-Can bought a few acres not long ago, and Saskoil holds a few acres as well. They do not count for much separately. Husky holds the major portion of the area.

At the present time about 50,000 barrels of heavy crude are being produced for which there is a market. The hon. member for Battleford-Kindersley (Mr. McIsaac) and the hon. member for Vegreville (Mr. Mazankowski) mentioned this. It is used for asphalt and asphalt shingles. It is actually an assured market. Even when Husky proposed late last year an upgrading and refining capacity of up to 100,000 barrels a day, during discussion with the provinces of Alberta and Saskatchewan and the federal authorities the idea all of a sudden dried up. Husky chickened out; cut and ran.

There is good reason for that. What is commonly not known is that Husky Oil does not have the needed cash flow. They do not have the muscle or the borrowing capacity to move in; otherwise they would not be considering offers from Petro-Canada, Occidental or anyone else. Husky Oil is not noted in the industry for research and development, expansion or further development of heavy crude production. They have simply been sitting on it. This may be good for the Nielson boys and the present shareholders of Husky, but I submit it is not very good for the people of Canada, or the self-sufficiency of this country which members on all sides of the House have been talking about.

● (2032)

From the Saskatchewan point of view, where most of this acreage is, the Husky holdings should remain in Canadian hands. From a developmental point of view, if it remains in Canadian hands the pace of development will be in the hands of the federal government and the two provinces concerned. If it is in American hands, however, how much incentive will those two provinces and the national government have to give them to get a good pace of development? The pace of production and development must be set at a rate which we think is best for Canada. If the ownership and control of that acreage and that production remains in American hands, we will have to pay more in order to get a pace of development in production which will suit our needs and our requirements.

For Canada to have that development, whether it is in production of heavy crude or the construction of pilot projects, and upgrading capacities of heavy crude, we must have the control to set a pace which we think is best for us and best to further Canadian self-sufficiency. Husky has refused to move. Of course, they were pioneers in the heavy crude business, and they were in it at the beginning. I gave them credit for that and for being smart in amassing a large acreage of land. But they do not have a large cash flow and they have had small growth because they have been more interested in truck stops and service stations than in research and development in the production of heavy crude. They have made no breakthrough in the area of development and their research has been minimal.

Mr. Bawden: Who has?

Mr. Benjamin: None of the private sector has, Mr. Speaker. It is only now that a so-called free enterprise Liberal government has realized that the private sector, both Canadian and American, have let the country down. There have been no breakthroughs on development. There has been insufficient money from Husky to do it, and everybody in the oil industry, the two provincial governments and the national government darn well know that. The final criticism of Husky, while they were sitting on their fat acreage, is that they themselves have not developed much expertise in the upgrading of heavy crude oil. They have been sitting waiting for windfalls since 1973, and they landed one when the Minister of Energy, Mines and Resources and the government allowed their own creature, Petro-Canada, to be bounced back and forth between Husky and Occidental in a crap game which has increased the value of Husky shares far out of proportion to their real worth on the open market.

My hon. friend the member for Calgary Centre was talking before supper about the Canadian taxpayer paying for Petro-Canada. He failed to mention that Canadian consumers have paid for all the profits and the expenses, including operational and development costs. The Canadian consumers by buying heating oil or by buying gas at the pumps have paid the entire bill, so I do not want to hear any more nonsense about the private enterprise entrepreneur who took all the so-called risks. Any of them who lost money recovered it one way or another, whether it was through tax losses or profits made in some other operation. The Canadian consumer, not the Canadian taxpayer, whether or not they paid income taxes or corporation

taxes, paid for and continue to pay for all the developmental costs.

The Minister of Energy, Mines and Resources has allowed a company owned by the people of Canada to be put into a position of having to fork over $200 million or $250 million because Occidental has got in the game. They would not know a barrel of heavy crude if it hit them in the face. This is not leadership, Mr. Speaker. This is not exercising sovereignty or nationhood. We neither earn nor deserve respect from other governments or, more particularly, from foreign-owned corporations that know they can play games with weak-kneed, lily-livered, nervous-Nelly governments. This government wants to be a little public and a little private, and they cannot make up their minds which one.

I can say for the Tories that at least you know where they stand, Mr. Speaker. As far as they are concerned, Occidental Oil is welcome to come up here; Occidental Oil can have a deal which would make you and I look brilliant, if we could have an operation like that. Occidental has proposed a scheme which says that the Saskatchewan and Alberta governments can put up $200 million or $300 million apiece on the one hand, and Petro-Canada can put up $400 million to $600 million. It works out to approximately one-third each, one-third for the two provinces, one-third for Petro-Canada and the other third for Occidental.

Let us look at what Occidental wants back for their investments. This, Mr. Speaker, is what you would call real private enterprise. Occidental would continue to retain all the rights for the primary and secondary production in heavy crude in the acreage which they have developed, which is only approximately 280,000 acres. They have about one million other acres yet to drill in. Occidental would also retain all the conventional rights. Occidental is not interested in keeping the rights of the highly expensive tertiary recovery system but they would retain everything else.

I do not know if the Minister of Energy, Mines and Resources is high-handed or easily taken, but with a deal such as that it is no wonder Occidental is offering to trade shares with Husky at $2 or $3 a share more than what Petro-Canada is bidding. In fact, if the minister rose in his place, or preferably the Prime Minister (Mr. Trudeau), and made it known publicly that no matter what Occidental does they will not be approved to operate in this country, they would save the investors of Canada.

An hon. Member: They are already here.

Mr. Benjamin: They are not here in heavy crude, and the government could put a stop to them tomorrow. In fact, they could turn Husky into a whimpering poodle overnight, if you will pardon the expression.

Mr. Bawden: Like you did during the minority government.

Mr. Benjamin: Petro-Canada's original purpose was to give the public a right to share in the oil industry growth in Canada. The governments of Canada, both Conservative and Liberal, since 1947 have provided all kinds of opportunities for the Canadian private sector, the so-called Canadian entrepreneur, the so-called Canadian company or consortium. It is no wonder the Americans are laughing at us all the way to the bank. Those same Canadian entrepreneurs have let us down. If they are not prepared to do the job they should get out of the way and let the people of Canada do it.

● (2042)

This whole business between Husky Oil Ltd. and Occidental is another CPR wreck. There is nothing new about this kind of profit-taking—not honest profit-making, but profit-taking. Yet the Minister of Energy, Mines and Resources sits there on his fat acreage and fails to ask the government to give some leadership.

I am confident, Mr. Speaker, that the government of Saskatchewan and Saskoil are prepared to co-operate and to help. But we are not going to be party to a crap game in which a United States corporation can hold a Canadian corporation to ransom. The government have neglected to carry out their promise; they have neglected to carry out a part of the mandate on which they were elected in 1974.

I hope this government will remember why they created Petro-Canada in the first place. Both Petro-Can and the cabinet have agreed that rapid development of the heavy oil deposits around Lloydminster is a national priority, yet they sit around and let an outfit like Occidental mess it up, a company that has no expertise in heavy oil and which is not putting up any money for Husky Oil Ltd.

The minister has allowed Petro-Can to be put in the position where to outbid Occidental will cost another $200 million or $250 million. The Petro-Can bid for control of Husky was made about a year after Husky had made proposals to develop heavy oil deposits on its own or in a joint venture of private and public capital. Husky could not possibly succeed because it had such a small cash flow and did not have financial muscle. What alternatives did the government have? No matter what party was in power—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, the motion before the House today gives us an opportunity to discuss a matter which divides and shows up the difference between political parties in this House. This motion is an example of the doctrinaire policy of the NDP. Socialism in the development of this country's resources of this country, whether it be at the start through a Crown company or later on through the provincial government stepping in or interfering in

the potash industry, as it now exists in Saskatchewan, constitutes, as we have always claimed on the side of the opposition, interference in terms of the constitution on the part of the federal government in the development and control of the resources of the provinces.

An hon. Member: What about Pacific Western Air Lines?

Mr. Lambert (Edmonton West): When I am discussing natural resources, the hon. member for Sault Ste. Marie (Mr. Symes) comes up with a question dealing with the province of Alberta which has proved, once and for all, that we acquired control of an airline out west for the people of the west; but he knows nothing about the west. He is totally ignorant about conditions out there.

But I want to say that in today's debate we have a motion which is composed of two parts, and this implies not only what happened in the past, but also any new development of natural resources, because the first paragraph of the motion reads, and I quote:

(a) all major new resource developments should be majority Canadian controlled as promised by the government during the 1974 federal election campaign;

How can this be achieved? It is very simple. First of all, the federal government does not have the right to step into natural resource development, which belongs to the provinces. The NDP does not recognize this at all. For the New Democrats, whether socialism is federal or provincial does not matter. It is socialism anyway.

[*English*]

I have listened to these people on the political left talk about resources. It is just pitiful. Even before the hon. member for Nickel Belt (Mr. Rodriguez) was into short pants the Alberta oil industry was developing. He is a newcomer to this particular subject because of his age. I do not care where he comes from but he is a short pants individual.

When it came to the development of the oil industry in the province of Alberta, if we Canadians lost control of the freeholds it was because of our tax system. We have nobody to blame but ourselves. Amendments have now been made to the Income Tax Act but there is no freehold any more. The government made a great show of locking the door after the horse was stolen.

How are we to guarantee that Canadians will be in charge or have financial control of all new major developments of natural resources? Not through the doctrinaire remedy of public ownership. Public ownership has proved that it cannot get itself out of a paper bag in the development of natural resources such as oil and gas.

The proposer of today's motion is a former premier of the province of Saskatchewan. If any government was responsible for driving the explorers and developers of oil and gas resources out of the province of Saskatchewan, it was that of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). Do you know, Mr. Speaker, what happened? The population flowed out of Saskatchewan into Alberta. We inherited valuable people from Saskatchewan. That is the way the tide turned. I recall going to high school in the late thirties before World War II. Alberta had 775,000 people, Saskatchewan had 1,250,000. What is it now? Saskatchewan can barely scrape up 900,000 people. Who drove them out? NDP administrations during the fifties drove them out. Those people came from Saskatchewan into British Columbia, and they are still coming.

• (2052)

Mr. Knowles (Winnipeg North Centre): They are missionaries.

Mr. Lambert (Edmonton West): We talk about the development of heavy oil on the Saskatchewan side and the Alberta side. Where do those individuals who want to invest in this development want to go? On the Alberta side of the boundary. Where is the big development in Lloydminster? It is on the Alberta side of the boundary, not under the NDP government in Saskatchewan.

We talked about Petro-Can being able to develop this oil because of expertise. Where does Petro-Can get its expertise? It is from those people who are left over from the rest of the industry. That is what they have been able to recruit. We have indicated that Petro-Can will be the first expendable Crown corporation.

Mr. Gillespie: The first to go.

Mr. Lambert (Edmonton West): It will be the first to go. I know the minister very well and I know how much he knows about the oil and gas industry. It is zilch.

Mr. Béchard: What do you know?

Mr. Lambert (Edmonton West): I was raised in the oil and gas industry. I invite the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) to come to Alberta and learn how to put it together.

[*Translation*]

—but I will say to the hon. member that the development of sands and oil in the Cold Lake and Lloydminster region will not survive the project considered by the government with Petro-Canada. That is infringement.

[*English*]

My colleague from Northumberland-Durham (Mr. Lawrence) put on record this afternoon that Husky Oil has been under the greatest pressure from Petro-Can to yield the resources. Why? Because Petro-Can wants to get its foot in the door of resource development.

The power to spend by Petro-Can is backed by the government of Canada. There is an unlimited purse. The hon. member for Nanaimo-Cowichan-The Islands has called for a public inquiry into why the shares of Husky advanced $200 million in this bidding between Petro-Can and Occidental. Petro-Can is being taken to the top. It could be taken to $1

billion and the government would still pay. It does not have to be accountable to any shareholders. Its investment will be there.

If the federal government wants to move into the heavy oil development in the Lloydminster-Alberta-Saskatchewan boundary area, there is nothing to prevent it from a financial point of view because it has an unlimited purse, unless controlled by this House.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): The trained seals do not know anything about the practicalities of the oil business. I have known the minister for some 30 odd years.

Mr. Béchard: They must have been odd.

Mr. Lambert (Edmonton West): I can write on the back of a dime that I have in my pocket all that he knows about the oil business.

Mr. Gillespie: Arrogance.

Mr. Lambert (Edmonton West): If we want Canadian investment to be in charge of our development, there is a very simple formula for it: amend the Income Tax Act in order to induce Canadian residents and Canadian corporations to invest. There I am being very definite—that they *shall* be Canadians. I will exercise all prejudice and favouritism on behalf of Canadian residents and bona fide companies. I repeeat the proposal I put forward with regard to the Alaska pipeline. We would utilize a measure within the Income Tax Act right now, the capital gains tax. It is greatly favoured. I would use it as a favourable weapon.

If there is to be an alternative to this Occidental-Petro-Can proposition, then we can organize as we did with the Alberta gas pipeline company and develop these heavy oils financed by Canadians. This can be done through the sale of shares, first of all uniquely to Canadians. This can be done on the basis that they keep expenditure within ball park—and I use the word perimeters, not parameters—on resource research and development. If the individual or company keeps the investment within the ball park for five years, there shall be a forgiveness entirely of the capital gains tax.

Mr. Rodriguez: No way. Sell out!

Mr. Lambert (Edmonton West): That includes the hon. member for Nickel Belt. If he had two nickels to rub together, he could buy into it. He might have something in his shoe.

Mr. Rodriguez: Sell out! You would sell out tomorrow if the price was right.

Mr. Lambert (Edmonton West): After four years it would be 80 per cent, after three years 60 per cent, and so on as long as they stayed within the ball park. That would be an incentive and it is what Canadians need, not the big stick of the socialists. I hope that the financing of the Alaska pipeline, or a portion of it, will be reserved for Canadians entirely, on the basis of those in the provinces through which the pipeline passes having first crack at it and then Canadians as a whole. The people of Alberta and Saskatchewan should have this opportunity. The resources are theirs. I have not heard of the resources of Ontario or Quebec being open to the people of Alberta.

• (2102)

Mr. Rodriguez: That does not mean they should not be.

Mr. Lambert (Edmonton West): There could be ownership on a secondary basis. There are provincial governments which consider Canadians outside their provinces to be some kind of foreigners, and that is an attitude we must get rid of. God knows, we need to develop some of these resources.

However, I am not concerned about wailing Willies who say that by 1985 we shall be out of conventional oil. No way. Hon. members need only look at the last issue of "Oilweek". Let them read the figures of Canadian well completions. In 1977 there were 2,022 total completions of which 1,266 were gas wells, 224 were oil wells and 532 were dry. That is in Alberta. There were a bare 300 wells in the rest of Canada. Saskatchewan had 118 wells in 1977 to this date. Now look at the figure for the current year. In Alberta 243 oil wells have been completed besides 1,037 gas wells, for a total of 1,804. There were 524 dry wells which, incidentally, have to be paid for—they do not come off any money tree notwithstanding the New Democratic Party. In Saskatchewan 153 wells were completed, 104 of these being oil wells.

I invite hon. members to turn their attention to the rig activity. On June 7 there were 158 rigs working, 15 in Saskatchewan and 213 in the rest of Canada. Incidentally, Ontario had 20 drill rigs working; maybe that is something the hon. member does not know.

What we must do today is encourage Canadians to invest in these drilling companies, in exploration companies, in development companies and to do so by offering incentives. After all, control of the industry was assumed by the Americans by reason of incentives incorporated into the U.S. tax system—incentives which we did not enjoy. It was pitiful to see American land men moving against Canadian land men on freehold. They could always outbid them.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his time has expired. He may, however, continue with unanimous consent.

An hon. Member: No!

Mr. S. Victor Railton (Welland): Mr. Speaker, as usual, the opposition day dedicated to Petro-Canada, Husky Oil and the heavy oil deposits in Alberta and Saskatchewan focuses on a few features which I would like to name. First is the role of Petro-Canada in the Canadian energy picture and the socialistic imputations of the NDP demand for government take-overs. Second is the ability of FIRA to determine a foreign take-over bid in terms of being likely to help Canada, and third is the suggestion in the motion that we should make sure

50 per cent or 60 per cent of the capital in all the take-overs or branch plants here is Canadian. Finally, there is the whole question of a branch plant economy in Canada.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) gave an excellent speech today. He fears the eventual economic absorption of Canada by the United States of America. Like many of us on both sides of the House, he wants to see this country's natural resources completely under Canadian control. Everybody would like to see that if possible. But to underline, as he did, that the oil companies get 95 per cent of equity, sales and profits is to tell only half the story. Mr. Speaker, the provincial and federal governments get a great deal more out of a barrel of oil produced in Canada than do the oil companies.

This, of course, is due to taxes and royalties. After all, income tax is charged against Canadian-owned and United States-owned branch plants alike. Then, of course, the branch plant pays income tax again to its own government. There is an implied criticism of the government for not ensuring that the 50 per cent or 60 per cent investment clause is enforced. Mr. Speaker, investments made by Canadians are free to go anywhere. There is no mandatory requirement for investment to be made only in Canadian securities and companies. In fact, to recall all our foreign investment and to force all Canadian capital into Canadian enterprises could only be done by an authoritarian or Marxist government. What is more, it would limit and cramp the flow of capital and affect international interdependence and our foreign trade balance. In a short time we would be financially worse off.

As the minister said in his speech today, Canada has 14 principles for the guidance of foreign companies operating in Canada. Two of them require the companies to operate in Canada's interests, and to enable Canadians to buy into such companies because private capital was not in great enough supply to ensure sufficient Canadian representation. For that reason Petro-Canada was given certain exploration rights and opportunities to buy into firms where only a minimum amount of Canadian money had been subscribed.

Despite the charge by many nationalists that Canada is only a branch plant economy, we still do very well in our foreign trade balance. It was said recently by the Minister of Finance (Mr. Chrétien) in this House:

> Canada has shown a positive trade balance for the last 17 consecutive months whereas in the U.S.A., which invests heavily in Canada, the foreign trade balance has been adverse for 32 months.

That is almost twice as long as Canada's favourable balance has lasted. So I suppose if we were a socialist state—and I hope to goodness we never are—we would take over or nationalize foreign companies in Canada just as is done in Venezuela or Saudi Arabia. Those are not socialistic states, of course; they are authoritarian. We could even demand that branch plants, after a period of time, be given the right by their foreign parent to compete for domestic, United States and foreign markets and, equally, initiate their own research and development. I believe that eventually this would be a good policy to adopt.

I would very much like to see all branch plants doing their own research and development eventually, but that would be Utopia. It is, though, a possible target to bear in mind. The fear that Occidental would not operate in Canada's best interests seems to me to be unfounded because the American capital and profits would have brought much revenue to provincial and federal governments.

The concept of Petro-Canada must be much better understood than it is. The corporation was created for more than one reason. At the time of its inception exploration for oil and gas, which is almost completely in private hands, had begun to wind down. Drilling rigs were moving to Venezuela, the Gulf of Mexico or to the North Sea. Canada was importing several hundred thousand barrels of oil daily at an almost quadrupled world price. The prospect of serious energy shortages in the 1980s emphasized the need for energetic exploration and development of our oil and gas resources on the prairies, in the Arctic and offshore on our eastern continental shelf. In other words, Canada needed to become self-reliant, if not self-sufficient, in energy. It goes without saying that our oil, gas and coal, which are present in large quantity, must all be developed before renewable energy resources come on stream because of the time lag in their technical application.

● (2112)

I would like to refer to a speech made by the Hon. Donald Macdonald on March 12, 1975. In that speech he said:

> The best way to secure a Canadian presence, a rate of development consistent with our national interest, a proper share of the income generated by such activity and full access to new technology, is by a direct government involvement in key ventures through a corporation which can develop the necessary expertise. Our national petroleum company would then be in a position to act as a catalyst for succeeding projects, assisting in their planning and financing as well as participating ultimately in their revenues.

Part of our national energy policy is to keep costs to the consumer fairly equal from east to west and also to keep the Canadian price below the world price. It cannot be too far below or our income from taxes, royalties and duties will not allow the revenue from our own resources to ensure continued exploration and development in our costly Canadian geographical position.

The "rip-off" argument, which is that we are determined to raise Canadian oil prices on July 1 in spite of the freeze by OPEC, is not substantiated. Our Canadian crude oil price will still be $2.50 below the world price, even with the increase of $1 a barrel. We will still be well below Washington, London and Paris in our cost of heating oil. Even if the price of our gas is not lower than the U.S. price, it is about the same, and at least our supply will continue for a much longer time, while the future for American gas consumers is rather uncertain.

So it has been Petro-Canada's strategy to become interested in diverse fossil fuels. There are huge deposits of coal present in Nova Scotia, B.C., Alberta, Saskatchewan and also in the Arctic, for instance, on Baffin Island. A major intention is to develop coal as a substitute for imported oil—many oil companies are diversifying like that—or as a supplement or to assist as a fuel in extracting more oil from both the heavy oil

deposits and the tar sands themselves. Eventually coal will offer great potential for electricity generation. Many new technologies are becoming practical, and combinations of coal powder and oil may soon be in use. Eventually coal may be liquefied and produce methanol and low Btu gasification.

Right now Petro-Canada is taking a leading role in evaluating our northern oil and gas reserve potential. By far the largest proportion of the country's oil and gas resources is in the far north. This becomes one of the most important tasks now laid on the shoulders of this national oil company. By 1990, 45 billion 1975 dollars will have to be spent on exploration and development in our frontier region. The role of Petro-Canada is very important. It is easy for many of us on both sides of the House to understand this frontier exploration and its importance because the Standing Committee of National Resources and Public Works toured the tar sands, the Mackenzie Delta, the high Arctic and Alaska. It was a very memorable trip which contributed greatly to our understanding. There is now increased interest on the part of the Canadian people in our frontier resources.

Recently Petro-Canada became interested in coal as well as oil and gas because of significant discoveries. There is now the promise of significant fossil fuels offshore in the Greenland-Labrador-Newfoundland triangle as well as on the Grand Banks, the Scotia Shelf and in the Gulf of St. Lawrence. Without the leadership and intense effort exhibited by Petro-Canada, these resources might lie dormant and unexplored for many years.

This agency is not entirely profit-motivated. Although it is happy to increase its earned income, it is principally a government corporation bent on finding fuel reserves of many kinds which will insulate us from future early disappearance of our national energy self-reliance, and it will provide catalytic action in technology for refining and supply.

Finally, we on the government side are intensely interested in the orderly development of our fossil fuel reserves. We intend to use Petro-Canada to fulfil its function in petroleum supply, in exploration of our frontiers and in development of the very unique technology required so that we can use our gas, oil and coal properly. These fuels are in abundant supply. All that is needed is leadership. This, I can truly say, is being provided by this government and its energy agent, Petro-Canada.

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, we have heard many statements tonight, including statements from hon. members to my left, and one of the things about the remarks of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) which struck me, was his statement that Canada has done many great things in the past. There is no doubt that Canadians have done much in the past of which they can be proud, but I think it goes almost without question that the things which have been done by Canadians in the past have been done by the private sector. They have been done by free enterprise. It was the private sector which built this country.

[Mr. Railton.]

I do not think any of us can point with pride to anything which the Government of Canada has been involved in, created or is presently involved in. We only have to look at Atomic Energy of Canada Limited. What a sorry example! If the government would concentrate on delivering the mail, it probably would be taxing its abilities, and that has been proved.

We are discussing the question of foreign ownership of petroleum reserves in Canada. Surely it is better to have reserves in Canada which are foreign owned, if necessary, than to import foreign owned crude from other lands where supply is not secure. Surely it would be better to have crude oil produced by Occidental Petroleum, Exxon, or any other company, for that matter, coming from Alberta wells than crude oil coming from those same companies in Libya or the Middle East. Heavy capital needs are a fact of life in the petroleum industry, and in my view it is immaterial who owns the reserves. The vital question is not whether a company is French, Canadian or American. The vital question is whether we have supplies of oil for Canada's future. Because I do not think for one minute that even a member of the NDP would turn down a barrel of oil, if that is what is required to heat his home, or a cubic foot of gas just because it carried the label of an American company. When it gets right down to supply, even members of the NDP would be just as anxious to have a foreign label as a Canadian label. I do not give a damn, and I do not think Canadians should, about who owns the oil. I think the crux of the matter is whether we have it.

In spite of that, I do not think there is any question, and Canadians have always said they want to own as much of their own oil as they can. That was well stated by my hon. colleague who spoke last. However, the tax laws of Canada have prevented Canadians from owning this important resource. Only recently and at the urging of this party did the government finally cave in and make rules to encourage Canadian capital. That was a little late, and that is the reason we now face the fact that a large percentage of our crude oil is owned by foreign companies.

We also heard from the hon. member for Nanaimo-Cowichan-The Islands that we have only a ten-year supply. If the matter of future supply is so critical, it seems to me that if Canadians were given incentives and had the good sense to go out and explore for oil, they could provide supplies for beyond 10 or 15 years at a time when present supplies are dwindling seriously.

● (2122)

Another statement made by the hon. member for Nanaimo-Cowichan-The Islands was that Canada's oil reserves are not in the control of Canadians. There is no other industry in Canada that is more controlled than the oil and gas industry. The producing rate is controlled by the provincial governments; the price is controlled by the federal government; there is presently an export tax—the federal government takes the difference between the world price and the fixed Canadian price; the royalties are set and collected by provincial governments; income tax, through depletion allowances and tax rates,

is collected by the federal government. Also transportation tariffs are set by the federal government; pipeline construction routes and approvals are dictated by the federal government; companies under the new petroleum monitoring act, which this minister is trying to have passed, will have to report to the government on what they did with their income and they will have to prove that it was spent on finding new reserves; the sales tax on gasoline is payable to the federal government and to the provincial governments on gasoline that is sold, and this amounts to something in the order of $5 a barrel; and finally, it is the right of this government to determine through the Foreign Investment Review Board whether the reserves or shares of a company may be sold to those outside of Canada. So there is no question that Canada controls its oil and gas. It always has and there is no reason to think this is going to change.

When it comes to the rewards for oil and gas that is produced—and this was stated in a report put out by the Canada West Foundation Study—taxes and payments to all levels of government now represent approximately 70 per cent of the mineral resource industry's pretax profits, compared to 53 per cent five years ago. Any oil man with good sense who owns all the land and has all the royalty rights would much prefer to farm out his land to someone who would put up the risk dollars and give to that owner 30 per cent. I can tell the House that that is a very good deal for investors, and it is on the basis of the government not putting up risk moneys but just sitting back and collecting what is its due under our terms. Incidentally, this is comparable with or perhaps better for Canada than the situation in most countries where foreign oil companies go to search for oil and gas.

Let us look at the specifics of the motion, which states that the development of Husky Oil Company's heavy oil resources should be undertaken by Petro-Canada in co-operation with the provinces directly affected. In the past—and I guess it will be the same in the future—when socialists have seen something big which worked, they wanted to nationalize it. I have heard a lot said about Husky Oil tonight. The hon. member for Regina-Lake Centre (Mr. Benjamin) made many serious allegations about a company which would be regarded by most as a good company and a good corporate Canadian citizen. When I arrived in the city of Edmonton from the Peace River country in 1952, Husky was one of the big names in heavy oil development at that time. They were drilling wells, they were building rigs, they were getting their refinery going, and that was 25 years ago. Since then others have come into the picture, but this company has pioneered in heavy oil development. They just happened to have the foresight or the luck to be today in the right place at the right time.

The minister is blaming energy shortfalls on all kinds of things, but the fact of the matter is that it is his responsibility. This government has done more to inhibit oil and gas exploration in recent years than any other factor in the realities of the Canadian oil and gas industry. More momentum has been lost and more rigs have been moved out.

The setbacks caused by the two or three years of confrontation which was provoked by this government have been a big factor in lost reserves. The momentum has now returned, but I can tell hon. members that the losses experienced in those three or four years will never be regained. The Husky poker game is just another factor that has caused loss of confidence among investors in the Canadian oil and gas industry. Maybe it is the government's policy not to want Americans to invest in our oil and gas industry. Or that may be the policy of the NDP. But if Canadians do not have enough capital or resources to develop our reserves, I say we should invite foreign capital to assist and participate in this with us.

However, the government is trying to solve through its instrument, Petro-Canada, a problem that it has created itself. The government seems to go around creating problems so it will have something to solve. If we look at the problem which faces the Husky Oil Company, we find that it is a pretty serious one. The government is concerned because Husky Oil is not moving fast enough; but in every business plan and in every equation you must have all the squares and all the lines filled in, and there is a big X in the equation of anyone who wants to build an oil plant and extract heavy oil or, as in the case of Husky, build an upgrading plant.

This big X results from a number of considerations. The first is uncertainty of market. There is no guarantee of market. This is something for which these companies have been asking for some time. There is no certainty of price. These companies have sought the world price because everything is founded on that price so the capital investment can be made and the return on the investment realized. There is no royalty regime in the provinces of Saskatchewan or Alberta. How could anybody build a plant and plan to produce oil at very great cost and with heavy capital investment if they do not even know what the royalty will be? Presumably the federal initiatives in one of the Turner budgets which made royalties paid to the provinces non-deductible as an expense—in other words, companies paid tax on something they did not get—is still a matter that has never been resolved. When it comes down to financing a plant, it is not simply a question of whether the company wants to puts its money into the project but rather whether the bankers want to put their money into it. This is not dictated simply by oil company executives or by boards of directors, but by bankers. Nevertheless, governments are the problem—no royalties, no rules, no price.

I suggest that no other company could have put this together. Husky Oil Company is probably the most prominent in making frequent visits to this city and in dialoguing with members of the House in its attempts to keep us abreast of what is going on and what their problems are. I suggest, quite differently from my colleagues in the NDP, that Husky has been a good citizen, and I am very surprised to hear the hon. member for Regina-Lake Centre say that they are too small a company to carry out this project. Certainly it is a big project and I suppose that what the NDP expects is bigness; but I think it is important in our country that small Canadian

companies carry out and finance these projects. We are not all for bigness. Our small companies must also be able to do this.

Now we come right down to the question of solutions. I say that it is the minister who has failed to give us the solutions, and it is the minister who should have brought the parties to the table to sort these problems out. He should have brought the companies, the provinces, the federal government and, if necessary, Petro-Canada to the table to solve this problem, not have a confrontation.

A purchase by Petro-Canada achieves nothing except the fact that some $300 million to $500 million will go out of Canada at a time when our exchange rate is low. When the former minister of energy, mines and resources introduced his bill, he said, as reported in *Hansard* for March 12, 1975:

> This bill is a most important element in the government's long term planning to secure adequate supplies of energy to meet our national needs. It is firmly rooted in the basic objectives of our energy and resource policies which are, to ensure for Canadians adequate and reliable supplies at reasonable prices—

Most people knowledgeable in the industry say that the way to achieve reasonable prices is to have some experts, some keen minds, figuring out where to drill and how to get this oil out of the ground, not to buy oil. Purchasing oil from others results in high cost oil. Those who took the risk and found oil obviously want more money. This does not seem to be included in what Petro-Can was originally asked to do. However, the emphasis by the minister and the government at that time was on future supply of oil and gas. This transaction, which involves a very large amount of money, does not find or produce for Canadians one single barrel of oil.

● (2132)

Perhaps an additional offer will be made by a Canadian company for the shares of Husky. We will have to wait and see. In the meantime, I propose that the government should urge the partnership of Occidental and Husky to come before the Foreign Investment Review Board so they can put forward their proposal. We must see what it is. Presently it is cited as a plan of significant benefit to Canada. If it is of significant benefit to Canada, and if their proposal contains any realism, surely their plan will provide the upgrading plant, the well drilling and the facilities in order for this project to go ahead.

The oil and gas industry is founded on partnerships. Very seldom does any company go it alone. The reason for partnerships is that the capital amounts required are too large. Even Petro-Canada cannot go these things alone. Since billions of dollars are needed, the solution is partnership. Perhaps Petro-Canada has a role to play. It has an interest, and it has capital. As has been said, this company, Husky, is a small one. One of the objectives of Petro-Canada was to assist smaller companies in participating in these things. Here is their chance.

The minister should come forward, take the lead and take the initiative to bring the provinces to the bargaining table. The royalties must be sorted out. Petro-Canada cannot sort out the royalty problems of the provinces any better than Husky can. Petro-Canada is the catalyst to make all this happen. I hope we hear from the minister and the Prime Minister (Mr. Trudeau) soon. The time is now. The lead time is long and our time is short. We will run out of oil in the 1980's. The absence of leadership and horrendous internal battles accomplish nothing. These battles direct the energies of people toward infighting in Canada, rather than getting on with the job of finding and producing the oil we need.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I am very pleased to take part in this debate tonight. I am glad my chance has come after listening to the oil lobby.

I was somewhat confused today when I heard the contributions of hon. members of the Conservative party. The hon. member for Calgary Centre (Mr. Andre) said that there are two Canadian consortiums waiting to develop the Husky project. Where are they? Where have they been? I suspect they are like Moses, hiding in the bulrushes.

The hon. member for Edmonton West (Mr. Lambert) said that when the Tories come to power they will disband Petro-Canada. The same thing was said by the hon. member for Calgary Centre. The hon. member for Calgary South (Mr. Bawden) said that Petro-Canada should be put into the picture. These stories have more positions than the Happy Hooker. I cannot keep up with them.

An hon. Member: Did you read the book?

Mr. Rodriguez: My book was autographed. Earlier this afternoon the hon. member for Northumberland-Durham (Mr. Lawrence) indicated that past governments have created the problem. He ought to know. He was the minister of mines and resources for Ontario over a long period of time. In his run for the Tory leadership he was defeated, and now he participates at the federal level. We know what he did for the nickel industry. We know the kind of deals he allowed Falconbridge to participate in. That company continued to ship raw materials to Norway for processing. We know the kinds of deals he was into. I am not surprised we are faced with this mess.

The hon. member for Edmonton West blamed Saskatchewan socialists for not being able to develop the resources of that province. Well, the socialists are still in power in Saskatchewan. It was the government of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) which said to the gas companies, "Move over, boys". It was his government which effected the delivery of gas to hundreds of rural communities. His government supplied electricity to hundreds of farms in Saskatchewan, while the private sector was indicating that it could not be done because it was unprofitable. We keep on hearing that same argument.

I was amazed when I saw the Latin inscription on the emblem for Ontario Hydro. The other day when I was at the provincial legislature, I noticed that emblem. It read as follows: *"Dona Naturae Pro Populo Sunt"*. The translation of that is: "To the people belong the resources". I have never heard truer words spoken. Ontario Hydro is an efficient operation. It came into being because of a Tory government.

The hon. member for Edmonton West said that the Petro-Canada intervention into the Husky Oil deal is a government

intervention into the private sector. When Peter the Red intervened in the airline business of Alberta and bought the controlling interest of Pacific Western Airlines, no one said that he was a socialist. We all know him as Peter the Red. He recognized a good deal when he saw one. He recognized that the interests of Albertans had to be placed over and above the narrow interest of profit.

The hon. member for Northumberland-Durham indicated that three options were available. One option was that Occidental should take over the company, which he was against. Of course, we are opposed to that idea as well. Then we proposed Petro-Canada ownership of this operation, and he did not agree with that. I am glad the Tories are on the side of the capitalistic oil companies. I am glad they are putting themselves in that spot. The hon. member indicated that there was a third alternative, that is, to get private Canadian entrepreneurs into the operation. Where have they been? Why have they not come forward and made an offer in order to become involved?

That brings me to the gutless wonder who is in the portfolio of the Minister of Energy, Mines and Resources (Mr. Gillespie).

Some hon. Members: Hear, hear!

Mr. Rodriguez: If it is in the interests of Canadians, as far as Petro-Canada is concerned, for it to become involved in the heavy oil processing operation, why do they not expropriate the company at $45 a share? Somewhere down the road it will become essential for Canadians to have this oil. An investigation ought to be conducted into the mismanagement of Petro-Canada. If it was so essential for Petro-Canada to become involved, why are little handsy-pansy games being played? Why are Canadian taxpayers being taken to the cleaners? The price of a share has now escalated to $52.

• (2142)

There is a principle involved here, and I think it is that principle described in that latin inscription on the coat of arms of Ontario Hydro: *Dona Naturae Pro Populo Sunt*. That is the crux of the matter. The question is how we view the non-renewable resources of the country. This involves an important concept. The minister can do all the grinning and smiling he wants. We saw him smile right through the crisis of the Inco and Falconbridge layoffs.

There is a principle involved in respect of non-renewable resources and how we as Canadians view those resources. We on this side of the House happen to recognize that these non-renewable resources represent the key to sources of wealth for future generations of Canadians. In fact, how those resources are used not will determine to a large extent the way in which we are going to conduct our lives in the future.

An hon. Member: Our national heritage.

Mr. Rodriguez: There is one thing I have never failed to observe, having lived in the Sudbury basin for some 16 years, and it has followed a regular cycle. The wealth generated by those non-renewable resources in Canada is not used for the benefit of Canadians but to extend the wealth of the corporations which have exploited those resources.

It was not surprising, for example, that in 1973 when Inco made some $300 million profit after taxes it used its profit to diversify its operations. Inco bought itself a battery company in the United States, ESB. That is the nature of the capitalist system. That company could not give a damn about laying off 2,000 Canadians in the Sudbury basin. That was not the important matter. The important matter was the extension of the corporation's diversification to increase the size of its empire. That company plans with the interests of Inco and its shareholders in mind.

Let me put the same question to this government. Does it do any planning, and whose interests does it have in mind if it has any plans? This brings us back to the question surrounding non-renewable resources. It seems to me there is only one way to guarantee that the revenues derived from non-renewable resources in this country are put into developing the way of life of Canadians and providing the services for which Canadians have a need, and to which they aspire, and that is through public ownership of those non-renewable resources. There is no question in my mind whatsoever about that, Mr. Speaker.

We have also heard that the private operators, Occidental and Husky, are proposing to put up some money in partnership or in tandem. That is not their main proposal. They are prepared to put up some money and then invite the governments of Saskatchewan and Alberta to come into the operation. It seems to me that in the final analysis it is clearly the taxes of the people of Canada which are somehow drained off and used by the private sector for its risk operations.

We all heard the hon. member for Calgary Centre say he has no use at all for public investment. It seems to me I recall that when we were in that great crisis of 1973 and the private sector discovered it could get into the Syncrude operation it came to the federal government for $300 million. Did the federal government obtain any ownership in this regard? The private sector then went to the provinces of Ontario and Alberta and asked them to put up some of the money. It then turned around and said this was too big an operation for little companies and that governments should give financial support.

This is all rather strange because at that time we were being told we had to let the private sector carry out these operations because that sector has the required capital resources. At the same time I find that this government is lending through the Export Development Corporation billions of dollars to multinational corporations in order that they can extend their tentacles into places with such exotic names as Guatemala, The Philippines, Indonesia, Chile and Namibia. Surely there is ample opportunity to invest Canadian taxes in resource development to the benefit of the Canadian public.

We know that the Prime Minister went on record during the 1974 election campaign as promising that we would work toward 50 per cent, preferably 60 per cent, ownership of any new resource development in Canada. That started out as a promise in 1974. We all remember the other promises—for

example, that we would have no wage controls. You remember that, Mr. Speaker, as well as the other promise that he would put public funds into the development of public transportation. He promised Toronto would get $160 million or $200 million. That election is over and it looks like we are into the fifth year of that five-year mandate, and these election promises are now forgotten. Of course, things are different now. The former Conservative member for Crowfoot (Mr. Horner) has crossed the floor. I think he is a Conservative Trojan stocking horse. I think the Tories have planted him on the government side, because we now see all that Tory philosophy emptying out of the belly of this Trojan horse.

An hon. Member: You have the wrong part of that horse.

Some hon. Members: Oh, oh!

Mr. Rodriguez: That hon. member is now sending memos to his cabinet colleagues. He is saying: "The Prime Minister promised us 50 per cent, preferably 60 per cent, public ownership. Fellows, let us forget about that. This is a hot potato and it is better forgotten. Let the dead bury the dead". He suggests that if they do not talk too much about this the public will not remember the Prime Minister's promise.

We are telling the nation now, because we are on television—

An hon. Member: No you aren't. The lights are off.

Mr. Rodriguez: The lights are not off until 10:30, brother. The lights in Nickel Belt are on right now. They haven't put the lights out there yet because we have Ontario Hydro. Thanks to the example set by the CCF government of Saskatchewan, Ontario Hydro decided to electrify the rural areas of Ontario. Maybe we are even doing it with potash.

We know hon. members over there would like to forget about that promise. We are saying right now that the Prime Minister has forgotten that promise, and he has backed away from another promise. He has backed away from the promise to develop, from here on in, all Canadian resources with 50 per cent, preferably 60 per cent, Canadian public participation.

An hon. Member: Horner says we won't weep tears for the passing of Petro-Canada.

Some hon. Members: Oh, oh!

Mr. Rodriguez: He is still a Tory, the hon. member for Crowfoot, and he sent that memo to his fellow cabinet members, that we should not weep tears for the passing of Petro-Can. I guess he can again shake hands with the hon. member for Edmonton West, the hon. member for Calgary Centre and the hon. member for Northumberland-Durham.

One thing we in this party felt we had obtained during the tenure of the minority government was the promise to establish a Canadian petroleum corporation owned by the Canadian public; a corporation that would get itself involved in the ownership of the petroleum industry from the wellhead to the gas pump. We in this party figure that that was one of the positive results of the minority government. The other one was getting Thomas Berger appointed as commissioner of the Berger inquiry.

• (2152)

The next thing would be for Canada to get itself involved in the heavy oil development which is going to be needed very much down the road, especially since we can see the cost rising to $25 a barrel. Obviously Husky has sat on these resources and has not had the capital to develop them. Canada now has an opportunity through collective taxes to develop this non-renewable resource for the benefit of Canadians—not for the benefit of the boys in Texas, not for those privateers that sit to the right, those so-called minions of the corporate oil sector.

I have had occasion to be in committee with the hon. member for Edmonton West when he huffs and puffs and blows himself into a great big ball to defend the corporate sector.

Mr. Benjamin: Oil maggots.

Mr. Rodriguez: The hon. member for Regina-Lake Centre calls them oil maggots. I would not be so unkind as to call them oil maggots, because what they have is a very pliant government that takes the attitude that if rape is inevitable, lie back and enjoy it. If the government had any courage at all—and I would hope that they have some courage—they would say, "Here is an opportunity for the people of Canada to get involved in the ownership of a non-renewable resource". Since the minister considers that a desirable objective, I suggest to him that he quit pussyfooting around and expropriate the resources of Husky at what was the first offer, $43 a share.

Mr. Bawden: What about the Canadian shareholders? You are not worried about the little holders of shares.

Mr. Rodriguez: I just heard, Mr. Speaker, the hon. member for Calgary South mention the little shareholders in Husky. That is a perfect example—

Mr. Deputy Speaker: Order. Order.

An hon. Member: There is the loss to the little old ladies in there.

Mr. Deputy Speaker: Order. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Indeed, Mr. Speaker, we are very lucky to have this motion which was brought forward by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). I doubt that he realizes the favour he has done the House and the country in exposing the Tory party for where they stand and what they

really are. The official critic for the official opposition has said they do not want Petro-Canada, they do not want Occidental Petroleum, they do not want anything. He merely stands there with his face hanging out and says, "We want nothing". That is their policy—do nothing.

His colleague, however, the hon. member for Vegreville (Mr. Mazankowski) says, "We do not want Petro-Canada, but Occidental Petroleum, we could get along with them." In true Tory fashion they cannot agree among themselves what they do or do not want. To do nothing or not to do nothing; that is their question.

Mr. Paproski: That is a great remark.

Mr. Maine: The most important matter was not raised by the Tories at all, the question of research and development. It had to be raised by the NDP, one of the truly good contributions the hon. member for Regina-Lake Centre (Mr. Benjamin) has ever made in this House. But what is the Tory stand on this situation? Once again, they cannot agree among themselves. Their leader says they want 2.5 per cent of the gross national product to be devoted to research and development. The hon. member for Calgary Centre (Mr. Andre) an ex-university professor in chemical engineering at the University of Calgary says, "We don't want research and development in Calgary, we want research and development in California where Occidental Petroleum is." Petro-Canada intends to put its research and development centre in Calgary.

Mr. Bawden: Who said that?

Mr. Maine: Now I hear the hon. member for Calgary South (Mr. Bawden), who has been often called "the hon. member from Houston." The constituents of Calgary South have sent him here to Ottawa, but how does he represent his constituents? He does not want to see a research and development centre in Calgary, he does not want to see jobs created there for the university graduates that the whole innovation spectrum creates. He does not want to see that happen in Canada, he wants to see it happen in Texas or California.

The oil companies which are over 90 per cent foreign owner-controlled say they are quite happy doing their research and development in Houston and they do not intend to do it anywhere else. In other words, to hell with Canada. That is the Tory position if they support that policy. The two members from Calgary, Calgary South and Calgary Centre, are following a policy which is not representative of their constituents nor supportive of their leader when he says they would like to have 2.5 per cent of the gross national product devoted to research and development. I ask you, Mr. Speaker, how can you increase research and development in this country when you support having it done in Houston or California?

This has occurred before in the oil sands in Alberta. The Great Canadian Oil Sands Company has done all of its research and development, not in Fort McMurray, Edmonton or Calgary, but in Philadelphia. This is the policy the official opposition supports.

An hon. Member: They don't even have any sand down there.

Mr. Maine: The National Research Council developed a spherical agglomeration process which is able to separate the oil from the tar sands in a more economical way which is now being scaled up in Calgary. This government is responsible for creating these jobs in Calgary, but the official opposition does not support this job creation which is so essential to the future of our country, to our industrial economic climate and to our competitive capability in the international marketplace. They would rather see these jobs go to California, Texas or New Jersey.

An hon. Member: That's bunk.

Mr. Maine: That is the Tory policy—"bunk", in capital letters.

Mr. Gillespie: They can agree on nothing.

Mr. Maine: I just did not think the Tories could be so stupid as they have been tonight. I just cannot believe that a matter so crucial and so important to this country, research and development, which is needed to increase our industrial capability and to help the free enterprise system work, would prompt the response from the hon. member for Calgary South of: "Let free enterprise do it." How much money has free enterprise devoted to research and development in this country? This government is constantly having to stimulate and goad them and write letters to their parent companies in the United States. Still, they ignore the question. It is true that the automotive industry is carried on in Detroit, and it is true the Tory party would like that trend to carry on in the oil industry.

Mr. Deputy Speaker: Order. It being ten o'clock p.m., it is my duty to inform the House that, pursuant to section (11) of Standing Order 58, proceedings on the motion have expired.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH AND WELFARE—EMIGRATION OF DOCTORS FROM CANADA

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on June 8 I asked the Minister of National Health and Welfare (Miss Bégin), in view of the loss of almost 4,000 doctors from Canada during the years 1967 to 1977 and with increasing losses possible for the future, what plans she had to rectify the situation so that she could assure the Canadian people there will be a sufficient number of doctors graduated to meet, not

only the present medical care level, but also the increasing care level of an aging population which requires more geriatricians all the time. Those 60 years of age and older require three times as much health care as they did at 35 years. Added to that is the earlier increase in cardiovascular disease, cancer, diabetes and other medical problems. Thus more physicians are required.

● (2202)

I would also like to ask the minister how she expects to keep up the quality of medical care when among those leaving are well-trained professional men, such as teachers and scientists in whom millions of Canadian dollars have been invested in training. Now this knowledge and experience is going south of the border to be an asset there. Many leave with at least two or three decades of earning power before them. That is a prospective $3 million or $5 million, depending on their training. Taking the middle figure of $4 million and taking the minister's figure of 650 doctors emigrating—instead of my own which is much higher—it means that we are giving about $2.6 billion to the United States every year.

Canada simply cannot afford to present those billions of dollars to the United States even though that country is our friend. We do not have the money to enable us to play Santa Claus. Each one of those doctors has cost us between a quarter of a million dollars and half a million dollars, depending upon whether they are trained as general practitioners, have received special training or have gone into scientific research.

There will be a need in Canada for more physicians. According to my information and also that of the minister, there will be no increase in the numbers of doctors graduating even though more will be required. We have now passed the two million mark of those 60 years and over, according to the last figures available in 1976.

The minister has made a statement to the effect that Canada might have too many physicians. That is not correct as the figures include specialist physicians, doctors working in public service, working privately as administrators or for insurance companies, et cetera. Some work part-time. The general practitioner would not average 50 per cent of those, and in actual practice the GP should account for 60 per cent to 70 per cent of physicians. Ruling out part-time physicians, we have one general practitioner for roughly every 2,000 people.

The minister has also stated that the majority of those doctors emigrating were not Canadians. Surely she knows that in January 1977 the United States was asking for and admitting Canadian born doctors and that in the last three years there has been an increase of 300 per cent in those emigrating.

The problem is frightening in that our health care system may break down. It was a Liberal government that brought in the national health program, but over the years it has been using its child like an illegitimate or orphan child. It starves it of research, driving thousands of our young scientists outside the country.

The minister knew the tax position of the doctors. She was well aware that a doctor could not deduct the interest on a bank loan on this tax return. He could not deduct the cost of mechanical equipment he needed to increase his knowledge, even though it increased his earning power, and as a result of that the government took increased taxes. The minister knew all this because of her previous portfolio as minister of national revenue.

No Canadian born doctor wants to pull up his roots and leave his home and friends. But because of the bureaucracy—the forms that take a quarter of his time to fill in, the wrangling with the bureaucrats of medicine and, finally, the high taxes and frustration, he leaves.

The minister must face those facts. There is a deterioration in the quality of medical service due to the loss of professors and researchers who trained the doctors. There is attrition and the increased service demands of an aging population. There is a breakdown of medical service because of the shortage of doctors, and this is compounded by the increasing number of people over 60 years of age who require service. These days people aged 50 are regarded as being in the geriatric class, and I would remind hon. members of this.

● (2207)

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member has once again brought before this House a matter of continuing importance and concern to all members. The hon. member is considered a specialist in the area of geriatrics and is appreciated for the work he has done in the House and the contribution he has made in this regard.

Some hon. Members: Hear, hear!

Mr. Robinson: The hon. member referred to the emigration of doctors. I am sure he will agree this is a provincial matter and a provincial concern as well. He also referred to the harassment of doctors as a result of the multiplicity of forms they are required to prepare. I am sure he understands from the recent statement by the minister when her estimates were before the committee that this would be reduced to a considerable extent.

With regard to the emigration of doctors, let me say this to the hon. member. If emigration of physicians from Canada during the years 1967 to 1977 is almost 4,000, the loss of manpower in this field has been more than compensated for by immigration which was 10,704. The total number of active civilian physicians in 1968, excluding interns and residents, was 22,969, giving a physician-population ratio of one to 909. In the year 1977 the total figure was 34,860, with a ratio of one to 673.

This ratio of physician supply compares very favourably with most other developed countries, and the attrition arising from emigration and from other reasons has not prevented the steady increase of the ratio. Our medical schools are producing over 1,700 new physicians each year and immigration, which was around 1,000 four years ago, had to be controlled but was still around 300 in 1977. Therefore, there is no indication of shortage of physicians in Canada for the foreseeable future.

Concerning the treatment of older people, we see an increased interest amongst the medical profession, nurses and social workers in gerontology. A bureau on aging is being established in the welfare section of the department and a national conference is planned on the subject for the fall. As for geriatrics, a recent survey in March 1977 by the Association of Canadian Medical Colleges shows that medical schools are introducing more and more education of geriatric medicine as an identifiable component of their under-graduate curriculum. The Canadian Association of Gerontology is devoting time and effort, together with other medical associations, to increasing the number of specialists in geriatrics.

On the other hand, the treatment of older people has been carried out in this country for a long time by competent people in every specialty of medicine, except pediatrics and obstetric-gynecology, and by general and family practitioners. It is clear that ophthalmologists and optometrists will continue to treat aging people for their vision problems; that specialists in orthopedic surgery, in urology and in cardiovascular disease and other areas as well will continue to provide good care, together with general and family physicians, in the primary care area; and that a certain number of medicogerontologists and geriatricians will evolve with the increasing demand to look at special problems related to old age. We are certain that the total number of physicians is fully satisfying the demand for candidates in a new specialty which is developing as a support for existing medical care.

POST OFFICE—UNFILLED ORDERS FOR OLYMPIC COINS

Mr. Gordon Towers (Red Deer): Mr. Speaker, I appreciate the hon. member for Toronto-Lakeshore (Mr. Robinson) remaining to answer my dissatisfaction with the way the government has handled the Olympic coin program. The Olympic coin program was established by legislation of the federal government. Dealers who purchased and sold Olympic coins were agents of the federal government, and this government is responsible for fulfilling agreements of dealers who received payment and did not supply the coins ordered. What would happen to any corporation in Canada which carried on that kind of business?

● (2212)

The customer relations group, supposedly set up to intercede for purchasers who were cheated out of their coins or could not obtain delivery, admits it cannot now do anything to ensure the orders will be filled. Has the cabinet never heard of bonding companies or of legislation to force dealers to take out a bond? Some of the coin dealers have gone bankrupt. Since the federal government minted and furnished the coins and presumably was paid for them, I maintain that, in addition to being responsible for its agents, the coin dealers, the government should stand behind those who paid for Olympic coins in good faith but were left without coins or compensation.

What action would the government have taken had it not received full payment for the coins purchased by the coin dealers? Would the government be satisfied to be left without coins or payment?

The Olympic coin report listed a reserve fund of over $18 million for the winding down of the program by the end of this year. The Postmaster General (Mr. Lamontagne) stated he would seek money from the cabinet to refund the purchase price to those who had been cheated. Why place an additional burden on Canadian taxpayers? Is there any reason compensation for the $300,000 worth of unfilled orders cannot be made out of the reserve fund?

A further point arises. Some orders for Olympic coins have been outstanding for over two years. Many purchasers have sent in photostat copies of confirmed orders and their deposited or cashed cheques three or four times, to no avail. Are they not entitled to interest on their money? In some cases the orders amounted to $400 or $500. The government is apparently prepared to set up bureaucracies but is unwilling to stand behind taxpayers who have lost money on a government-initiated program.

Canadians are asking many questions about the whole Olympic coin operation. Many MPs were concerned at the time the relevant legislation was passed. Our cause for concern has now been substantiated. Were any of the unsold Olympic coins eventually sold to a financial institution at face value or at least at a lower rate than the coin dealers or the general public were charged? My information is that a coin dealer offered to purchase unsold coins at a reasonable price, higher than that alleged to have been paid by the financial institution, but did not receive even an acknowledgement of his bid.

There are many questions, so far unanswered, to which I hope the parliamentary secretary will be in a position to reply this evening. I am not the only member who has been approached by constituents in an attempt to get this unacceptable transaction sorted out. Although I welcome the minister's assurance that refunds will be made to those who placed orders, I cannot agree with the suggestion that additional funds be spent out of the public purse. Surely the balance held in reserve in the Olympic coin fund could be used for that very purpose.

This debate affords the Postmaster General an opportunity to clear the air with regard to what the government intends to do in this scandalous situation. Time is running out. We have only until December 31, 1978, to clear up this intolerable mess.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Red Deer (Mr. Towers) has made a very strong representation this evening, as he did on June 5, 1978. He will appreciate that when he raised this subject previously the minister indicated, as the hon. member acknowledged in the course of his remarks, that he was very sympathetic toward those who do not seem to have been dealt with fairly. He also pointed out that the Olympic coins corporation has no legal responsibility whatever in respect of these distributors. It is, however, a most unfortunate situation which has developed.

Adjournment Debate

Mr. Speaker, the Olympic (1976) Act was passed by this House on July 27, 1973. Minting and sale of Olympic coins followed during the next five years. Almost $400 million worth of coins were sold to an estimated two million customers in 63 countries. The result to this point is a profit of $105.5 million which has gone to help cover the cost of the games in Montreal, plus $8.4 million to assist amateur sport.

● (2217)

As hon. members will understand, any sales effort as large as the Olympic coin program, involving several million customers, is very slow to wind down due to illness or death of many of the customers and the complexity of the marketing effort. However, the wind-down program is now at its final stages, and all individual customer complaints have been acted upon, except for approximately 100 cases still to be resolved within the next couple of months. This does not, however, include the special circumstances involving two distributors, Fred Samuels Limited of Montreal and Western Coin Distributors of Regina, Saskatchewan, who experienced financial difficulties and were unable to fill their orders.

The minister has said before that we are sympathetic toward the people who ordered and paid for their coins through these distributors, but the question of finding a way to help them get their coins is complex because of the legalities involved in coins which are legal tender in Canada. Section 5(2) of the Olympic (1976) Act states, and I quote:

An Olympic coin shall not be issued or sold by the Government of Canada at less than the face value of the coin and under any arrangement whereby the net consideration received by the Government of Canada for the coin is less than its face value.

As the distributors in question have no money to pay for at least the face value of the coins as referred to in section 5(2), a move by the government to supply coins on an *ex gratia* basis to the customers might be regarded as violating this section. We do not at this stage have the legal authority to make *ex gratia* payments to the people whose orders were not filled by the distributors in question.

The officials of the department have been advised to contact Treasury Board to see if anything further can be done to resolve these customers' difficulties.

GRAIN—SHORTAGE OF BOXCARS AT CHURCHILL, MAN.

Mr. Cecil Smith (Churchill): Mr. Speaker, I would like to thank the hon. member for Toronto-Lakeshore (Mr. Robinson) for remaining to answer my questions regarding the port of Churchill. He has been a busy man tonight. He is the only one on the benches opposite to answer all our queries.

On June 12 I asked the Minister of Transport (Mr. Lang) what guarantees he could give to ensure the delivery of 30 million bushels of grain from Churchill. I asked that question because of the track record of this government in getting grain to Vancouver, Prince Rupert and other locations, and I thought it was very important to find out if some thought was being given to the port of Churchill. There are less than 100

[Mr. Robinson.]

days in the shipping season at Churchill. The season runs from July 24 to October 20. The minister takes a very partisan approach to anything I say about the port of Churchill. If I took the approach this government takes to Churchill, we would be lucky if 10 million bushels of grain went through.

The minister said that a record 30 million bushels will reach Churchill this year. I want to put the record straight. That record has never been reached. Last year we came very close to it. We shipped 27.4 million bushels through Churchill, but unfortunately the last two ships which came to the port were diverted to Montreal.

Much work has been done by various groups. Good work is being done by the Hudson Bay Route Association and by the Churchill Development Board in trying to increase grain shipments.

The Hall commission suggests that 55 million bushels of grain could go out through the port of Churchill annually without too much additional expense for the upgrading of that facility. I understand that now the CNR is upgrading two passing tracks between Gillam and Churchill. It will be possible to despatch more trains, and they will not have to have a long waiting time for meeting. What we really need is a firm commitment from this government that when those passing tracks are completed there will be a percentage increase in the amount of grain which goes through the Port of Churchill. Just last week 51 ships were waiting for grain at eastern and western Canadian ports. Twenty-one ocean ships were waiting in Vancouver, ten in Montreal and 20 at St. Lawrence ports. Our ports are experiencing a bottleneck which is worse than that which occurred at the end of World War II. This is costing taxpayers an estimated $2 million a week. Of course, it is mostly the farmers who are paying that. Some ships have been waiting in Vancouver and the St. Lawrence ports for as long as six weeks, and some of them are costing $5,400 a day in demurrage charges.

● (2222)

The cause of the shortage of boxcars to transport grains to these ports has been that many of them are down in the United States, and have been there for some time. Many of the hopper cars are being used for storage of potash instead of for moving grain. The Canadian government is now in the position of not being able to deliver the record 850 million bushels of grain, or $2.5 billion worth, which it sold abroad last year to the Soviet Union, Japan and China. We notice also that another big sale of grain has been made to China. I think the government must understand that we will have to use every port we have in Canada to its full capacity if we want to reach the $1 billion mark in grain shipments out of Canada.

As I have said many times in the House, the port of Churchill is the most efficient grain handling port in Canada. That comment was made by the Board of Grain Commissioners. I cannot for the life of me see why the government could not have made arrangements to extend the season each year. The season was established some 20 years ago when we did not have the technology we now have in the port of Churchill. We

now have an ice patrol and every ship is equipped with radar. We could extend the season by one month and thus increase the amount of grain going out of the port by at least 10 per cent per annum over the next five years in order to reach the 50 million bushel mark.

The minister has now decided to have another study carried out with regard to grain movement, called the grain transportation study. I wonder if it is not just a way of slowing things down and taking the pressure off the minister. I would also like to know why we really need this report. I would also like to know to whom the terms of reference are extended and who was invited to bid on this study. It is my understanding that some of the people who were invited to bid are in the international world of transportation. Also I notice that the Rod Bryden report on grain handling in the prairies went beyond its terms of reference and included the port of Churchill. Bryden wrote a devastating report against the port of Churchill and its transportation facilities, and it would now appear that he is getting all the creamy jobs from the Department of Transport.

I should like to see the facilities at Churchill used to their maximum capacity and at least 50 million bushels of grain shipped out of there annually.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Churchill (Mr. Smith) has once again brought before the House a matter which is of continuing concern, particularly with reference to the openness of the port. There are some 100 days or less when port facilities are open for grain movement purposes. I hope that this year the port will be used to its maximum potential and I am assured that we can expect a third record year.

The hon. member also brought forth a number of other questions which were not contained in his original question. I hope these questions can be answered at a later date.

I would like to assure the House that every effort will be made to again use the port of Churchill to the maximum extent for the third year in a row. There is currently pressure on all parts of the transportation system to move the grain that has been sold this crop year. However, Churchill will most likely find itself again in the advantageous position of experiencing its greatest demand on the transportation system late in the crop year after the tight situation elsewhere has eased. The Churchill season from July to October normally requires boxcars after the system has had time to recover from the delays which often occur during the winter. This situation can be expected to occur again this year.

• (2227)

The government is committed to maximizing the use of the port of Churchill. In our current rehabilitation program for prairie rail lines, $1,610,000 has been allotted by the federal government to improve the rail line into Churchill. The work to be undertaken involves bank widening and drainage, rail relay and extending the sidings along the line. These improvements are expected to double the capacity of the port.

The grain transportation situation is under constant review by the government. Continually we are searching for ways to improve efficiency in the utilization of present facilities. Examples of the benefits of this study abound. The most obvious example of the improvements which have been made is the fact that car turnaround time for grains moving to export position has been reduced to 17 or 18 days from the 22.9 days determined by the Hall commission report one year ago. The government will continue to analyse the system looking for new ways of improving its operation, with a view to providing adequate facilities to moving to market the increasing production which is expected in the next few years.

Recently the government has announced an intensive investigation of the operating procedures used by the railroads, grain handling companies and the Canadian Wheat Board, as they work together moving Canada's grain production to market. This project is expected to provide additional recommendations which will further improve the utilization of the railroad facilities currently available.

Through its purchase of 8,000 hopper cars and its commitment to a $700 million rehabilitation program, the government has shown a willingness to step in and provide the necessary transportation facilities when warranted.

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

At 10.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 21, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

DEVASTATION CAUSED BY EARTHQUAKE IN SALONIKA—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion which I am sure will be approved and accepted by all hon. members. In view of the fact that yesterday a devastating earthquake in Salonika and northeastern Greece left in its wake a trail of destruction and death, the tragedy and magnitude of which has not yet been fully realized, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Government of Canada, on behalf of all Canadians, express its heartfelt sympathy to the government of Greece and its citizens; and, further, that the government respond to any requests for aid, as has been similarly done in other areas and countries which have suffered similar natural disasters.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE SENATE

SUGGESTED COMPOSITION OF THE OTHER PLACE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have an important motion concerning the possibility of a veritable glut of senators in the country. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the government to appoint a public committee to investigate and make recommendations as to what should be done with existing senators in the future should the present Senate be abolished; that this committee not be blue ribbon in nature, as proposed yesterday by the Prime Minister, but that it consist of one corporation lawyer to act in the interests of existing senators, two fishermen, two farmers, two miners and two factory workers, equally divided between men and women, and that the average income of members of this committee not exceed the national income average.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIRPORTS

REQUESTED EXTENSION OF LANDING STRIP AT SAINT-LÉONARD AND IMPROVED FACILITIES—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move a motion dealing with an urgent matter.

Considering that the Air Transport Board of the Canadian Transport Commission ruled on June 2, 1978 that Eastern Provincial Airways (1963) Limited would be authorized to serve northwest New Brunswick under permit A.T.C. 2482/75(S) and considering that in its wisdom the commission recognizes that northwest New Brunswick has more than enough residents to make a commercial air service profitable, I move, seconded by the hon. member for Davenport (Mr. Caccia):

That the Minister of Transport authorize the extension of the landing strip at Saint-Léonard to the required length to accommodate EPA's Boeing 737 aircraft and that the required navigation facilities be installed to provide class I commercial service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

THE MINISTRY

AIR TRAVEL OF MINISTER OF TRANSPORT—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of

S.O. 43

urgent and pressing necessity. My motion concerns the well-publicized jaunts of the Minister of Transport (Mr. Lang) on MOT JetStar aircraft. These trips and tours by the minister have cost taxpayers over $1 million, including $8,000 to fly himself and friends to a Grey Cup game.

The minister has justified these political meanderings by saying that insistent demands for his presence by Canadians in all regions necessitated his abusing his ministerial privileges and that his flights were vital to the government in a partisan sense. In view of the fact that the minister now travels on Air Canada, I move, seconded by the hon. member for Portage (Mr. Masniuk):

● (1412)

That the Minister of Transport be instructed to inform the House of these facts: first, does his recent decision to fly Air Canada reflect a reduction in the number of requests for his presence in the various regions of the country; second, since, according to the minister, one of his reasons for flying JetStar was supposedly because of his hectic schedule, does the decision to fly Air Canada not suggest that he has reduced his workload and, if so, could he advise members what ministerial duties he is now neglecting?

Mr. Speaker: Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

FINANCIAL ASSISTANCE FOR TRIDENT AIRCRAFT LIMITED—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the undertaking given over a year ago by the former minister of finance to extend start-up financing for the Trident Aircraft Limited of Vancouver, in Sidney, British Columbia, and in view of the unemployment situation in this country generally, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the Minister of Industry, Trade and Commerce be required, now, to live up to the commitment he made in the House last December 15 to provide assistance to Trident Aircraft which will permit it to supply the 25 aircraft now on its order books.

Mr. Speaker: The presentation of such a motion, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. McKenzie.]

ORAL QUESTION PERIOD

[*English*]

TRADE

CANADIAN PROPOSALS AT GATT—POSITION IF NOT ACCEPTED

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Deputy Prime Minister. It has to do with what I think is the most important problem facing Canada's economic future at the moment—even more important than the constitution—that is, the GATT negotiations which will settle our economic future for perhaps 10 or 15 years. I know the minister will answer with majestic solemnity, but I wonder if he can give us some information today.

The situation report that the minister's office has just issued on multilateral negotiations points out that the Canadian offer on industrial tariffs was made conditional upon satisfactory progress being achieved in three areas. One of those areas was the liberalization of tariff and non-tariff barriers to trade in the key resource-based sectors of forest products and non-ferrous metals. It also points out that the Canadian suggestion to have sector negotiations was not accepted.

My question is: Will the Canadian offer on industrial tariffs be withdrawn if there is no greater liberalization of tariff and non-tariff barriers in the resource-based sectors of forest products and non-ferrous metals and if there is not considerable liberalization of tariff barriers with respect to the export of Canadian fishery products?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Certainly, if the conditions we have laid down for good negotiations from the Canadian point of view are not met, then our offers will be reconsidered. At the end of the day we will have to examine, as a country, how much we are getting and what we have to give and if there is a balance, then we will settle. But we will not settle unless our offer is reached as it might have been if these conditions had been met.

Mr. Crosbie: The problem is that of the Canadian people and Canadian industry. The minister's answer is very general. There are only 22 days to go before the July 15 deadline to settle general principles, which the United States insists must be done. I ask the minister the following question: The EEC delegation, according to the report from the minister's office, has taken the view that the Canadian offer, of which the Canadian people and the Canadian industry know nothing, includes too many exceptions and conditions, and they want specific improvements.

Can the minister tell the House what exceptions to the lowering of tariff barriers we have set in our offer, to what conditions EEC countries are objecting, and what industries are we going to protect by the exceptions we put forward? This has tremendous consequences for our industrial sectors in Ontario and Quebec. Can the minister tell the House, or arrange to give us information on this most vital matter?

Mr. MacEachen: Mr. Speaker, in acknowledging the opinion expressed by the European Community and the United States that the Canadian offer is not satisfactory at the present stage, I should add that Canada has expressed its opinion to other partners that their offers are not satisfactory. For example, the hon. member has referred to the question of increasing markets for fish products of Canada. Up to the present time we do not feel we have received from the major markets we have in mind the kind of response we will need in order to have a successful negotiation.

● (1417)

With regard to the specifics of the hon. member's question, the exceptions, and so on, the offer made by the various countries generally is confidential. I will examine the situation to see whether I can provide the hon. member with more detailed information within that general concept.

Mr. Crosbie: Mr. Speaker, in a speech of November 29, 1977, which was ignored by the government—as usual—the Minister of Agriculture made several good points. This is not usual, I will admit. He said there should be more involvement from the non-government sector in the trade negotiations at GATT and that representatives of commodity organizations and industrial associations should sit in at the GATT negotiations. Has the government taken that advice? Will it now take that advice of the Minister of Agriculture, or will it continue to ignore the Minister of Agriculture, as is usually the case?

Mr. MacEachen: Mr. Speaker, I do not acknowledge the premise of the hon. member's question, or his conclusion. The Minister of Agriculture has made a very remarkable contribution to the preparation of the Canadian position at GATT.

Some hon. Members: Hear, hear!

Mr. MacEachen: It has not been our intention, from the beginning, to include sector representatives in the negotiations themselves; we believe a small team conducting the negotiations is the most effective way. But we have been prepared to provide confidential briefings to the representatives of the various sectors which are affected. For example, we have made it possible for representatives of the Canadian Labour Congress to go to Geneva and to be briefed by our delegation on the spot. That offer would apply to industry and agriculture, as I explained in reply to a question which was asked last week.

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[*Translation*]

INDUSTRY

SITUATION OF CERTAIN QUEBEC INDUSTRIES—GOVERNMENT POSITION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I want to put a question to the Minister of Industry, Trade and Commerce. It deals with tariff matters and with 150,000 jobs and workers in the province of Quebec, particularly workers in the textile, clothing, footwear and furniture industries.

In view of the fact that 34,000 jobs have been lost in the Canadian industry between October 1976 and October 1977, including 30,000 in the province of Quebec, particularly in the industries I have just mentioned, why is it, according to government guidelines contained in a document I have here, that the minister states that the textile, clothing, furniture and footwear industries, as a result of tariff negotiations, will disappear?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not know what document the hon. member has at hand, but I can assure him and the House that we will do our utmost to see the textile, furniture and footwear industries have ample opportunity for expansion within Canada. In saying that, I should like to inform the hon. member that while manufacturing jobs decreased from 1976 to perhaps the middle of 1977, statistics now suggest that in the first quarter of 1978 manufacturing jobs in Canada increased by 9,000.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Grafftey: Mr. Speaker, I wish to direct a supplementary question to the Minister of Finance. But first I should like to read this government documentation which states in part that the government's main purpose must be above all to achieve progressive reduction through increased rationalization of the corporations involved and a minimum of assistance during the transition period.

Mr. Speaker, how will the Minister of Finance explain to Quebeckers this long term policy which calls for the disappearance of these industries? As far as jobs are concerned, what alternatives does the minister propose for Quebec workers?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I suggest the hon. member disregards very important facts, namely that when I was acting as minister of industry, trade and commerce in 1976, we introduced a quota system in Canada, to ensure a more equitable sharing between imports and Canadian goods. This policy served as an excellent stabilizing factor on the textile and footwear industries in Canada.

The hon. member would be well advised to consult his colleagues on his side of the House who never stop complaining that we impose too many quotas, with the result, they claim, that importers in a number of Canadian cities are compelled to limit their turnover.

● (1422)

[*English*]

NATURAL RESOURCES

CANADIAN OWNERSHIP THEREOF

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister arising from an answer he gave in the House on Monday. In 1974, the Prime Minister promised that "new major projects in the natural resource field should have at least 50 per cent and preferably 60 per cent Canadian equity ownership". In the House on Monday, when asked about this the Prime Minister did not withdraw that commitment but reasserted it when he said:

—the commitment as it was made still stands.

Can he tell the House why he said that on Monday, when his government has continued to approve virtually all takeover bids in the resource sector since 1974 and, in particular, when he has approved offers in eight major cases which have completely violated the commitment he made in 1974 and repeated here in the House on Monday?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the commitment made in 1974, which was repeated on Monday and I repeat again today, was that we would move in that direction; that we did not expect to reach it overnight, but we were looking at a span of perhaps five years. Perhaps it would be of interest to inform the hon. member that, indeed, when FIRA negotiates with foreign companies which are investing in the resource area, it generally gets an undertaking from them to ensure that over a period of time they will be moving toward majority Canadian ownership.

I cannot say this is done in every case, Mr. Speaker, but I do know this is one of the conditions which is discussed in respect of many FIRA cases in order to determine whether the investment or the takeover is in the interest of Canada.

Mr. Broadbent: Mr. Speaker, the Prime Minister says it is a FIRA consideration which envisages a move toward 50 per cent to 60 per cent Canadian ownership. I point out to him that in a document I have here that is not what was said by the Minister of Industry, Trade and Commerce: he said that in most instances so far it has not proven feasible to secure full compliance with that objective. The Prime Minister is saying one thing and his minister is saying another.

Since all the hard evidence in terms of the major decisions that have been made—I have a list of them here—would indicate that the 50 per cent to 60 per cent equity ownership has not been achieved at all, I would ask the Prime Minister whether he is saying that we can look forward to this at some distant point down the road; or is he going to start now, at long last, acting on what he promised in 1974?

Mr. Trudeau: Mr. Speaker, I am saying that FIRA, since the beginning and since the announcement of that policy, has been discussing with those who want to invest or take over in Canada this particular policy and the assurance that some guarantees can be obtained, when possible, to move in this direction. I do not know what particular cases the hon. member has in mind: perhaps he could send them over and we could provide detailed answers. I do know that very frequently, when FIRA cases are reported to cabinet, it is determined that there is an undertaking on the part of foreign investors that there will be a move toward a greater percentage of Canadian ownership.

There are, and there must be, cases where exceptions are made to that rule and that is perhaps what the Minister of Industry, Trade and Commerce was saying. Often the provinces themselves make very strong representations that they must have a particular investment in a particular area, especially where there is less development than in other parts of Canada, and sometimes we have to choose between federal objectives and provincial desires. Generally, there is a great attempt made by FIRA to put everybody on side, but sometimes we have to go in the direction of the provinces.

● (1427)

Mr. Broadbent: Mr. Speaker, I have a final supplementary. The document that comes from the Minister of Industry, Trade and Commerce states, with reference to the provinces:

No province raised any outright objection though some reserved their positions.

That is as to the general proposition that we should move toward Canadian control in the resource sector. So the general position of the provinces, at least as indicated in this document, is that they support the proposition. The Prime Minister, however, has indicated a general moving toward the policy. Either we have 50 per cent to 60 per cent, or we do not. Is the Prime Minister saying that 30 per cent is moving toward the implementation of his policy?

Finally, because I, for one, have genuine scepticism about the government's commitment, if the government is committed, will it—at least in the Husky Oil case—make its position clear today as to whether there will be Canadian control and ownership of that particular enterprise?

Mr. Trudeau: Mr. Speaker, the hon. member has asked if 30 per cent is moving toward my policy. Obviously, if in year one they had 10 and in year two they had 30, yes, that is moving toward 50, because 30 is on the way to 50 from 10. When we say we want to reach that—

An hon. Member: He thinks he is in caucus.

Mr. Trudeau: I am very happy to see that even some of the backbenchers understand this. I made it quite clear in my answer that we did not expect this to happen in one year; I said a period of five years.

An hon. Member: You are ready for the Senate.

Mr. Trudeau: I tell the hon. member—who may not be interested in the answer and more interested in making speeches—that if he is interested in Canadian ownership, the answer is in what we are doing. For example, when we get a commitment from a company that it will move toward a position of majority ownership over the next three or four

years, we are satisfied with that. Also, as the hon. member said in quoting from the document, the provinces are satisfied as well. Only the hon. member, perhaps, would want to expropriate and make it Canadian overnight, but that is not the policy of this government.

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[*Translation*]

URBAN AFFAIRS

ALLEGED SHORTAGE OF FUNDS FOR RRAP—GOVERNMENT POSITION

Mr. C. A. Gauthier (Roberval): Mr. Speaker, my question is directed to the Minister for Urban Affairs and concerns the RRAP projects. Is it true that funds earmarked for his department for RRAP projects are barely enough to finance one project per municipality, to a maximum of $6,000 yet?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, since we have made all small rural communities in Quebec eligible for the RRAP program, there has been a race for available funds. We will certainly not be able to grant all requests this year. But we are trying as much as possible to plan expenditures so as to help first of all the low income residents of the oldest houses. As for distribution of funds among municipalities, no final decision has been made. Everything will depend on the requests from the different municipalities. First we will grant requests from those municipalities which are best equipped to benefit from the RRAP program.

Mr. Gauthier (Roberval): Mr. Speaker, on a supplementary. Assuming that those basic proposals are applied, does that mean that in the large municipalities in need of a RRAP, there might be one or two projects, depending on the population?

Mr. Ouellet: The answer is yes, Mr. Speaker.

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● (1432)

[*English*]

FISHERIES

STATUS QUO OF 1978 INTERIM RECIPROCAL FISHERIES AGREEMENT

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. In view of the need to secure a satisfactory framework for the future, long-term development of the fisheries resources presently shared by Canada and the United States, I should like to ask the minister if it is the intention of the government to continue the suspension of the 1978 Interim Reciprocal Fisheries Agreement as implemented on June 2 until the boundary problems are resolved on a permanent basis.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the discussions which took place on Monday and Tuesday continued late last night, and this morning, at a more junior level than the special negotiators. Considerable progress has been made on problems affecting the west coast. We did not feel that progress was adequate on the east coast discussions: these will be continuing, but I am expecting a fuller report from the special negotiators. For the moment, the agreement remains suspended.

Mr. Crouse: A supplementary question, Mr. Speaker. Has the government obtained United States guarantees of a permanent stay of countervailing duties on fish? In order to get these guarantees, has the government been required to agree to give up any other assistance to the fishing industry besides the subsidy of two cents per pound on groundfish, by October 1, such as management and control over Swiftsure bank on the west coast?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, there is no link between the two problems. The countervailing action which was in response to a complaint by United States fishing interests is many months old, before the suspension of the agreement. It was acted upon as a separate issue and is certainly not linked to present difficulties.

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ATOMIC ENERGY CONTROL BOARD

REPORTED DEFICIENCY IN SAFETY FEATURES OF NUCLEAR POWER PLANTS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, the Minister of Energy, Mines and Resources has notice of our concern about certain emergency safety design systems and also requirements regarding safety of the public as a result of certain reports leaked to us and others from the agencies under his control in the atomic energy field.

I ask the minister why he has permitted public statements to be made by these agencies under his control that all is well with regard to emergency safety designs, when their own reports and, I suspect, reports which have reached the minister indicate that the agencies are very seriously questioning the design and efficiency of these emergency safety systems.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the reports the hon. member mentioned are, I presume, those which appeared in the press yesterday and the day before, some of them in the *Globe and Mail*. Information I have received indicates that these reports are based either on misinformation or misinterpretation of data and that, in fact, much of the concern reflected in them was dealt with in considerable detail in answer to written questions of the hon. member for Nanaimo-Cowichan-The Islands and the hon. member for St. John's East.

At that time a considerable amount of information was made public about these particular concerns. There were further discussions before the Porter commission, and cross-

examination by Dr. Edwards, for example, of senior officers of the Atomic Energy Control Board and the same sort of allegation was made. I believe the answers at that time dealt with this particular concern quite satisfactorily.

Mr. Lawrence: A supplementary question, Mr. Speaker. As a result of the information that has been placed in our hands and in the hands of others, obviously the Atomic Energy Control Board has itself been very seriously questioning not only these design standards but also safety standards in relation to the public at large: they have been questioning them very seriously, and apparently some changes have been made.

As a result of these reports and as a result of this highly complex and technical information, are the design faults themselves now being rectified in secret, or are the safety standards being lowered, again with no public disclosure of these facts?

Mr. Gillespie: Mr. Speaker, the hon. member makes the perfectly legitimate point that the Atomic Energy Control Board has been seriously questioning procedures, which is the phrase he used. I think he would agree that that is the proper course for the Atomic Energy Control Board to take. I am very pleased that he has noted they have been acting in this area.

They have made it clear to me that they have these matters under continuing review, and if they see an opportunity with respect to a particular system which has not previously come to their attention and requires improvement, they will initiate the necessary measures.

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THE CANADIAN ECONOMY

INCENTIVES TO INCREASE PRODUCTIVITY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As Canadian productivity remains 20 per cent below that of the United States—by far our most important industrial competitor—and our wage rates are generally higher than theirs for comparable jobs, would the Prime Minister advise the House why he and his government persists in refusing to introduce productivity incentives to be paid in direct proportion to increases in productivity, as greatly increased productivity is the only way we can continue to pay higher wage rates than those paid by our chief industrial competitor and stay competitive in the marketplace?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this seems like a re-issue of the speech I made in this House last October when I quoted those very figures. The difference is that I indicated the 80 per cent figure had narrowed the gap from a much larger productivity gap and that, indeed, in some areas the productivity of Canadian workers was very close to the 100 per cent mark of productivity in the United States. If the hon. member wants to review the figures in detail, I can give him more information.

In so far as wage costs are concerned, I made the point that in the past few years our wage costs in manufacturing have been notably higher than in the United States. I indicated that with the devaluation of the Canadian dollar, this gap had also narrowed to practically zero.

Mr. Hees: Mr. Speaker, a supplementary. If the Prime Minister will take the time to read the latest reports put out by his government and the government of the United States on this question, he will see that what I have said is completely correct; that our productivity today is still 20 per cent lower than it is in the United States. This is a very serious situation.

In view of the fact that this country has a trade deficit of more than $11 billion per year in fully manufactured products—and they are the ones which produce the jobs—and as the Canadian Manufacturers' Association recently stated that if we can overcome this deficit we can provide 800,000 additional jobs for Canadians, would the Prime Minister, in the interest of this country, give very serious and worth-while consideration to introducing the kind of incentives that I have discussed with him on many occasions and with which I think he agrees, so that we can take the first important step to provide those 800,000 additional jobs for Canadians?

Mr. Trudeau: Mr. Speaker, if the hon. member has been following the multilateral trade negotiations, as I am sure he has, he will know that in the Canadian negotiations with Japan on one hand, and with the European Community on the other, we have been attempting to make sure that the totality of our exports to those countries includes a much higher percentage of manufactured goods.

One of the approaches we are using, which I am sure has the support of the hon. member, is to take part in the multilateral trade negotiations with sector approaches, indicating that if a country wants to import some of our raw materials at a certain tariff, it should also be importing the manufactured goods made from those raw materials at the same time. This has been explained to the House many times by the Minister of Energy, Mines and Resources, who initiated them when he was with Industry, Trade and Commerce, and by the present Minister of Industry, Trade and Commerce. I will make sure that the hon. member is brought up to date on their speeches.

MANPOWER

EMPLOYMENT OF IMMIGRANTS

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. There seems to be a serious paradox where Canadian jobs are held open for Canadian workers by Canada Manpower, and potential immigrants who could fill those jobs are turned away, yet in practice employers are not able to fill those jobs with Canadian workers. Does the minister have any plan either to make immigration more flexible again, in this sense, or to fill Canadian jobs with Canadian workers?

● (1442)

Hon. Bud Cullen (Minister of Employment and Immigration): My department certainly remains committed to seeing that Canadians have the first opportunity of jobs that are available in Canada, whether they are local people or not. In some cases we have to go across Canada to find them. However, where Canadians are unwilling to move or are unwilling to accept a particular job and will not fill the vacancy, we have to look to others in order to maintain a work force that quite often, in large measure, is Canadian.

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UNEMPLOYMENT INSURANCE

CONFIDENTIAL INFORMATION SUPPLIED TO RCMP

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Employment and Immigration. I want to ask him about the recently revealed refusal to supply unemployment insurance information to the RCMP. In view of the fact that this information has been supplied for many years, in spite of the regulation regarding the confidentiality of unemployment insurance information, I ask what type of confidential information was supplied to the RCMP and under what authority was that information given?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the legal opinion I received recently indicated that in the past the information given to the RCMP went beyond that which was allowed under section 126. This was a legal interpretation of that section. It seems to me that it is open to interpretation. Because we wanted to get the matter clarified, it seemed the wisest policy was to issue instructions that information other than that for the administration of the Unemployment Insurance Act or the administration of social insurance numbers should not be released until we had clarification of section 126.

I am happy that the McDonald commission is looking into this particular area to give us advice either that we do have authority to give additional information as the minister shall determine, or that we should amend legislation to do what I think is appropriate, that is, to give this information to the RCMP to help their investigations.

Mr. Clarke: Mr. Speaker, I ask the minister what recent developments caused the ruling to be investigated and forced the government to stop giving that information.

Mr. Cullen: Mr. Speaker, until the carping of opposition members, we used what we thought was common sense and tried to help the RCMP in their fight against organized crime—

An hon. Member: Organized crime?

Mr. Cullen: I might say that with the passage of Bill C-27, the hon. member's colleague, the hon. member for Hamilton West, quite correctly thought that the minister should have the responsibility for giving information under the Unemployment Insurance Act to other people, and insisted that the wording be changed from "the commission" to "the minister" so that the minister had to accept responsibility. I sought a legal opinion to determine whether we were acting within the provisions of section 126. The advice I have from legal counsel is to the effect that more information is being provided than was authorized by that section. Because of that, I have ordered it stopped.

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CONSUMER AFFAIRS

OVERCHARGING BY BELL CANADA—REFERRAL TO AIB

Mr. Arnold Peters (Timiskaming): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. A recent report by Robert Babe to the Restrictive Trade Practices Commission indicated that Bell Canada has overcharged its subscribers, who live mostly in Ontario and Quebec, by more than $1 billion. In light of this report, will the minister demand that Bell rebate to its subscribers their individual overpayments which went to Northern Telecom, a Bell subsidiary?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, that report had been commissioned by the director of research and investigation under the Combines Investigation Act. As you know, he operates independently under the statute. He has now received the report. I have not yet read it, but it will be presented as evidence to the Restrictive Trade Practices Commission, which is the usual practice, and they will make a judgment.

Mr. Peters: I have a supplementary question to the Minister of Finance. Has this gouging of the public by Bell Canada been referred to the AIB for rebate action, in light of the advantageous rates charged to subscribers of publicly-owned telephone systems who purchased their equipment on the open

market rather than the principle used by Bell of buying from their own subsidiary?

Hon. Jean Chrétien (Minister of Finance): I think the legislation governing the AIB applies to Bell Canada. I will make sure the AIB look into that matter and report to me.

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INDUSTRY

FINANCING OF CERTAIN AIR CARRIERS

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, in view of the announcement made last week by the Minister of Industry, Trade and Commerce while he was in Kelowna, B.C., that he was going to give $6 million in financing to Triphibian Helicopters, and in view of the confusion this has caused in Kelowna because the Regional Economic Development Commission know that Triphibian Helicopter's first choice was to locate in Kelowna, not in Victoria, I ask the minister whether it was the Triphibian aircraft that he was announcing, or the Trident aircraft, and the source of the $6 million.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, there does seem to be a great deal of confusion. I announced in Vancouver on Monday that the Enterprise Development Board, under my department, is prepared to guarantee loans at the bank of up to $2 million for Trident Aircraft Industries, which is to manufacture the Trigull, an amphibian, four to six-passenger paraplane, on the west coast, to be assembled in Sidney. With the $2 million that my department, through the Enterprise Development Board, is prepared to guarantee, Treasury Board has approved a $4 million repayable loan to the company.

That loan is to be given as production proceeds and repaid as sales on the plane are made. In total, it is $6 million for the establishment of an aircraft industry on the west coast, hoping that the spin-off from that industry will enable offset programs to be taken from the huge aircraft industry to the south into Canada, thereby creating a large number of jobs in the air industry of the west coast.

Mr. Whittaker: Mr. Speaker, I have a supplementary question. In view of the fact the minister clearly announced in Kelowna that it was for Triphibian Helicopters, I would ask him if the same arrangement, or project, is available for Triphibian Helicopters who want to locate in Kelowna, where he was making the announcement?

Mr. Horner: Mr. Speaker, I had the privilege of addressing a roomful of about 500 people, or more, at a nominating convention in Kelowna. It was a great meeting. At no time did I mention helicopters in my speech. And I can say to the House and to the country that I was very pleased with the calibre of candidate who came forward and offered himself to serve that area.

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LOTO CANADA

POSSIBLE EXTENSION OF LOTTERY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister, who I am sure is pleased, having regard to the calibre of his Minister of Industry, Trade and Commerce, that there are some good candidates presenting themselves to the Liberal party.

Some hon. Members: Oh, oh!

Mr. Basford: Jealousy will get you nowhere.

Mr. Clark: My question relates to lotteries and to a potentially serious federal-provincial controversy. The Prime Minister will remember that the then minister of industry, trade and commerce, in a standing committee in mid-June, 1976, in relation to the federal lottery said, "We could decide to carry on or withdraw completely if there is an understanding between the provincial governments and the federal government". In other words, it was very clear that there would be a carrying on of the federal lottery only with understanding of the provinces.

Mr. Basford: That was not the understanding.

Mr. Clark: It was certainly the understanding of the provinces, as nine of them made clear when they sent a telex to the Prime Minister about a week ago expressing "shock and disapproval that the Government of Canada seems determined to bulldoze ahead in this field in contradiction to understandings."

Has the Prime Minister responded to this telex, and has he agreed to hold back any federal lottery plan until there has been more consultation and collaboration with the provincial governments concerned?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the undertaking was not to prolong the lotteries without coming before parliament, and we intend to discharge this commitment. As far as the provinces are concerned, both the minister presently responsible in this field and the former minister have sought to find a formula with which the premiers would agree. From the telegram—and I have not yet seen it—presumably they do not agree. That is, perhaps, natural. This is a field which is open to both levels of government. It is a revenue-producing field. I see no reason, in theory or in practice, why the federal government should abandon it to the provinces exclusively.

I should like to know whether it is the position of the Conservative party that the federal government should not operate lotteries under any circumstances. That is not our position, neither does the constitution nor any other law indicate that it should be.

Mr. Clark: Our position is that the Government of Canada should honour its undertakings.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister is being coached by his colleague. He will find that reading the record is a more reliable means of understanding the undertaking which was given. I suggest he read the record. Will he confirm that it is the intention of the Government of Canada to move into a lottery program whereby lottery tickets will be dispensed in slot-machine fashion—using, incidentally, machines imported from the United States—on a 24-hour basis in shopping centres across the country, to bring revenues to governments in competition with existing provincial programs which provide funds for hundreds of thousands of people involved in voluntary organizations across the country?

Will the right hon. gentleman confirm that this slot-machine approach is the one the government is contemplating in competition with voluntary agencies across the country?

Mr. Trudeau: The approach is certainly not one of desiring competition. I note that both the minister responsible for lotteries and his predecessor have offered to the provinces some form of agreement whereby there would be one lottery for all Canadians involving federal and provincial governments and the proceeds would be shared. I believe sharing was offered on a 50-50 basis. As to the details, whether it is to be operated by using slot-machines or not, I will take notice of the question and ask the minister, who is perfectly able to explain our policies, to answer the question.

On the matter of principle, I find it strange that the Leader of the Opposition, when considering any scheme which would bring revenue to governments, always seems to be on the side of the provinces. He obviously does not want to be the leader of a national government; he wants to stick up for the provinces on every issue. We take the position that this field is open to both levels of government. Actually, it was made open by a law of parliament presented by this government. Until we presented it, the provinces could not engage in lotteries. But we presented the law and it was passed. We have tried to find a common scheme upon which everyone would agree. The provinces, naturally, want the whole field for themselves and, naturally, the Leader of the Opposition thinks that is what the position should be.

Some hon. Members: Hear, hear!

Mr. Clark: One of the changes I intend to introduce is to be the head of a truthful government which keeps its word.

Some hon. Members: Hear, hear!

Mr. Clark: Also, the head of a government of a nation that stays together, rather than being driven apart by intransigence and stubbornness at the centre. Not surprisingly, the Prime Minister has not read the telex from the provinces, though it should have been received in his office some days ago. I would ask him to read it and to pay particular attention to the request over the signature of the chairman of the conference, Mr. Shillington, of Saskatchewan, that the Prime Minister himself become involved in this matter and assure the provinces that the federal government will not proceed until an attempt has been made by the right hon. gentleman himself to reach consensus with the premiers. Will the Prime Minister give us that undertaking?

Mr. Trudeau: I do not think I have to give such an undertaking.

Some hon. Members: Oh!

Mr. Trudeau: It has been my constant practice to receive telegrams from the premiers and to respond to them in order to each the best possible agreement between both levels of government. However, since this is a federal system, it is obvious there will be some points of disagreement, and the difference between this party and the party opposite is that we do not intend to try to keep the country together by giving all the powers of the federal government to the provinces.

Some hon. Members: Hear, hear!

* * *

HEALTH AND WELFARE

RECOGNITION OF INTERNATIONAL YEAR OF THE CHILD

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is for the Minister of National Health and Welfare. Has the hon. lady made any response to recommendations from the recent federal-provincial conference on child abuse, or the United Nations call for action on this question by 1979, the Year of the Child? In particular, has she considered a suggestion to host an international symposium in Canada in 1979 to develop a greater awareness of this problem and better approaches to resolving it?

Hon. Monique Bégin (Minister of National Health and Welfare): I have read the recommendations released from the federal-provincial conference on child abuse and the department has studied them. I have expressed my own reaction in a letter to Keith Norton, the Ontario minister who co-hosted the conference with the federal government. As for the suggestion

about an international symposium, I think it would be more appropriate if we were to consider a Canadian approach. My role is only to be supportive of any group in Canada which might wish to do something during the Year of the Child in the field of child abuse or family violence. Any national conference would be welcome, or any project which could help deal with these issues.

* * *

ATOMIC ENERGY

POTENTIAL PROBLEMS WITH CANDU REACTORS

Mr. Bob Wenman (Fraser Valley West): I have a question for the Minister of Energy, Mines and Resources, Mr. Speaker. Have international Candu purchasers been informed of potential problems with the Candu emergency cooling system and the possible need to operate at well below the rated full power level?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): If the hon. member is asking whether potential customers read the *Globe and Mail*, I cannot answer him. If he is trying to give credence to false stories, perhaps he is succeeding.

Mr. Wenman: The hon. member on this side is attempting to ensure that Canada does not become a nuclear prostitute. Since safety standards are being examined, may I ask whether technical information leading to any reduction in standards will be made public, thereby ensuring the credibility or acceptability of any new or revised standards?

Mr. Gillespie: As I indicated in an earlier answer to the hon. member for Northumberland-Durham, the Atomic Energy Control Board has already placed a great deal of information upon the public record. I have placed further information before the House in answer to questions on this subject. There will undoubtedly be further licensing requirements on the part of the Atomic Energy Control Board. I have indicated that the review is a continuing one and that these further requirements will be made public when they become effective.

* * *

● (1502)

CULTURAL AFFAIRS

PROCLAMATION OF CANADA DAY

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Secretary of State. Has the Secretary of State, his department or any department of the federal government, made any proclamation proclaiming July 1 as Canada Day, so-called? Legally, July 1 is Dominion Day. Would the minister also inform the House whether the government and, in particular, his department intend to continue to disregard the law of this House in this connection, or does the government intend to introduce legislation to change Dominion Day to Canada Day?

Hon. John Roberts (Secretary of State): Mr. Speaker, there were several questions contained in the hon. member's question. As to the first part of it, I believe the Governor General may very well issue a proclamation. I am not yet sure on what date that will occur. As to the other question, as I think I replied to the right hon. member for Prince Albert last year, we intend, again this year, to celebrate Canada Day on Dominion Day.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. My point of order relates to the business of the House. I would like to inform the House of the motion for the allotted day tomorrow. It is an allotted day for the Progressive Conservative party. The motion is not framed as—nor is it intended to be—a non-confidence motion. Hopefully, backbenchers on the government side will prod their government, and the government itself will see fit, to support the motion. However, I want to indicate to the House that there will be a vote on this motion, which reads as follows:

> That this House reaffirms its support for the principle of freedom of information as a prerequisite to open and responsible government, as endorsed unanimously by the House on February 12, 1976, and urges the early introduction of appropriate legislation providing for certain precise and limited exceptions subject to a review process with ultimate appeal to the courts.

That motion will stand in the name of the Leader of the Opposition for debate tomorrow.

Mr. MacEachen: Mr. Speaker, as I heard the terms of the motion read by the hon. member for Grenville-Carleton, it appeared that there would be no objection on our side to the acceptance of such a principle. But as the hon. member knows, under the Standing Orders the very motion which is put is described as a motion of non-confidence, and if hon. members are agreeable to waiving the effect of the standing order, then we would consider whether we could vote on the matter.

Mr. Baker (Grenville-Carleton): Sure; fine.

ROUTINE PROCEEDINGS

[*English*]

TRADE

TEXTILES AND TEXTILE PRODUCTS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I would like to table, under Standing Order 41(2), a memorandum of understanding in relation to the export of certain textiles and textile products between the Government of Canada, the government of the Socialist Republic of Romania, the republic of the Philippines, the government of Hong Kong, the government of Poland, the republic of Korea, and the People's Republic of China. I also wish to table a statement of intent relating to exports from Taiwan to Canada.

* * *

HOUSE OF COMMONS

ADDITIONAL SEATS FOR PRIME MINISTER AND LEADER OF THE OPPOSITION

Mr. Ralph Stewart (Cochrane) moved for leave to introduce Bill C-464, respecting the Prime Minister and the Leader of the Opposition and the House of Commons of Canada.

Some hon. Members: Explain.

Mr. Stewart (Cochrane): Mr. Speaker, this bill would provide two additional seats in the House of Commons, one for the Prime Minister and one for the Leader of the Opposition, without being defined by constituency. Since both leaders represent all Canada and conduct electoral campaigns in all parts of Canada, it is appropriate that their representation in this House not be limited to a single constituency.

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

* * *

BRITISH NORTH AMERICA ACT

AMENDMENT RESPECTING DURATION OF PARLIAMENTS

Mr. Ralph Stewart (Cochrane) moved for leave to introduce Bill C-45, respecting the duration of every House of Commons.

Some hon. Members: Explain.

Mr. Stewart (Cochrane): Mr. Speaker, several bills have been introduced with respect to fixed dates for elections. The advantages regarding stability and intelligent planning have been expressed time and time again in this House. This bill would differ inasmuch as it would specify that a general election would take place on the first Monday of June every four years. It also provides that new administrations take over on July 1, Canada's national day, by means of a special ceremonial sitting of both Houses on the lawns of parliament with the participation of Canadians from various aspects of Canadian life, both spiritual and temporal. Governments would be assured of remaining in office for four years without the chance of defeat as at present.

Mr. Alexander: I don't know about that.

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

AMENDMENT TO ESTABLISH ELECTORAL DISTRICT OF PARLIAMENT HILL

Mr. Ralph Stewart (Cochrane) moved for leave to introduce Bill C-466, to establish the electoral district of Parliament Hill.

Some hon. Members: Explain.

Mr. Stewart (Cochrane): Mr. Speaker, this bill is similar in principle to the bill introduced by the hon. member for Winnipeg North Centre (Mr. Knowles), but it differs in some respects. First, it would provide for a proper election of the Speaker by his peers which would be handled by the clerk in this chamber. Second, the election would take place during the final session of a parliament for the following parliament. This would permit an easy transition during the general election period, and it would permit the choice of a Speaker to be made by members who know the candidates, which would not be the case if done after a general election. Third, the Speaker would not run in general elections. Fourth—and this would be of some interest—each unsuccessful candidate for the office of Speaker could still submit himself to the general electorate in a constituency.

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

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise on a point of order. In relation to the bills with which we have just been dealing I believe the record should be clear that the motions were seconded by the hon. member for St. Jean (Mr. Smith) and not Mr. Smith (Churchill).

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,162, 1,359, 1,439, 1,440, 1,441 and 1,609.

Order Paper Questions

[*Text*]

DND FLIGHT 712

Question No. 1,162—**Mr. Cossitt:**

What are the names of all persons, including crew members, late additions to the passenger manifests, etc. on Department of National Defence Flight 712, that left Ottawa on December 18, 1977 for Vancouver?

Hon. Barney Danson (Minister of National Defence): DND flight 712 is a scheduled flight from Shearwater to Vancouver with scheduled stops at Ottawa, Trenton, Winnipeg and Edmonton. The names of the passengers who boarded this flight in Ottawa were as follows: WO P. Davies; Capt A. McKay; Capt B. Campbell; Pte B. Davis: LCol J. Holt; Maj D. Johnston; WO M. Keddy; M/Cpl D. J. Dolinski; WO and Mrs. H. Vieweg; Cpl Kruger; Mr. Morewood; Dr. J. Reesor; Mr. and Mrs. S. Schumacher, M.P. and 2 children; M/Cpl C. Silver; Mr. B. Telford; Cpl D. Wells; Lt J. R. Vallée; Mr. B. Clarke; Sgt R. R. Germain; Capt D. Lascelle; Miss B. McDonald; WO C. M. Pallard; Sgt J. Whelan; Capt A. Burton. In regard to crew members see question No. 2,881 of the second session of the 30th Parliament, *Hansard* No. 175 page 8266 dated October 17, 1977.

MULTICULTURALISM

Question No. 1,359—**Mr. Haidasz:**

What was the total budget for the federal multiculturalism program for each year since October, 1971?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): In so far as the Department is concerned, its total budget for the multiculturalism program since 1971-1972 has been: Fiscal Year, 000's: 1971-72, Operating, 585; Grants, 1,594; Total, 2,179. 1972-73, Operating, 947; Grants, 2,309; Total, 3,256. 1973-74, Operating, 2,528; Grants, 3,131; Total, 5,659. 1974-75, Operating, 2,592; Grants, 2,921; Total, 5,513. 1975-76, Operating, 2,559; Grants, 2,735; Total, 5,294. 1976-77, Operating, 2,259; Grants, 2,916; Total, 5,175. 1977-78, Operating, 2,291; Grants, 3,716; Total, 6,007.

Question No. 1,439—**Mr. Mitges:**

For the fiscal year ended March 31 (a) 1976 (b) 1977, what were the expenditures of the multiculturalism directorate under the heading of (i) operating (ii) capital (iii) grants and contributions?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): See list below.

Multiculturalism Directorate
(In thousands of dollars)

		Expenditures 1976-1977	Expenditures 1975-1976
Salary		583	612
Non-salary Expenditures		1,381	1,343
Total Operating Expenditures		1,964	1,955
Capital		1	20
Grants:	Multiculturalism Projects	—	—
	Cultural Enrichment	—	—
	Canadian Ethnic Studies (Visiting Professors)	—	—
	Intercultural Communications	—	—
	Immigrant Orientation	7	31
	Ethnic Liaison	1,369	1,244
	Identities Project	696	556
	Multicultural Centres	349	613
	Third Language Teaching Aids	68	81
Total Grants		2,489	2,525
Contributions:	*Language Textbooks	193	158
	*Language Instruction	3,930	1,130
Total Contributions		4,123	1,288
Total Grants and Contributions		6,612	3,813

*These contributions are administered by Citizenship Registration Program and come within their budget.

Question No. 1,440—**Mr. Mitges:**

For the fiscal year ending March 31, 1978, what are the forecast expenditures of the multiculturalism directorate under the heading of (a) operating (b) capital (c) grants and contributions?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): See list below.

Multiculturalism Directorate
(In thousands of dollars)

		Budget 1977-1978
Salary		723
Non-salary Expenditures		1,691
Total Operating Expenditures		2,414
Capital		—
Grants:	Multiculturalism Projects	1,785
	Cultural Enrichment	1,074
	Canadian Ethnic Studies (Visiting Professors)	27
	Intercultural Communications	530
	Immigrant Orientation	—
	Ethnic Liaison	—
	Identities Project	—
	Multicultural Centres	—
	Third Language Teaching Aids	—
Total Grants		3,416
Contributions:	Szechenyi Society	300
	*Language Textbooks	193
	*Language Instruction	2,830
Total Contributions		3,323
Total Grants and Contributions		6,739

*These contributions are administered by Citizenship Registration Program and come within their budget.

Question No. 1,441—**Mr. Mitges:**

For the fiscal year ending March 31, 1979, what are the estimated expenditures of the multiculturalism directorate under the heading of (a) operating (b) capital (c) grants and contributions?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): See list below.

Multiculturalism Directorate
(In thousands of dollars)

		Budget 1978-1979
Salary		772
Non-salary Expenditures		1,826
Total Operating Expenditures		2,598
Capital		—
Grants:	Multiculturalism Projects	2,360
	Cultural Enrichment	1,295
	Canadian Ethnic Studies (Visiting Professors)	311
	Intercultural Communications	585
	Immigrant Orientation	—
	Ethnic Liaison	—
	Identities Project	—
	Multicultural Centres	—
	Third Language Teaching Aids	—
Total Grants		4,551
Contributions:	Group Development Operations	250
	Canadian Folk Arts Council	145
	*Language Textbooks	193
	*Language Instruction	3,132
Total Contributions		3,720
Total Grants and Contributions		8,271

*These contributions are administered by Citizenship Registration Program and come within their budget.

TRANSPORTATION OF MILK

Question No. 1,609—**Mr. Lambert (Bellechasse):**

During the fiscal year (a) 1976-77 (b) 1977-78, did the government grant money for the transportation of milk in the area located east of Lévis, Quebec and, if so (i) in what amount (ii) to whom or to which companies?

Hon. Eugene F. Whelan (Minister of Agriculture): The transportation of milk is a provincial responsibility and, therefore, any assistance provided would come under a provincial program.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 710 could be made an order for return, this return would be tabled immediately.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall question No. 710 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

SECRETARY OF STATE—GRANTS IN N.B.

Question No. 710—**Mr. Howie:**

In the fiscal year ending March 31, 1977, did the Secretary of State grant any money under programmes or projects, to persons or organizations in New Brunswick and, if so (a) in what amount (b) was the opportunity to apply for such grants advertised in the New Brunswick media and, if so, on what dates?

Return tabled.

[*English*]

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

Mr. Beatty: Mr. Speaker, I would like to ask the parliamentary secretary whether he ever intends to answer my questions.

[*Translation*]

Mr. Pinard: Mr. Speaker, we endeavour to answer as many questions as possible, and to date we have an average of 70 per cent, which is excellent.

[*English*]

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

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

Mr. Speaker: Does the House agree?

Some hon. Members: Agreed.

● (1512)

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (for the Minister of Finance) moved that Bill C-56, to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be read the third time and do pass.

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

Mr. Ron Huntington (Capilano): Mr. Speaker, I must say that the trouble we have had with this bill to which closure was applied during second reading, was an example of the abuse of power by the government, with the government matching the opposition speaker for speaker, but closure on committee of the whole stage of this bill, on some real issues affecting Canadians, was not just an arrogant abuse and exercise of power but was another blow of the hammer that is chipping away at the foundation of parliamentary democracy and our liberty.

The confusion that we just saw when third reading of Bill C-56 was introduced is a forerunner of the confusion for which the Canadian people will have to pay and which they will have to face as this bill takes effect. I am very surprised that at third reading there was no statement from the Minister of Finance (Mr. Chrétien), let alone a statement from his parliamentary secretary.

Like other hon. members, I have worked hard at one or two aspects of Bill C-56, particularly the research and development matters in clause 6. Clause 14 affecting the transfer of farm property is of serious concern, and that aspect needs more debate and understanding, as I believe does clause 6. I am also aware of the weaknesses in clause 32 which will create serious complications for the small business sector in Canada. I would have liked to see more clarity and understanding developed within that area of the bill during committee of the whole. Clause 34 also is of serious concern to Canadians, as is evidenced by the mail load which members of parliament have on that subject, and the Minister of Finance himself admitted that this clause of the bill could stand more work.

This is a last minute bill, of a slapdash nature. The Minister of Finance denied the people of Canada through the parliamentary system the right to explore, improve, and even develop a greater understanding of these and many other issues within this tax bill.

Others will probably comment on these clauses, but I was one of several members who did considerable work on the research and development issues which were debated in the budget debate and in clause 6 of the bill. With background help, very substantive amendments were prepared which would have improved all industrial aspects of research and development in Canada and would have put in place very real incentives which would have worked to smooth out this area of need in the Canadian economy. These amendments were passed on to the Minister of Finance during committee of the whole last Friday, but no, all this effort died with the "tough guy" use of closure during committee of the whole.

The announcements of both the Minister of Finance and the Minister of State for Science and Technology (Mr. Buchanan) are misleading and overstated, not only in the budget speech of the minister but in the statements released by the Minister of State for Science and Technology. Both these ministers have received bad advice, and the record should be corrected.

Basic to the amendments given to the Minister of Finance last Friday was the separation of research and development expenditure into current and capital expenditures. Second to that premise, we suggested that full credit be given to both capital and current research and development expenditures for companies which have an aggregate research and development expenditure of less than $1 million. Companies in this category make up approximately 25 per cent of the industrial research and development expenditure in Canada.

For companies with aggregate research and development expenditures of over $1 million, we suggested that the tax credit or allowance be based on incremental increases in current and capital expenditures. Seventy-five per cent of industrial research and development expenditures are in this category of companies, that is, companies which have already aggregated an expenditure in research and development greater than $1 million.

We also proposed in the amendments given to the minister in committee of the whole that small firms without profit upon which to claim a credit or an allowance be given a grant, of course under rigid and stringent conditions.

What would these amendments cost, particularly in terms of the statements issued by both the Minister of Finance and the Minister of State for Science and Technology? In our study of that part of the presentation we looked at the May 10, 1978, issue of StatsCan under "Projections for Research and Development" and we found that in 1978, for current research and development expenditures there would be $933 million, and the increment over 1977 would be $72.3 million netted out after the government component has been subtracted. On capital research and development for 1978, we find in these statistics that the capital would be $93.9 million, with the increment equalling $1.1 million, for a total R and D expenditure in 1978 of $1026.9 million, and an increment of $73.4 million.

I would like to point out that the over-all growth rate for 1978 is expected to be only $75.5 million gross, or 8.4 per cent, versus the $175 million which was announced by the Minister of State for Science and Technology.

We believe that the best way—and we were not given the courtesy of discussing this in committee of the whole as a result of the minister's closure of that process—is to go the tax credit route rather than allowing the 50 per cent additional

allowance which the government is proposing in Bill C-56. The reason for that is that if you look at the 25 per cent credit on capital, plus the 25 per cent credit on the first $1 million of capital expenditure, you get a total of $81.74 million. This is within the $85 million announced by the Minister of State for Science and Technology. So we are not asking that more be allowed in the form of expenditure than was announced in the official statement of the government. According to the studies we have done on this subject, the tax credit route is the most sensible route to take, putting in place the incentives which would work best in the private sector and in the industrial component of Canada.

I might also say that it was recommended at the first ministers' conference, particularly by the first minister of the province of Ontario, the Hon. William J. Davis, in the "Economic Development Policy for Canada" published by Ontario, on February 13-15, 1978, that the government should replace existing research, design and development assistance programs with federal and provincial tax credits, and I emphasize tax credits, which would provide direct incentives for expanded levels of R and D activity in Canada.

In light of all this, and in light of the arithmetic which was available to the government, why has it resisted the tax credits? I have not been able to understand that fully. Also I do not understand why it insists on proceeding with its 50 per cent additional allowance which does not match the figures which the two ministers have announced to the House and to the people of Canada.

With respect to the 50 per cent research allowance amendment, if the government had accepted the principle I have outlined in my short address today and applied the 50 per cent research allowance, the cost to the government on the first $1 million, all capital, plus the first $1 million current, fully eligible, would be $65.39 million, again well within the figures stated by the minister and well below the amounts which would be available as an incentive to industry if we took the tax credit route. That is why I have been debating with the Minister of Finance during committee of the whole stage in the short time I was allowed, and pleading with him, to take the tax credit route versus the route proposed in Bill C-56. If we compare these two cases to the existing proposals in the bill, the government will allow $38.15 million of incentive. The Minister of Finance has announced $50 million. If one combines that with the other $35 million which was announced by the Minister of State for Science and Technology, the total is $85 million. In actual fact the bill before us, in terms of the opening statements of both ministers, is nothing but flimflam. There is nothing close to $85 million of incentive available to the industrial sector on research and development. The figure is $38.15 million, on the basis of the bill as it stands at third reading.

● (1522)

The Minister of State for Science and Technology indicated that the government is sincere and is prepared to provide an incentive worth $85 million in order to realize the growth target for industrial research and development which has been announced. The only way to get there is with the tax credit. I attempted to get that across to the minister during committee of the whole proceedings. There is no other way to get there. The 50 per cent allowance will just not do the job. I challenge both ministers to withdraw their inaccurate statements which indicated that $85 million was available through this legislation.

If the minister is unwilling to go the tax route and attempts to pass off some of the costs of industrial research and development to the provinces, then he should accept some of the principles which were submitted across the floor in these amendments. He should allow the 50 per cent allowance to apply on the basis of the amendment I attempted to present during committee of the whole stage. If the government went that route, instead of $85 million being the incentive component to the industrial community, the incentive component would be $65.9 million, which is 20 per cent less than the benefits advertised by the Minister of State for Science and Technology.

The amendment on allowance is still $27.24 million better or 71 per cent higher than the existing budget proposal. The minister and the government cannot see their way to the tax credit proposal, which is the correct way to go if incentive is to be put into the industrial sector. They insist on staying with the 50 per cent additional allowance. They would be 71 per cent better off in terms of incentive to the industrial sector than they are under the bill as it stands now.

During committee of the whole stage we were attempting to get at some fundamental aspects of the bill. I am so concerned about this, and the closure which was imposed on committee of the whole stage, that I wish to move, seconded by the hon. member for Red Deer (Mr. Towers):

That Bill C-56, an act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions, be not now read the third time, but that it be referred back to the committee of the whole for the purpose of reconsidering clauses 6 and 14 thereof.

Some hon. Members: Hear, hear!

Mr. Gordon Towers (Red Deer): Mr. Speaker, I welcome this opportunity of making a few comments with regard to Bill C-56. The minister purports that this bill will perform a certain function for people involved in family farm corporations. I contend it will not.

Perhaps the Minister of Finance (Mr. Chrétien) does not understand or particularly care. Possibly the same holds true for the Minister of Industry, Trade and Commerce (Mr. Horner). He should know better, but perhaps he does not have the time to give this aspect of the bill the respect it should have. He could have shown a little more consideration for the people who are caught in this rollover of family farm capital gains tax. Of course the Minister of National Revenue has interpreted the bill in the manner that he understands it. The minister in charge of the Canadian Wheat Board (Mr. Lang) said that the bill is complete in itself. This shows how little he knows about it. The Minister of Agriculture (Mr. Whelan) is

the one man who should be up on his feet protecting the rights of people involved in Canadian agriculture. To my knowledge, he has not made a speech. Undoubtedly he is not aware of the critical situation in which quite a large number of people are caught.

I noticed the hon. member for Battleford-Kindersley (Mr. McIsaac) was in the House a few moments ago. He stated that he was in favour of the minister bringing in an amendment to protect the people caught in this act. When the time comes to vote on this matter, I trust he and the hon. member for Assiniboia (Mr. Goodale) will give us support. If anything is worth doing, it is worth doing well.

On April 10 during the budget speech, as reported at page 4318 of *Hansard*, the Minister of Finance said the following:

The ways and means motion contains several other important changes. First, the current provisions which permit the transfer of farm land and buildings by a farmer to his children without payment of capital gains tax will be extended to incorporated family farms.

We took the minister's word at face value and thought that he meant what he was saying. Later we found out that either he was playing loose with words or did not know what he was talking about. We brought this to the minister's attention on April 25 in committee. As reported at page 23:22 of the committee report, the minister replied as follows:

I have been made aware of that complaint . . . I have received some correspondence on that and I have looked into it. We have discussed it thoroughly with the ministry of revenue, who made the interpretation, and I am planning to clarify those clauses in the bill which will be in front of the House following my budget. It is one of the amendments that I would like to put forward in order to clarify the interpretation.

The people who are caught in this are those who have set up family farm corporations but did not include all the farm property in that corporation. In turn, the corporation leased, rented, or entered into some form of agreement with the owner whereby the farm operation continued. With the interpretation given by officials of the Department of National Revenue, there is no means whereby this property can be rolled over to that corporation, or from the owner to a member of the corporation who is a descendant. There is only one thing that can happen in such a case, and that is that capital gains tax will have to be paid on the property when there is a transfer or exchange.

● (1532)

On April 25 the minister went on to state:

I do not want to put the blame—I just think it is an interpretation. I do not want to say that it is my shop or their shop. I just think, as Minister of Finance, that my responsibility is to change it. I do not want to know who made the interpretation. That is a fact of life that I want to correct. I think I would like to see the face of the man who made that decision. It was not me but I will correct the guy.

That is what this amendment is all about. We are asking the minister to take this legislation back to the committee of the whole and make this correction so that these people are not going to be caught in this horrible situation.

In the event of a death in a family there will be a sizable amount of money transferred from either the corporation or the individual to Revenue Canada. This is one of the reasons this deferral of capital gains tax is so important. In a great many cases if the tax has to be paid, the property will not be retained by the corporation of the family, but will have to be sold in order to pay the tax to the federal government.

On June 6 the minister in charge of the Canadian Wheat Board, who should also know what the situation is, had this to say:

In the case of this budget, the extension of this rollover provision to the small corporate farm is simply the completion—

Let me underline that word "completion". He is saying that this is a finalization. He does not realize that a great many people out in the field accept minister's words at their face value. I suggest they will find out too late that they are caught by this situation. That minister went on to say:

—is simply the completion of a piece of work which was started in a previous budget when the direct transfer of a farm from parent to child was already made a matter of special consideration so that the capital gains tax need not be paid at that time.

On June 12 I put a question to the Minister of Finance asking him to clarify his position, and this is what he said, as reported at page 6302 of *Hansard*:

The hon. member is talking about leasing land. If the owner wishes to do that, he can transfer the land to the corporation tax free before the rollover. That is the way in which the provision is understood by my officials, and there is no need for any change in the law.

Later on, as reported on the same page, I asked the following question:

—I should like to make this matter clear. Can a farmer who owns land that is being leased to a corporation which is the operator transfer that land without being subject to capital gains tax? Can it be sold or transferred to the corporation?

The minister stated in reply:

The questions asked by the hon. member are covered by the rollover provisions in the act.

The minister also said, in answer to a question by the hon. member for Moose Jaw (Mr. Neil):

If a farmer is making a transfer to another entity a third person, and not a corporation which he owns, he is required to pay capital gains. I was speaking about the transfer of lands to his own corporation. The transfer of farm lands has not been exempted completely from any capital gain. That is not what is meant.

The following morning before the committee of finance Senator Guay made the following statement as it appears at page 43:7 of the committee hearings of June 13:

I understand that it is quite common for farmland to be owned by a taxpayer who leases it to his farm corporation. In these circumstances it is the corporation and not a member of the taxpayer's family that carries on the farming business. Consequently, neither the current law nor the proposal in Bill C-56 would permit a deferral of the capital gains tax where the land is transferred directly from the taxpayer to his child. If you would like I can repeat that. I will give you a copy of it, if you like, to look at.

That is a pretty emphatic statement by the minister in charge of national revenue. It emphasizes the confusion in the minds of the several ministers involved with this legislation. Certainly those people who think they are home free in respect of capital gains tax and the rollover, not only corporations but private individuals, are really going to be caught. They will suffer because the value of land has increased to such an

extent the tax will also be a considerable amount. It is not as though the money were available. I have no quarrel where the land is sold to an outsider and there is money available, but in many cases when the land is transferred from an individual to a descendant, either by way of a corporation or a direct transfer between individuals, these people who presume they are clear because of this legislation are going to be caught.

This whole thing is a mess, and it was my hope that the Minister of Finance would have seen fit to clear it up when he had the opportunity to do so at the time the legislation was before the committee of the whole. That is why I would hope that even at this late date he might reconsider and accept the amendment before the House.

It would not take long to clear up the problem that has been referred to by the hon. member for Capilano (Mr. Huntington), myself, and several others. I know I speak on behalf of all hon. members who represent farming areas in western Canada, including the hon. member for Wetaskiwin (Mr. Schellenberger). He has been vitally concerned with this from the beginning. In fact we had a discussion recently as to how one could establish the definition of a corporate family farm that would qualify.

I hope the minister will take this legislation back to the committee of the whole for a few hours in order that this confusion can be cleared up. These people would then not be caught in what could be a horrendous mess.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the budget is one of the major tools of government in achieving full employment, providing jobs for all those who want to work. One of the major goals of a tax system, of which income tax is one of the most important facets, is the moving of a country to a more equitable situation for all people. In both these objectives, full employment and a more equitable society, this government has failed miserably. Whether one looks at unemployment in terms of the number of people out of work or the percentage of the labour force unemployed, we have the greatest number and the highest percentage since the great depression years of the 1930s. We have one of, if not the highest, rates of unemployment in any of the industrialized countries of the western world.

● (1542)

In May of this year, the last period for which we have figures, there were, according to Statistics Canada, 933,000 unemployed. This amounts to an increase of more than 100,000 over the same month in 1977, and it means that 8.4 per cent of the labour force is without work. In our two largest provinces, Quebec and Ontario, more than 300,000 people were unemployed, and if one looks at the rate of unemployment in the Atlantic provinces one can only characterize it as a disastrous situation. The official figures of Statistics Canada indicate that 18.5 per cent of the labour force in Newfoundland is unemployed; 10.8 per cent in Nova Scotia, 13.6 per cent in New Brunswick. Those are the official figures, Mr. Speaker, and, as every member of parliament knows, there are several hundred thousand people who are unemployed but who are not being classified in this category by Statistics Canada because they are not now actively looking for work. They are not looking for work because in their areas, for example, New Brunswick, Cape Breton Island, or Quebec, there is no work to be found.

However, instead of dealing with this very serious problem which is so important to some people in this country, we will in the next year be spending a major part of our time and effort in debating the questions of a new constitution and a new House of Federation, which, I submit, will be of little real importance to most Canadians in any part of the country, including Quebec.

Instead of dealing with the problem of unemployment, and instead of an expansionary budget which would get the economy moving, as recommended by organizations as diverse as the Economic Council and the C.D. Howe Institute, we get a minor tuning of the economy through the minister's present budget, which has already proven that it is unable to achieve the 5 per cent increase in the gross national product that was predicted by the minister when it was brought down.

Instead of an income tax system which is fair and which treats income from wherever it is derived as taxable income, we get a system so full of loopholes that the other night the minister had to urge members of the House to pass the section dealing with the registered retirement savings plans on the promise he would fix the loopholes which had been brought to his attention, at some later date.

In terms of using the income tax system as a means of moving toward a more equitable society in which Canadians who live in a state of poverty would see some improvement in their situation relative to other groups in Canada, virtually nothing has been accomplished by the government in the past 25 years. Professor Gillespie of Carleton University's economic department, in a study for the C.D. Howe Institute published this year, said:

> —the federal government has not improved the economic position of the poor relative to the highest-income families during the 1970s. The social legislation of the early 1970s failed to improve the relative economic position of the poorest families. Tax reform provided modest benefits for lower-middle-income families relative to the poor and to the highest-income families, but it did not substantially alter the distribution of income.

He went on to say:

> Federal budgetary policies during the 1970's have not redistributed income from the highest-income families to the poor . . . Thus it was not the poor and needy who were protected from the "ravages of inflation", during Mr. Turner's tenure as minister of finance.

I would add, Mr. Speaker, nor under the guidance of the present Minister of Finance (Mr. Chrétien).

Some members of parliament, particularly Liberal members, may not believe Professor Gillespie. To those members who may have doubts about what Professor Gillespie indicated, I suggest they read a speech made by the present Minister of National Health and Welfare (Miss Bégin) to a conference of YMCA's less than a month ago. I would like to quote a couple a sentences from this speech where she said that little has been done for the:

—nearly 2 million children who live in families with incomes inadequate for their needs and for the 600,000 working families who spend two thirds or more of their incomes to provide the basic necessities of food, clothing and shelter.

To demonstrate the truth of my claim, later in her speech she went on to say:

In 1977, the poorest 20 per cent of Canadian families received less than 6 per cent of total Canadian family income while the richest 20 per cent of Canadian families received 40 per cent of all the income. These figures are, unfortunately, very stable. The share of income going to our poor families has scarcely changed since the end of the second world war.

Obviously, Mr. Speaker, the Minister of National Health and Welfare agrees with Professor Gillespie, that our tax policies and our social programs have not helped the poor improve their lot.

Just how effective have our tax policies been? Again, let us look at the speech of the Minister of National Health and Welfare, where she said:

The average taxpayer in the $5—10,000 category benefited from various special personal income tax exemptions in 1976 to the tune of about $237 per year. The average taxpayer in the over $50,000 category benefited to the tune of $5,592. And of course if you were too poor to pay taxes you would not have benefited at all. That may well be good fiscal policy and in some respects it is good social policy too—but still, it does seem odd that those who need the benefits most are least likely to get them.

I do not think it is odd, I think it is criminal.

Now, Mr. Speaker, what about all the special provisions of our tax system, the exemptions from payment of income tax on the first $1,000 of income received from investments and savings, the RRSP plan, the RRIP plan, all of which will long live to destroy the Carter commission principles? They are still with us. What we have is an income tax system which bites pretty hard on those who derive their income from salaries or wages, particularly those at the lower levels. Somehow, it lets many who derive their incomes from sources other than salaries or wages, such as from the ownership of stocks, bonds, real estate, investments in oil, natural gas, etc., get off pretty lightly.

I used an illustration several days ago from a Revenue Canada publication called "Taxation Statistics, 1977 Edition" which said that in 1975, the most recent year for which figures are available, there were 226 persons earning $50,000 to $100,000 who paid no tax; 58 persons earning $100,000 to $200,000 who paid no tax, and 21 persons earning $200,000 and over who paid no tax. I suggest to the minister that this is the kind of problem he ought to direct his attention to, the kind of problem he ought to take in hand so that Canadians will get an income tax system that treats all people fairly and tax those who have the larger incomes proportionate to their income, rather than the reverse, as it is now.

Our tax laws are either deliberately designed or so carelessly designed that we do not know what happens. We do not know who the people are with the high incomes. We do not know who the people are who do not pay taxes because they find legal ways to avoid paying. We do not know which corporations are able to avoid payment of taxes, or at least pay very low taxes. Canada is one of the few countries that does not have provision in its tax or other laws to guarantee that such information is made available.

• (1552)

I would suggest to the minister that he examine the system in the United States where free enterprise is alive and well, despite the fact that for over 40 years their laws have required the public reporting of information about individual incomes and corporation profits. I suggest that the Minister of Finance and the Minister of National Revenue examine the Securities and Exchange Act in the United States, particularly the section which requires that corporations which sell shares must disclose and publicize information concerning the remuneration of directors and officers of those corporations. Those corporations whose shares are to be traded must file an application with the Securities and Exchange Commission which, according to the act, must contain such information as the rules and regulations of the commission require. This may cover information pertaining to directors, officers, underwriters; their remuneration and material contracts with the corporations; bonus and profit-sharing arrangements, and options existing or to be created in respect of their securities.

The May 15, 1978, issue of *Business Week*, which is read mainly by businessmen in the United States, carried an article which listed the 20 highest paid U.S. executives last year. Amongst them were Archie R. McCardell, president of International Harvester, whose income was $1.496 million; James E. Lee of Gulf Oil, $1.099 million; Henry Ford II, chairman of Ford Motor Company, $992,000. It is ironic and sad that when some people wanted to find out what the earnings of the president of CPR were, the information was only available because CPR shares were trading in the United States and it was required to make that information public in the United States. In that way we learned that the president of CPR earned in excess of $300,000 in the last year for which he reported.

We all know that Canadian corporations in this country have benefited by deferred corporation taxes to the extent of almost $10 billion, which means, in effect, that they have been given interest-free loans to $10 billion. I wonder how many Canadian citizens who want to buy a house or a car, or want to remodel their home, would like the opportunity to get an interest-free loan from the government? There is no such thing for them. We cannot afford to give interest-free loans to the ordinary citizen, but we can afford to give $10 billion worth of interest-free loans to Canadian corporations. Because of the secrecy imposed by our tax laws we do not know which corporations have benefited from these deferred taxes or how much any of them received.

In the United States the people at least know how many and which of their major corporations did not pay federal taxes despite the fact that they made substantial profits. Many of those which had some taxes only paid at a rate of 10 per cent or less. In the United States they know that in 1975 the Ford Motor Company had profits of $148 million and paid no federal tax at all; they know that Bethlehem Steel had profits

of $225 million and paid no federal taxes, that Western Electric had profits of $185 million and paid no federal taxes, and that Lockheed Aircraft—a company about which we know something in Canada—paid no taxes despite its $84 million profit.

Our income tax system does not begin to meet any of the standards of equity in a modern society. What this country needs is a budget to help us move to full employment, rather than the extraordinarily severe unemployment we have at the present. This country needs an income tax system to move it toward more equity, a system which would begin to improve the condition of the poor and ensure that those in the upper income brackets would be required to pay their fair share of taxes. Our income tax system meets none of these goals, and it is for that reason that we simply cannot and will not vote for this bill.

[*Translation*]

Mr. Roch La Salle (Joliette): Mr. Speaker, now that we are at the third reading stage of a bill which has been discussed lengthily and seriously, I would like to make a few comments, and indeed I could not do otherwise in view of the background of this proposal which already dates back two months and a half. Of course, we have talked about basic principles and I would like to say immediately that we have defended rather well, I believe, one basic principle concerning the refusal to involve ourselves in provincial matters.

We are very much aware that the federal government must work in close co-operation with the provinces to help them improve the economy on the regional as well as the national levels, but from the start we have shown our indignation about the way in which the proposals were made, since they were conditional proposals, and we have always believed that it is not enough to talk about consultations, but that there must also be co-operation, and I believe that consultation must start from a spirit of co-operation, that is that they must involve two, ten or eleven interested parties, which was not the case in this instance and as we have evidence that there was not enough consultation. Of course, there has been a lot of talk about this new initiative on the part of the Minister of Finance (Mr. Chrétien). He boasted of having brought about discussions with his provincial counterparts for the first time, but we also know that this consultation did not last long and that the provincial ministers of finance had only one choice: to take it or leave it.

From the very beginning, there was also the position taken by the Quebec government and unanimously supported—this can not be repeated too often—by the National Assembly. Mr. Speaker, I think it is important to underline that we defended the position taken by the National Assembly which represented the entire population of Quebec, except, of course, my friend opposite who did not want to be part of those people that were being protected by the National Assembly, whether we want to admit it or not. The Minister of Finance first of all hastily rejected the formula suggested by Quebec for selective reductions. I shall not of course repeat all his comments that I quoted in the House in second reading, but he already said that this position was aimed at destroying federalism and dividing our country and so on.

The Quebec proposal was absolutely impossible to accept for the Minister of Finance although sometime later the province of Quebec applied its proposal in some selected industries and it was demonstrated that the allegations of the Minister of Finance were false as the federal Department of Industry, Trade and Commerce recognized that the industries that benefited from the provincial tax cut were also in other provinces than Quebec and that the incentive proposed by the Minister of Finance was not limited only to the province of Quebec. Then I think that the remarks made since the beginning by the Minister of Finance are an indication of his malevolence.

In the circumstances I think we had no other choice but to support a province that wanted not only to protect but help those sectors that needed it most, and still today there has been an announcement concerning textile, furniture, and importations, that demonstrates that those industries have been weak for a long time and that the Minister of Finance, even if he has been minister of industry, trade and commerce has made his decision much too late to be in the least helpful. But the consensus of the National Assembly on that issue has been neglected. So, I think that the Minister of Finance has been disrespectful to the province of Quebec, his own province which he represents.

So there was malevolent pig-headedness and stubbornness in solving the dispute over the remote possibility of the federal government ever reaching an agreement with the provincial government or the government of Quebec. The Minister of Finance reminded us that the letter of his provincial counterpart implied agreement on the proposal contained in this bill, that is clause 30. But that is not true, Mr. Speaker.

You have to read the letter. There is no way anyone reading the letter can even suggest that the minister of finance of Quebec agrees with the federal Minister of Finance. And if you read the letter carefully it is obvious that the government of Quebec would have preferred the second option mentioned in that letter. Then, what is unreal is that the Minister of Finance himself proposed a tax abatement, an arrangement between governments. Because the government of Quebec rejected it outright he never wanted to come back on his proposal. So I say again that this is partisan stubbornness or partisan pig-headedness. Those are about the only two reasons.

Indeed the Minister of Finance knew full well that there would have been support on our side if he had been willing to correct what we call an injustice or an interference in provincial affairs. The Minister of Finance meant to stimulate the economy and increase the purchasing power. The Quebec government's proposal met those two objectives in sectors

which are vital to Quebec, and to the tune of 8 per cent on those selected products rather than 3 per cent.

So I must say I am most disappointed with members opposite representing Quebec. I am sorry and disappointed with their attitude vis-à-vis that proposal coming from Quebec which was supported unanimously by the National Assembly. To that you can add all the manipulation that went on during two and a half months and all kinds of accusations that we on this side were in bed with the Parti Québécois. My friends opposite never wanted to admit that Mr. Ryan, Mr. Biron and others at the National Assembly were in perfect agreement with Quebec's proposal.

This manipulation and these allegations were not grounded but I think I have to refute them at the third reading stage because I am sorry to have to say that, when the proposal from Quebec came in, we had an opportunity to demonstrate our type of federalism was flexible. We had a golden opportunity to give evidence that it was possible to make this federal system work, but the government has allowed those who want to split this country to fatten their file with outstanding evidence of the fact that it is impossible to deal with this federal government. Consequently those who wish to separate from Canada will have an additional argument at their disposal.

This is nothing new, Mr. Speaker. This confrontation has been going on for ten years and with governments other than this one. Is it necessary to recall the conflicts and confrontations which took place with Mr. Bourassa and Mr. Johnson? Of course they serve us as a rationale that this time this Quebec government has a particular purpose for acting that way, a purpose which incidentally we have never shared on this side of this House. We are being accused of sharing the objectives of the government of Quebec on a very political issue. This is false. Yet we thought and still do that we had the responsibility of defending a basic principle, mainly that the federal government must not interfere in the preparation of provincial budgets. If the finance minister wants to urge the provinces to improve the state of our national economy or the regional economies, there is nothing to prevent him from doing so but he must do it in close co-operation and with a real involvement of the provinces in the decision-making process, not on a conditional basis. And that is the basic principle which we on this side of the House have wanted to uphold, respectful as we are for the provinces and because it is the duty of every member who believes in true federalism.

Under these circumstances, Mr. Speaker, there is no doubt that because of the obstinate attitude of my Quebec friends opposite, an attitude which I have sometimes found shameful as a Quebecker, I shall certainly not be able to vote in favour of this bill. I am not saying that there are no desirable provisions in it but that the strategy of the federal government is to propose a number of measures which are desirable together with one which is unacceptable. Yet, it wants to shove it down our throats, something which is not new for it has already tried it. There are precedents, but we are saying no, while acknowledging that a number of the provisions in this bill are good. I suggest that because of the basic proposal, no member with a minimum of respect for the provinces would support this bill.

Before I conclude, Mr. Speaker, I should like to add that under these circumstances, I have been pleased, as an elected representative of Quebec, to defend the position taken by the Quebec government, which aimed only at preserving the vital interests of the province without jeopardizing the national economy.

• (1602)

[*English*]

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my contribution to the debate will be very brief. I would like to speak in support of the amendment proposed by my colleague, the hon. member for Capilano (Mr. Huntington), and to say that I would like to refer clause 6 back in view of some of the excellent remarks made in this debate by my colleagues and all members of parliament on both sides of the House.

I feel the concept of the tax credit is far preferable to the concept of the special allowance. The one feature of the special allowance which disturbs me is the lumping of operational and capital expenditures together in arriving at the 50 per cent special allowance. Perhaps the detrimental aspect of this feature could be explained by a brief example. If a firm were to spend a lot of money on capital research facilities, a large building, for instance, in one year, and if in the following year it incurred expenditures of an operational nature, the shadow of the huge expenditure in one year would fall against expenditures of future years. Thus, the increases in operation and development expenditures would not meet the 50 per cent allowance provisions, so the incentive would not be present and the government's purpose would be defeated.

• (1612)

Provision of a general research credit in the form of a tax credit was recommended by the Canadian Manufacturers' Association in a brief submitted on February 15 of this year. It was recommended by the Science Council, by the Senate committee, by the President of Northern Telecom, and by the scientific community generally. Almost everyone favoured the 25 per cent tax credit proposal. There were variations, of course, with regard to threshold clauses and increments in years to come.

I favour the tax credit of 25 per cent because I feel it provides a much stronger incentive than the 50 per cent research allowance, while eliminating the unfair discrimination against small firms by means of differential rates. I refer to the fact that a large firm paying a 46 per cent tax rate would—applying this to a dollar—derive a 46 cent benefit. A small firm paying tax at the rate of 15 per cent only gets credit for 15 cents on the dollar. This is the discriminatory aspect to which I have referred. Under the tax credit proposal it would

not occur. I would favour a tax credit of 25 per cent in relation to capital expenditures and, separately, for current or operational expenditures bearing in mind the lumping feature I mentioned a few moments ago.

As far as current expenditures are concerned, the provision of a base level of research and development expenditure qualifying for the full 25 per cent tax credit favours small entrepreneurial firms which play the most important role in technological innovations, and whose needs for financial assistance are greatest. Most of the firms which fall into this category are Canadian-owned; they are native industries which I believe we should support to a much greater extent than at present. Larger firms with research and development expenditures in excess of the base level—and I think in terms of a million dollars being the base level—should receive the incentive, but only with respect to increased research and development effort above that of the previous year or above the threshold level, thereby preventing windfall benefits and short term profits.

Capital expenditures should be treated separately from current expenditures and receive the full 25 per cent tax credit on the grounds that new research facilities represent a prima facie expansion of the capability of a firm to perform in this area. A feature of this kind was included in the former IRDIA program which succeeded the 1962 special allowance feature which was discarded in that year. I think it was about 1975 that the IRDIA program was discontinued. I feel that capital expenditures should not be subject to the incremental feature, in other words, that the full expenditure should be subject to benefit.

In the case of newly established or small firms, I see an anomaly. If often happens that such firms have insufficient tax liability to take advantage of the proposed incentive. I would therefore suggest we consider giving them the option of a cash grant in lieu of any unused tax credit arising from their research and development expenditures. This was recommended in the brief of the Canadian Manufacturers' Association which I mentioned earlier. In order to prevent abuse of the incentive, I think there should be safeguards to ensure that R and D qualifying for the incentive is carried out in Canada and that the results are exploited in Canada for the benefit of the Canadian economy. I believe the tax credit route would permit us to give the program a strong Canadian orientation and, to my mind, this is essential, particularly where small firms are concerned.

In a branch plant economy, the branch plant can obtain long term financial assistance from the parent, whereas a small, new Canadian firm has no such opportunity. As I say, I believe we should give serious thought to helping such firms and this is one measure which could be used, though, of course, there are others. This would at least be one small step in the right direction.

Some hon. Members: Hear, hear!

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in joining this debate as the last spokesman for my party before the House divides on the motion put by my hon. friend from Capilano, and also on the main motion with respect to the third reading of the bill, I think it might be useful to summarize some of the most important aspects of what has occurred in relation, first of all, to the budget of April 10 and then, subsequently, to Bill C-56.

I shall not reiterate the very valid points made by my hon. friends with regard to clause 6 underlining our belief that the research and development proposals contained in that clause could be improved upon. It is most unfortunate that we were not given the opportunity in the committee of the whole to have a better discussion of our proposals in connection with the research and development provisions.

In the second place, clause 14 deals with the corporate family farm rollover provisions, and many of our members have serious questions to raise concerning the proposals the minister has put forward. We feel they could be improved upon, but again, unfortunately, because of closure we were not given ample opportunity to debate and discuss the question with the minister. Then again, I would remind the House that there is tremendous concern across the country among credit unions and others in connection with the minister's proposals regarding RRSPs. He is proposing a tax on lump sums a person might have in an RRSP at the time of death. We believe the effect of this could have been softer; there are other methods which are available.

These are three separate areas of concern which many members wished to advance and deal with, but unfortunately we were cut off by closure. The motion placed before us by my hon. friend from Capilano gives the House an opportunity to refer clauses 6 and 14 back to committee so they can be dealt with as they should have been in the first place.

The other matter to which I wish to refer was discussed briefly. Unfortunately, we could not discuss RRSPs fully because closure took hold, and there was no longer any time left for further debate.

• (1622)

The fourth thing I would like to mention is the fact that we never did get a clause in this bill which really is a reneging of the minister's earlier position with respect to the taxation of cash surrender values in life insurance policies. The minister is now saying that the interest which might have been paid on a loan, for example, with respect to cash surrender value in a life insurance policy is no longer an amount which can be credited against capital cost with respect to cash surrender value. The net result is that the taxation of cash surrender values which the minister assured us would not occur because of the new provisions in this bill, will in fact occur. If I had been given an opportunity to discuss that with the minister in the committee of the whole, I think we could have made some very valid arguments showing why the present provision is most unfortunate. If the government does not realize the consequences of that clause now, it certainly will as we go down the road if this bill is passed in its present form.

Many hon. members will recall that I also raised a point about how harsh the government has been with small busi-

nesses. It has put a new provision in this bill which in effect will restrict the number of people small businesses can turn to if they need venture capital to shore up their equity positions. This again is very unfortunate.

Basically what I am saying is that since this minister has taken office he has failed to recognize the worth-while function this House can perform in trying to adjust whatever budgetary provisions the minister suggests. The essence of a working parliament is that the government proposes and the House generally disposes of whatever legislation the government sees fit. However, we seem to be at the point where this minister, presumably backed up by his Prime Minister (Mr. Trudeau), now takes the view that when the government proposes, that is it, we accept, and that there should be little discussion from that point on. In fact, the government seems to be completely intolerant regarding any questioning such as is usual in committee of the whole proceedings. That is not the way to make parliament work. Not only is that the attitude of the government within parliament but, unfortunately, we find that it is also spilling out in its general approach to federal-provincial relations.

The government is now taking the attitude that cooperation means briefly telling the provinces what it proposes, and expecting the provinces to agree quickly. However, in the event that one or more of the provinces say no, there is an attempt to blackmail them into a position which the federal government feels is in accordance with its wish. We cannot have more unity or happier relations between the various parts of this country if that attitude prevails in the government of the day in Ottawa. That was the fundamental question we dealt with regarding clause 30 and, unfortunately, we were not able to deal with it at clause 59 of this bill because, of course, we did not reach clause 59.

The fundamental question is whether the government was fair in introducing a provision on April 10 affecting provincial sales taxes in nine of our provinces knowing, as the government did, that there was no agreement forthcoming from one of the nine provinces which would be affected. In this connection the minister has claimed that somehow he thought he was close to an agreement, that he thought there was some kind of understanding with the minister of finance of Quebec, and that that minister flip-flopped and changed his mind. I challenge that.

I do not think that the minister of finance of Quebec at any time gave the federal Minister of Finance (Mr. Chrétien) an assurance which would be sufficient for him to go ahead and bring in the budget in the form it was brought in on April 10. In support of that I refer hon. members to an article written by W. A. Wilson, a well known columnist in the Montreal area. The article is entitled "Endless Chrétien-Parizeau Dispute, A High Tax On Canadian Patience". In the body of the article Mr. Wilson states the following:

There is no doubt that Mr. Chrétien's budget has produced an unholy political mess, with Quebec's federalist parties lined up with the Péquistes against him. The underlying politics with which the issue was approached in the first place remain mystifying.

[Mr. Stevens.]

One of Mr. Chrétien's aides asked to see this correspondent a short time ago and subsequently argued that a couple of articles I had written were too harsh and somewhat unfair. But, placing no restrictions whatever on the use I could make of the information, he told me of two aspects of the affair which I had not known and which seem to me to be significant.

Mr. Wilson then set out the two aspects of the affair which a personal aide to the Minister of Finance related to him. This is what Mr. Wilson relates:

—About a week before the Chrétien budget was delivered, Mr. Parizeau told the federal minister by telephone that he was having difficulty with the proposal with his Quebec cabinet colleagues and did not know whether he could go along with it;

According to the minister's aide, Mr. Parizeau was telling the Minister of Finance that he was having difficulty with cabinet ministers in Quebec regarding the federal minister's proposal.

—Subsequently more than one provincial treasurer got in touch with Mr. Chrétien to alert him to the fact that Mr. Parizeau had approached them seeking to persuade other provinces to reject the federal sales tax proposal.

That was the second aspect. Mr. Wilson then went on to state the following:

It seems to me from this that the federal cabinet knew very well, before the Chrétien budget was presented, that serious trouble with Quebec lay ahead. Nonetheless, they proceeded and the row blew up to major proportions. It can be presented as a federalist-separatist fight, as Mr. Trudeau has done, but it is clear that if every party in the Ontario legislature were to combine in opposition to a major federal finance proposal the matter would be seen everywhere as serious.

Nor can the dispute be doing the country any good economically. There is very widespread agreement that part of our difficulty these days is the weakness of confidence at almost every level—industrial, commercial and consumer. The economy has been for at least the last three quarters in a recovery phase but it is a slow, uncertain recovery, which the budget was intended to stimulate.

I have read that into the record because I know that often in the heat of partisan debate in this House hon. members feel that when allegations are made they are made without the proper substantiation one would normally expect. However, in this case there can be no doubt. The fact is that the government went ahead with the proposal contained in clause 30, knowing that there would likely be opposition in the province of Quebec. That was just foolhardy. It was foolhardy when there was talk of separation and when national unity was of concern to many people. To go ahead and persist in pushing this type of thing, knowing that there was hostility not just from the government in Quebec but also from every party in the national assembly in the province of Quebec, was just foolhardy and irresponsible.

Let there be no doubt that we on this side of the House are as opposed to separatism as anybody else in this House. We hope that separation will never come about, but the government in Quebec is the government of the day in that province, and the federal government should not be exciting confrontation. It should not be giving the Quebec government an issue which allows it the opprotunity to take a provincial versus federal stand, such as the one it has been able to take.

● (1632)

Let me go further to show how foolhardy the government has been in its approach. Having been turned down, as it knew it would be turned down, by Mr. Parizeau, it then hit upon a

new scheme. Its new scheme was to give, in view of the sales tax reduction such as it gave the other eight provinces, a special $85 cheque to every individual resident in the province of Quebec as of December 31, 1977. Is that not beautiful! Just think how clever this is politically! We can just see how the Jim Coutt's and the Keith Davey's worked that out. They knew how it would project politically in Quebec, that it would be the coup of the century if $85 cheques were sent to every resident of Quebec as of December 31, 1977. The government is not giving that to the other eight provinces. There is a deductibility based approximately on the residents in those provinces during the current year, 1978. This is cute, because who can really say no to an $85 cheque? Presumably Keith Davey would say that all kinds of warm feelings will flow from those individuals to the federal government, their great benefactor.

Of course, the government then put the provincial government in the awkward position of having to tax back the $85. Of course, this is not politically what most people would like to do. So from the great strategy standpoint—and if it is not Keith Davey, then presumably it is some adviser to the Minister of Finance who worked out this scheme—you can see how cute it all was. But, frankly, what the government did not anticipate was that there are many people in Quebec who put their honour first and said that they will not accept that kind of bribe, they do not feel that it is right for the federal government to walk around the constitutional reality in order somehow or other to embarrass the provincial jurisdiction. That is where the fight began.

Unfortunately, the minister did not back down. I understand that he did not back down because he took great heart from the Gallup poll which, to his great surprise, did not show a drop for the Liberals but showed the Liberals going up marginally, so he felt it was an endorsement of his approach in Quebec, and he put his gloves back on and said, "Fine, full speed ahead". In fact, he even now shows me the results of that Gallup poll which are on his desk.

Mr. Paproski: The Shawinigan kid!

Mr. Stevens: What a way to run the economy of the country, to keep one eye on the current Gallup poll and the other eye on how you can win personal favour with individuals in Quebec by giving them $85 cheques as hand-outs.

I should like to read into the record something which the minister said earlier during the main debate on this bill. It appears on page 6366 of *Hansard*, and this is what he said:

> There is, of course, another element, though people forget about it. Because we are dealing directly with Quebec taxpayers and not collecting the taxes for Quebec, there are some 200,000 Quebeckers who will not receive a rebate if I take the list of 1978, for the reason that since we have deducted for them $100 so far this year, in January or February or later, they will not qualify at all. It is only those who pay between $100 and $185 in taxes who will qualify. So we would have eliminated 200,000 Quebec citizens from being entitled to that credit.

Let us just analyse what the minister is saying. I do not know whether he realizes how blatant that statement is. He is saying in effect that the reason he wanted to use the 1977 figures for his tax rebates in the form of the $85 cheque is that if he used the 1978 figures there would be 200,000 people in Quebec who would not get his $85 cheques because they would not have anything coming to them because they had already received the $100 in January and February. So unless they had something coming to them greater than $100, there would be nothing to give them back.

The minister is saying that those 200,000 Quebeckers can only be given their cheques if he uses the figures for the previous year. What that really means is that the minister has victimized every other person in Canada who also received the $100 deduction but now will not be able to claim his $85 deduction because it is already used up.

An hon. Member: Cosy deal!

Mr. Stevens: Just think of the ramifications of this. In their eagerness to give the $85 individual payoff in Quebec, they said that they had to shift the base back to 1977 because they have already given those people a $100 deduction in 1978, which was received in January and February, so unless they shift back there will be 200,000 people who will not get any benefit. But when they deal with the other eight provinces, they ignore totally the fact that the same argument can be made for them. The residents of those other provinces received their $100 deductibility in January and February, and presumably there are approximately four times as many Canadians in those provinces who will literally not get the $85 or $100 deduction to credit against their provincial tax position. The net result is a very interesting transfer of income. There is roughly $186 million which will be going in the aggregate to Quebec residents, presumably to filter somehow back to the provincial government. The corresponding amount will not be going to residents of the other provinces of Canada because of the gimmick pulled by the Minister of Finance as he described it in the part of *Hansard* which I just read.

Secondly, one of the reasons given by the minister for wanting to get this money flushed through Quebec early—he did not mention the upcoming election, presumably he never even thought about it—was that you cannot inject a stimulant into Quebec unless this is done first. But where is the stimulant being injected into the other provinces? It is occurring only because the other provinces have reduced their provincial sales taxes. In Quebec the provincial sales tax is also reduced.

Some hon. Members: No.

Mr. Stevens: Some hon. members opposite say no. In fact, it has been reduced on five separate items.

Some hon. Members: On four.

Mr. Stevens: All right, on four items. If hon. members want to call it only four items, that is fine. The fact is that, to the extent of $186 million, the provincial government has already reduced the provincial sales tax in Quebec, so the stimulant there is in place. What the minister is actually doing is applying a double stimulant in Quebec. He knows that the $186 million is already having its effect in Quebec. The only

question now is how it will be paid for. Will it be paid for by the Quebec provincial government raising taxes? Will they put it on the cuff by raising more debt, or will they get a handout from Ottawa? That is the only question.

For the minister to say that giving the $85 cheques to Quebec residents is for the purpose of injecting a stimulant into the economy is not in accordance with the facts. The fact is that the stimulant is there, and what he wants to do is to give a double stimulant, not just for its economic effect but for the political effect. There is no way in which this government is more crafty than when it works out schemes to get more votes into the ballot box, and that is what we have before us in clause 30 of Bill C-56.

We have indicated that we would like to have an early division on my colleague's amendment which, if passed, will result in some clauses being referred back to committee of the whole. So, with a view to having an early division, I will now conclude my remarks, being the final speaker for the official opposition.

● (1642)

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the amendment to the main motion. All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Huntington), which was negatived on the following division:

(*Division No. 52*)

YEAS

Messrs.

Alexander
Alkenbrack
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Balfour
Bawden
Beatty
Beaudoin
Benjamin
Blackburn
Brisco
Broadbent
Caouette
(Villeneuve)
Caouette
(Témiscamingue)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Coates
Cossitt
Crosbie
Crouse
Dionne
(Kamouraska)
Douglas
(Nanaimo-Cowichan-
The Islands)
Elzinga
Epp
Forrestall
Friesen
Gauthier
(Roberval)
Grafftey
Halliday
Hees
Hnatyshyn
Hogan
Howie
Huntington
Jarvis
Jelinek
Johnston
Jones
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Laprise
La Salle
Leggatt
MacDonald (Miss)
(Kingston and the
Islands)
MacKay
Masniuk
Mazankowski
McCain
McKenzie
McKinley
Mitges
Muir
Munro
(Esquimalt-Saanich)
Murta
Neil
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Patterson
Peters
Ritchie
Roche
Rodriguez
Rynard
Schellenberger
Smith
(Churchill)
Stanfield
Stevens
Stewart
(Marquette)
Towers
Whittaker
Wise—79

NAYS

Messrs.

Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Boulanger
Breau
Bussières
Caccia
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Chrétien
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Faulkner
Fleming
Fox
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Gray
Guay
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Lachance
Lajoie
Landers
Lang
Langlois
Laniel
Lavoie
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacEachen
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Munro
(Hamilton East)
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Parent
Pearsall
Pelletier
Penner
Philbrook
Pinard
Portelance
Railton
Raines
Reid
Roberts
Robinson
Rooney
Roy
(Timmins)
Roy
(Laval)
Smith
(Saint-Jean)
Stewart
(Cochrane)
Stollery
Tessier
Trudel
Turner
Watson
Yanakis
Young—99

● (1712)

Mr. Speaker: I therefore declare the amendment lost.

The House divided on the motion (Mr. Chrétien), which was agreed to on the following division:

● (1722)

(*Division No. 53*)

YEAS

Messrs.

Anderson	Duclos	Marceau
Andras (Port Arthur)	Dupont	Marchand
Andres (Lincoln)	Dupras	Martin
Appolloni (Mrs.)	Duquet	McIsaac
Baker (Gander-Twillingate)	Faulkner	McRae
Basford	Fleming	Munro (Hamilton East)
Béchard	Fox	Nicholson (Miss)
Bégin (Miss)	Gauthier (Ottawa-Vanier)	O'Connell
Blais	Gendron	Olivier
Blaker	Gillespie	Ouellet
Boulanger	Gray	Parent
Breau	Guay	Pearsall
Bussières	Herbert	Pelletier
Caccia	Holt (Mrs.)	Penner
Campbell (LaSalle-Émard-Côte Saint-Paul)	Hopkins	Philbrook
Chrétien	Horner	Pinard
Clermont	Isabelle	Portelance
Collenette	Lachance	Railton
Comtois	Lajoie	Raines
Corbin	Landers	Reid
Corriveau	Lang	Roberts
Côté	Langlois	Robinson
Cullen	Laniel	Rooney
Cyr	Lavoie	Roy (Timmins)
Danson	Leblanc (Laurier)	Roy (Laval)
Daudlin	LeBlanc (Westmorland-Kent)	Smith (Saint-Jean)
Dawson	Lee	Stewart (Cochrane)
De Bané	Lefebvre	Stollery
Demers	Lessard	Tessier
Dionne (Northumberland-Miramichi)	Loiselle (Chambly)	Trudel
Douglas (Bruce-Grey)	Loiselle (Saint-Henri)	Turner
	Lumley	Watson
	MacEachen	Yanakis
	Maine	Young—99

NAYS

Messrs.

Alexander	Elzinga	MacKay
Alkenbrack	Epp	Masniuk
Allard	Forrestall	Mazankowski
Andre (Calgary Centre)	Friesen	McCain
Baker (Grenville-Carleton)	Gauthier (Roberval)	McKenzie
Baldwin	Graffiey	McKinley
Balfour	Halliday	Mitges
Bawden	Hees	Muir
Beatty	Hnatyshyn	Munro (Esquimalt-Saanich)
Beaudoin	Hogan	Murta
Benjamin	Howie	Neil
Blackburn	Huntington	Nowlan
Brisco	Jarvis	Nystrom
Broadbent	Jelinek	Oberle
Caouette (Villeneuve)	Johnston	Orlikow
Caouette (Témiscamingue)	Jones	Paproski
Clark (Rocky Mountain)	Kempling	Patterson
Clarke (Vancouver Quadra)	Knowles (Winnipeg North Centre)	Peters
Coates	Knowles (Norfolk-Haldimand)	Ritchie
Cossitt	Lambert (Bellechasse)	Roche
Crosbie	Lambert (Edmonton West)	Rodriguez
Crouse	Laprise	Rynard
Dionne (Kamouraska)	La Salle	Schellenberger
Douglas (Nanaimo-Cowichan-The Islands)	Leggatt	Smith (Churchill)
	MacDonald (Miss) (Kingston and the Islands)	Stanfield
		Stevens
		Stewart (Marquette)
		Towers
		Whittaker
		Wise—79

Bill read the third time and passed.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. Earlier in the day I made an announcement in the name of the Leader of the Opposition (Mr. Clark) with respect to what the business of the House would be tomorrow, being an allotted day, involving the principle of freedom of information. I said at that time I hoped that the government would accept the terms of that motion. For our part we did not intend it to be a matter of non-confidence; we know how little confidence the people of Canada have in this government—

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): —I meant that in the parliamentary sense, and I advanced the theory that that be so. The reply of my friend, the government House leader, in part was "it appeared that there would be no objection on our side to the acceptance of such a principle, but as the hon. member knows, under the Standing Orders the very motion which is put is described as a motion of non-confidence, and if hon. members are agreeable to waiving the effect of the standing order, then we would consider whether we could vote on the matter."

I have two things to say with respect to that. First, upon a reading of subsection (9) of Standing Order 58 I do not see the word "confidence" appearing there, but there may be a parliamentary precedent to the contrary. The hon. member for Peace River (Mr. Baldwin), who was the House leader before me, indicates that there was a change made to that standing order which may very well have made some changes with respect to it. However that may be, that is a nice parliamentary argument.

We feel very strongly that this House, having supported the principle of freedom of information in a motion on February 12, 1976, ought not to be fettered in any procedural way with moving in that direction today or tomorrow during the course of the allotted day. On behalf of the official opposition I am saying that regardless of what the determination is of that subsection of Standing Order 58, we are prepared to waive the provisions of that standing order if the matter should be a matter of non-confidence in the mind of the Chair, or in the mind of the government, so that members on all sides of the House can express their own personal feelings with respect to the whole question of freedom of information in the terms of that motion.

If the government House leader would want to prepare an appropriate amendment to the standing order for the purposes of the allotted day on June 22, 1978, he will find us most

accommodating, because we think that principle should be underscored and underlined in the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. MacEachen: Mr. Speaker, I would remind the hon. member for Grenville-Carleton (Mr. Baker) that he was reading from the provisional standing order which expired in October, 1977.

Mr. Baker (Grenville-Carleton): That could be; that is why I put the alternative.

Mr. MacEachen: However, I stand by what I said earlier, that we would consider whether we could support this motion if we can overcome the procedural difficulties.

I should advise the hon. member that when he read the motion I agreed with it as I heard it. I did not hear the final phrase "subject to review process with ultimate appeal to the courts." I think that is a very important principle which will be part of our consideration in fulfilment of the commitment which I made earlier today.

Mr. Baldwin: Mr. Speaker, I am sure that if the House leader recognized that I would be able to vote for a motion allowing for a final appeal to the judges, the government should be able to follow along.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The matter having been referred to earlier today, and raised again now for this brief discussion, does relate to the manner in which the House can conduct business tomorrow, and is therefore a proper point of order to be taken up at this time. In any case it remains open for further consideration and discussion. Perhaps resolution of some sort can be made by the time the debate begins as an order of the day tomorrow.

Some hon. Members: Six o'clock.

Mr. Speaker: Shall I call it six o'clock?

Some hon. Members: Agreed.

Mr. Speaker: It being six o'clock p.m. this House stands adjourned until tomorrow at 2 o'clock p.m.

At 5.28 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 22, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

FINANCIAL COMPENSATION FOR DEPENDANTS OF CRANBROOK, B.C., AIR CRASH—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity regarding the refusal of the Government of Canada to demonstrate compassion for the victims and families of the victims of the Cranbrook air crash. The Minister of Transport has refused to participate in a shared pool compensation fund proposal, arguing that there is no legal authority for such an arrangement at present. That refusal prevents others from participating and denies aid to the injured and bereaved. In the interests of equity, the official opposition is prepared to encourage the passage of any necessary legislation for this purpose within one hour of its introduction.

Some hon. Members: Hear, hear!

Mr. Clark: I, therefore, move the following motion, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House urges the minister to bring forward legislation before the end of next week to enable the federal government to participate in the proposed pool fund.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LOTO CANADA

POSSIBLE EXTENSION OF LOTTERY—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity arising out of news reports today that Loto Canada, a federal Crown corporation, has entered into a contract with the General Instrument Company of Canada for the supply of computer terminals for its new lottery to be introduced in November of this year.

In light of the fact that this contract was entered into without any tendering procedure, in light of the fact that the price paid for leasing and servicing of the required terminals appears to be substantially higher than necessary, and in light of the high probability that the terminals will be imported from the United States although there are at least two companies available which are willing to guarantee that their terminals would be made in Canada, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That the Minister of State for Fitness and Amateur Sport be ordered to examine this situation and to direct that in this case and in all future cases no contracts will be awarded without proper tendering procedures being adhered to, with preference given to Canadian production.

Mr. Speaker: The presentation of such a motion for debate at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

SPRUCE BUDWORM SPRAY PROGRAM—MOTION UNDER S.O. 43

Mr. George Baker (Gander-Twillingate): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. It concerns the 13 million acre spruce budworm spray program of the provincial government of Newfoundland and the fact that federal law under the Fisheries Act is consistently being broken by the spray companies, doing irreparable damage to the environment. On the basis of observations and evidence collected in central Newfoundland by a group headed by a medical doctor, the spray program is being improperly managed in that massive amounts of the insecticide matacil is being sprayed on lakes, ponds, streams, as well as on water supplies of some communities. Since the spray is resulting in the killing of harmless and necessary insects, birds and fish, it contravenes section 33(2) of the Fisheries Act. Therefore, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

• (1412)

That the federal government immediately investigate the enforcement of the law under section 33(2) of the Fisheries Act as it applies to the spray program in Newfoundland and immediately prosecute those responsible for the breaking of

that law and inform the provincial government concerned that such actions must stop this weekend.

Mr. Speaker: Presentation of such a motion, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

THE CANADIAN ECONOMY

GOVERNMENT PLANS FOR ECONOMIC RECOVERY—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I ask leave to present a motion under Standing Order 43. In view of the fact that figures released this morning by Statistics Canada show that the Canadian economy increased in the first quarter of this year at an annual rate of only 2.3 per cent, compared with the 5 per cent growth rate which the Minister of Finance (Mr. Chrétien) stated was necessary to bring about a modest decline in unemployment, and in view of the current 9 per cent inflation rate compared with the 6 per cent rate predicted by the Minister of Finance, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House call upon the Minister of Finance to lay before the House, before the summer recess, detailed plans for the economic recovery which he predicted in his budget speech, or that failing to do so, the House give the minister time to show cause why he should continue to be Minister of Finance.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

REQUESTED WITHDRAWAL OF INVESTMENTS FROM SOUTH AFRICA AND NAMIBIA—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity.

Some hon. Members: No.

Mr. Rodriguez: In view of the fact that Canadian money is assisting South African security forces to torture and kill in Namibia and that Canada has denied publicly foreign armed intervention in Africa, while winking at Canadian investment in Namibia and South Africa, I move, seconded by the hon. member for Cape Breton-East Richmond (Mr. Hogan):

[Mr. Baker (Gander-Twillingate).]

That this House entrust the government that, in line with its stated policy toward South Africa, it forces Canadian-based companies to withdraw their investments from South Africa and Namibia in particular.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

RATE OF REAL GROWTH

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance, perhaps I can put my question to the right hon. Prime Minister. As the disappointing real growth figures published by Statistics Canada this morning indicate that real growth in the first quarter of this year was only 0.7 per cent or, on an annualized basis, 2.8 per cent, would he indicate if it is still the government's view, as the Minister of Finance stated in the House last Monday, that real growth for the entire year will be close to 5 per cent? If it is still the government's view, it will mean we will have to reach a 7.6 per cent annualized real growth in the balance of this year, the nine months remaining.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Minister of Finance will be here in a few minutes. Cabinet finished just before two o'clock and he will be in the House shortly.

Mr. Speaker: Does the hon. member wish to reserve the question?

Mr. Stevens: If I may, Mr. Speaker, yes.

* * *

UNEMPLOYMENT INSURANCE

CONFIDENTIAL INFORMATION SUPPLIED TO RCMP

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. In reply to a question put by the hon. member for Vancouver Quadra yesterday, the minister indicated that as a result of legal interpretation of section 126 of the Unemployment Insurance Act, confidential information, at the direction of the department, was now being withheld from criminal investigation officers.

● (1417)

Does that ministerial or departmental order include information that traditionally has been available to the criminal investigation branch in the process of investigating unemployment insurance frauds, normally at the request of the department? In other words, is that blanket on information all-inclusive, or is there an exclusion where a criminal investigation officer may still get that information in order to build up a case for prosecution of a fraud charge?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I thank the hon. member for his question and the opportunity to clear up that point. I thought I had done that in press reports and in the House. No, it is not a blanket closing off. The information will be made available for the administration of the UI Act, whether it is to catch those who perpetrate fraud or having to do with social insurance numbers. Having regard to anybody who might be doing something wrong in that particular region of the administration of social insurance numbers, the information will, of course, be made available to the RCMP which, incidentally, has been doing an excellent job on our behalf.

LEGALITY OF RCMP RECEIVING CONFIDENTIAL UNEMPLOYMENT INSURANCE INFORMATION

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my supplementary question is directed to the Solicitor General. Press reports indicate quite clearly that at least one assistant commissioner has indicated they will not receive that type of information in the process of investigating UI frauds, on the basis that if information supplied for the investigation of other alleged crimes would be a breach of confidentiality, then the supplying of information in respect of UI fraud would equally be a breach. I now understand that the order of the Minister of Employment and Immigration does not extend to UI fraud cases. Was that assistant commissioner quoted incorrectly, and is it the situation that the criminal investigation branch now will not receive that information in respect of UI fraud?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the latter part of the hon. gentleman's question, I can assure him it is not the policy of the RCMP not to discharge its responsibilities in exactly those terms identified by the Minister of Employment and Immigration. The RCMP is charged with enforcement of the UI Act and takes this responsibility very seriously. It obtains from the Department of Employment and Immigration such information as is required for the prosecution of these offences and the continuation of investigations.

With reference to the press reports, Mr. Speaker, I have not had the advantage of seeing the transcript of the evidence given before the McDonald inquiry and, therefore, cannot comment on the initial question of the hon. gentleman.

LABOUR CONDITIONS

DISPUTES IN MEAT PACKING INDUSTRY

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have questions for two ministers respecting the strike at Swift and the lockout by Canada Packers. My first question is directed to the Minister of Consumer and Corporate Affairs. In view of the fact that the lockout by Canada Packers seems to be a case of acting in concert with a competitor, which could have a serious effect on the price of meat products, will the minister have his officials investigate this whole situation?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): I have no information on that as yet, Mr. Speaker, but I will be pleased to follow up the suggestion made by the hon. member.

RECEIPT OF UNEMPLOYMENT INSURANCE BENEFITS BY EMPLOYEES INVOLVED IN DISPUTES

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I welcome the assurance that this matter will be investigated. I hope the appearance of collusion will impress itself upon the minister.

My second question is directed to the Minister of Employment and Immigration and also has to do with this situation. In view of reports that employees of Canada Packers are to be denied unemployment insurance even though their being out of work is not a result of their initiative but, rather, because of a lockout, will the minister look into this matter in the hope that justice will prevail and that the employees who are out of work, not through their own fault, will receive unemployment insurance?

● (1422)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the role of the commission in cases like this is to endeavour to remain as neutral as possible. When there is a lockout or a strike, unemployment insurance benefits are not paid. We probably abuse that neutrality to some extent by indicating that we will not pay mobility grants to individuals to move into those particular jobs. If a person takes a job at a plant that is on strike, or refuses to go into a plant that is on strike, he will not lose his unemployment insurance benefits. So to some extent we lean in favour of employees. But, of course, we have been criticized for this by the other side.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in view of the fact that the last amendments respecting unemployment insurance put the control of the administration directly in the hands of the department rather than in the hands of an independent commission, will the minister, as the head of that department, take a personal interest in this matter to see that these employees who are locked out are not denied the benefits to which they are entitled?

Mr. Cullen: Mr. Speaker, as the minister of the department, I have to take my responsibilities recognizing that contribu-

tions are made by both employers and employees in this particular program. It is a matter of some concern to me and it is a matter that would probably best be studied by the advisory council which I propose to appoint under the legislation. However, I do not want to raise any false hopes by suggesting I am contemplating making that change now, because I am not.

* * *

THE CANADIAN ECONOMY

RATE OF REAL GROWTH

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, perhaps I can put to the Minister of Finance, now that he has joined us, the question I originally put to the Prime Minister. My question is based on the Statistics Canada figures which show that in the first quarter of this year, real growth in the economy was only 0.7 per cent or, on an annualized basis, 2.8 per cent. Does the minister still hold the view that he expressed no later than last Monday, that real growth for the entire year will be close to 5 per cent? If he does, how does he explain the fact that we will need real growth of 7.6 per cent for the balance of this year, the nine months which remain?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I do not think I have to change my prediction, because if we compare the Canadian figures with the American figures, Canada for the first quarter had a growth of 0.7 per cent while the Americans, who were predicting approximately the same figure, had a negative growth. They, however, were affected by the coal strike and it is understandable that this would have an effect on our performance. The United States prediction for the second quarter is very strong growth, and I think Canada has a good chance to perform just as well.

Mr. Stevens: Mr. Speaker, I know the minister is going to the United States to sign a contract; but we are talking about g.n.p. real growth figures in Canada. If the annualized rate of 2.8 per cent persists this year, it will mean 60,000 more people will be out of work in this country. My question to him is, when will he come to the point of accepting the reality that real growth is not developing in the country as he claims it is, and do something to help the unemployed?

Mr. Chrétien: Mr. Speaker, I said that even if we do not have a better performance in the next three quarters than in the last quarter, we will do relatively well compared to other nations because it is an increase over last year. I am not, however, abandoning the prediction I made of close to 5 per cent because, despite the difficulties of the first quarter, Canada had a growth of 0.7 per cent while the Americans, as I explained, had a negative growth. We did better than they did. The prediction for the United States is a growth rate, in 1978, of 4.5 per cent. I do not see why, if we performed better than they did in the first quarter, we will not do as well in the rest of the year.

[Mr. Cullen.]

Mr. Stevens: Mr. Speaker, a final supplementary to the minister. I would remind him that the 0.7 per cent real growth in the first quarter of this year is just half the real growth in the fourth quarter of last year; in other words, we are on a downward trend again. In view of that, would the minister indicate, as we are losing real growth, whether he anticipates that inflation will take up the slack and, over-all, whether the economy, as far as increase is concerned, will be roughly that which he initially anticipated?

Mr. Chrétien: Mr. Speaker, we are talking about an increase over the last quarter of 1977 and I have not yet had time to analyse the figures. I understand, for example, that one of the problems is a very sharp decline in inventory, which means that when consumer expenditures increase, producers have not increased their line of production and there is a limit to inventories. According to the figures published on employment, there is more growth in employment than in the g.n.p., which means that later they will have to start increasing their production to replace the inventories being depleted at this time.

• (1427)

DECLINE IN BUSINESS INVESTMENT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, a supplementary question to the Minister of Finance. The same Statistics Canada figures released today show that in gross fixed capital formation investment in our economy there was a 2 per cent fall in volume, in real terms, and a further 1.9 per cent slide in business investment compared to the last quarter. That brings it 1.7 per cent below the level in the fourth quarter—not an increase but a decrease. This is the lowest level of capital formation for business in three years and the second consecutive quarterly decline. As the minister knows, without increased capital investment we cannot have increased growth and increased jobs. The minister and his predecessors, Mr. Macdonald and Mr. Turner, brought down many budgets.

Mr. Speaker: Order, please. Does the hon. member have a question?

Mr. Crosbie: In fact, they are the Three Stooges of Canadian finance. What is the minister going to do to reverse this decline in business investment in Canada over the last two quarters? What steps is he going to take? His budget has not been effective. What is he going to do now?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we introduced a budget only two months ago and we think that when stimulating demand as we did in the budget as well as in other economic sectors such as the development of tar sands or the incentives given to small businessmen, all the programs launched during the past two months will give some impetus to the Canadian economy which should reach the objectives expected for 1978, that is a growth of 4.5 and 5 per cent.

[*English*]

Mr. Crosbie: A final supplementary question, Mr. Speaker. The Minister of Finance is the Donald Duck of finance ministers. When he is asked a question, all he does is squawk. We want more than squawks; we want some action. If we look at the capacity utilization rate for the first quarter, it is 82.7 per cent, which is the lowest rate of use of Canadian industry since 1961 when the Department of Industry, Trade and Commerce kept statistics. It is the lowest rate in mining, the lowest rate in manufacturing, and reflects the weak demand in the Canadian economy. The minister has brought down two budgets—

Some hon. Members: Oh, oh!

Mr. Crosbie: I know you do not like this. My question is, what is the honourable Donald Duck going to do to reverse this trend?

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. The hon. member for Rimouski.

Mr. Chrétien: Mr. Speaker, I know why—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member for Rimouski.

* * *

[*Translation*]

URBAN AFFAIRS

REQUEST FOR DETAILS ON CONSTRUCTION OF SINGLE DWELLINGS IN GASPÉ PENINSULA, QUEBEC

Mr. Eudore Allard (Rimouski): Mr. Speaker, could the Minister of State for Urban Affairs confirm to the House whether there is any truth in the article published in last Tuesday's edition of *La Presse* according to which the minister has just authorized the construction of four single dwellings in four Gaspé peninsula villages for which the federal government supplies free building materials and the manpower would be provided benevolently by local residents? If so, does he intend to promote that program across the country?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, this is a pilot project which has been proposed by the hon. member for Matane. He has worked along with some officials of the Central Mortgage and Housing Corporation on that program and when I visited his riding I was pleased to announce that CMHC would provide the funds necessary to see that pilot project through.

INQUIRY WHETHER GOVERNMENT WILL GRANT LOANS AT INTEREST RATE CORRESPONDING TO COST OF ADMINISTRATION

Mr. Eudore Allard (Rimouski): I would like to ask a supplementary question. With a view to encouraging the private sector, would the minister consider as an alternative building single family dwellings? That would reduce current excessive costs. Builders could also receive loans at an interest rate equal to administrative costs. Would not the minister agree that this is a more logical solution than to ask the population to do voluntary work? Nobody works for nothing these days, and I think it is pretty difficult to find anybody who will work for nothing.

Hon. André Ouellet (Minister of State for Urban Affairs): I gather that the hon. member does not approve of the pilot project. It is too early yet to see whether or not it will be useful. I would ask him to wait until the end of the summer, and we can talk about it then.

Mr. Allard: Mr. Speaker, I would like to ask the minister another supplementary question.

The minister has answered only part of my question. The House would like to know if he intends to duplicate that experience in the other provinces in general, or to restrict it to Quebec.

Mr. Ouellet: I thought I had answered the hon. member by saying that this is a pilot project. We have to see, first of all, whether or not this project will be useful before extending it throughout the country. I think it is too early yet to draw any conclusions. This is a small project concerning four houses in four different villages, and we are waiting to see the results before doing anything else. If it is successful, we will of course draw the obvious conclusions at that time.

* * *

● (1432)

[*English*]

AIR TRANSPORT

FINANCIAL COMPENSATION FOR DEPENDANTS OF CRANBROOK, B.C., AIR CRASH

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is directed to the Minister of Transport. It now has an added aspect of urgency due to the harrowing coverage given last week by the CBC to the aftermath of the Cranbrook air crash and from further news reports in the Ottawa press this week.

Is the ministry engaged in negotiations with regard to the pooling of insurance claims for the victims of the Cranbrook air crash? If so, can the minister report progress on those negotiations and has he learned, in response to the question put by the hon. member for Qu'Appelle-Moose Mountain,

whether any legal difficulties are in the way of pooling those claims at the present time?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the legal difficulty existed only in relation to the ability to actually pay money into a pool, not in relation to entering into an arrangement. Progress is being made. I am confident that soon we shall have an arrangement which will allow an effective pool to operate and specific negotiations to take place. Those discussions are going forward and I am now in a position to enter into such an arrangement.

Mr. Johnston: Mr. Speaker, is the minister suggesting the pooling arrangement will be made prior to the release of the report by the Ministry of Transport on its investigation into the crash, or is he waiting for that report? I would be curious to know if there is a connection there. If not, why cannot the pooling arrangement be made immediately?

Mr. Lang: There is no connection at all between those two things, since the investigation which we are carrying on has no direct bearing on any question of liability, which is determined in another forum. There are significant legal issues which have to be dealt with in creating a pooling arrangement. As well, there are complicated questions arising out of the British Columbia joint tort feasors law and the like which have to be considered. The various parties have to consider any effect on their position caused by the arrangement they would enter into. That has been the source of the problem. I do not think there has been any problem on our part other than to simply get together on these difficulties so far as the various parties are concerned, and I think that is almost over.

FUNDING OF COMPENSATION POOL

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I have a supplementary question for the Minister of Transport. The minister has reconfirmed today in the House, as well as last night on the CBC program "As it Happens", that the government will continue its refusal to participate in the funding of this pool. In this connection he stated:

—we as a government cannot turn money over except according to some law.

Since that will have a direct bearing upon other parties participating, because it appears they are not prepared to participate in the fund unless the government, through the Ministry of Transport, is prepared to do so, has he again met with his legal counsel and considered a legislative solution to this problem? In addition, is he prepared to bring in an amendment to existing legislation to allow the federal government to participate in this pooling arrangement? I ask this question in the name of sympathy, compassion and humanity—

Mr. Speaker: Order, please.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, with regard to the people affected, I wish the hon. member would not ignore the answers I have given and come back to the suggestion that there may be a problem in the way of our participating in a settlement of claims. There is no such problem. The only problem is in relation to doing so in a particular financial manner in advance of certain stages having been reached in the negotiations. I do not see that as a difficulty. We are participating. We are proposing to participate in the negotiations and we are proposing to enter into the necessary arrangements with the other parties so that settlements can be achieved and payments made at an early date. Let the hon. member recognize that there is no difficulty in that regard. If there were one requiring a legal change, obviously I would consider putting one forward.

Mr. Mazankowski: Mr. Speaker, it is quite obvious the minister is unable to clarify the government's position to the House. He was unable to clarify its position on the show "As it Happens" last night. I ask the minister if he will undertake to make a full and detailed statement on motions to explain the government's position in this whole affair and put on the record, once and for all, the position of the government and the manner in which it intends to proceed toward expediting a settlement of this issue.

Mr. Lang: Mr. Speaker, I do not know how it can be made simpler than by saying we are prepared to participate in the necessary steps to allow a pooling arrangement to go forward and these claims settled.

An hon. Member: When?

Mr. Lang: An hon. member shouts "When?" The point is that there is a complex, legal consideration which enters into this kind of matter. It may be very well for one of the participants in the proposed pool to throw darts and rocks at this government, and for hon. members opposite to share in that in their partisan way, but the fact is that we are in a position to enter into the necessary arrangement. The legal questions are being dealt with and I am optimistic about the early achievement of a pool. I cannot say that beyond any doubt, because it depends on the participation of other parties. I hope hon. members recognize that. It is simple, and the hon. member should understand.

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HEALTH

HAZARDOUS CHEMICAL SPRAYS

Mr. Chas. L. Caccia (Davenport): Mr. Speaker, my question is for the Minister of National Health and Welfare: it relates to the increasing number of chemical substances sprayed in Canada these days. In view of the fact that some of these sprays affect people's health and in some cases even proving to be fatal, could the minister please inform this House whether it will be the policy of her department to ensure that it is the responsibility of manufacturers to prove and guarantee the harmlessness of these sprays to human

beings, so that the onus of responsibility for any ill-effects is placed on the producer and not paid by society as a whole?

Miss Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I can confirm, without any doubt, that the burden of proof that there is no harm done to humans through chemical substances in spray or other forms remains entirely with the manufacturers. This has always been the position of my department and it will continue to be the position.

* * *

TRANSPORT

GRAIN TRANSPORTATION DELAYS—COST TO WESTERN FARMERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Transport: it has to do with the latest revelations connected with the cost to the western farmer in lost sales to the extent of $150 million in consequence of grain transportation delays and, as well the damage to Canada's international reputation. The figures are unchallengeable.

What is the government and the minister doing to bring about something in the nature of responsibility in connection with this matter, so that the western farmer is not subjected to terrific losses in consequence of the failure of this government to act?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is really astonishing that the right hon. gentleman should refer to an export of over 800 million bushels of grain as being some kind of a disaster for the western farmer. When he was prime minister, 440 million bushels used to be awfully good. Eight hundred million or perhaps even close to a record is what we shall be achieving this year. There have been shipping difficulties, certainly: not, however, peculiar to Canada.

● (1442)

As I indicated to the House—the right hon. member may have been absent—in the middle of May, 39 ships were waiting in the American gulf. The right hon. gentleman would like to suggest that we are losing markets: the announcement the other day of 110 million bushels sold to China certainly gives the lie to that argument.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, that answer is in accordance with the departure from the truth which is not uncommon on the part of the minister. I am quoting from the advisory committee of the Canadian Wheat Board which today, at 2.02 p.m., made the following declaration: it referred to the cost to farmers of more than $150 million in lost sales, the damage to Canada's reputation as a reliable supplier, and said that some action must be taken. Therefore, I have good company, in the advisory committee of the Wheat Board, to question the minister who is so far removed from the facts that it is impossible for him to tell the truth.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: I put it down as intentional. It may be negligence. Was the advisory committee wrong today when it said the railways should be directed to take immediate action to build up their grain car fleet and speed up grain shipments? That was not in May, but on June 22. The advisory committee of the Wheat Board says there is a serious failure and that the western farmer is being subjected to losses that should not take place. Who is now deceiving the country as a whole: the minister or the advisory committee?

Mr. Lang: Mr. Speaker, it may be recognized by some, if not by the right hon. gentleman, that notwithstanding that, we are setting or nearly setting a record because of the standards we are setting. It is possible for the advisory board to speak of the further opportunity which we may have had—

Some hon. Members: Oh, oh!

Mr. Lang: The fact is that in moving 820 million or 830 million bushels into export: we are moving the whole of the equivalent of a record crop, plus some more. The right hon. gentleman asks what we are doing to become more effective in this regard. Part of the answer is 8,000 hopper cars, repairing a couple of thousand boxcars a couple of years ago, $700 million for rail rebuilding, co-ordinators at the terminals, an exchange of cars between Calgary and Edmonton, and the block shipping system. These are all elements which have made it possible for us to achieve 800 million bushels of export.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, the hon. gentleman answers everything but the allegations made today by the advisory committee of the Wheat Board which states how serious the situation is. Has the minister not been given that information? Do I have to pass it on to him? Are they afraid to let him know the facts?

Mr. Lang: Mr. Speaker, I can assure the right hon. gentleman that I am aware of the facts and have been following the situation very closely.

Mr. Diefenbaker: Then why don't you act?

Mr. Lang: It is not a simple matter of accusing the railways. At this point in time, perhaps unknown to the right hon. member, we have a problem of damp grain moved into the Saskatchewan wheat pool elevator: it is not capable of operating effectively. It was not the fault of the railways but of some other part of the system. Because of those sorts of difficulties, difficulties of ships being delayed in October and November, last week I indicated the intention to appoint a systems expert analyst to further improve the turn-around time of our railway equipment.

Some hon. Members: Oh, oh!

Mr. Clark: Systems expert analyst?

Mr. Lang: The right hon. member might like us to buy an additional "X" number of cars. In his day he never thought of hopper cars. We have hopper cars now. We have a system that can handle 800 million to 850 million bushels of grain. When we continue to thrust for a new record, of course we will find the system is being tested to its fullest extent. I predict, for his benefit, that in about four years' time we will be going after a record of one billion bushels of export. We may have had some difficulties, but we are accomplishing.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

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LOTO CANADA

LEASING OF COMPUTER TERMINALS

Mr. Derek Blackburn (Brant): Mr. Speaker, I have a question for the Minister of State for Fitness and Amateur Sport who is also responsible for Loto Canada. Can the minister indicate why Loto Canada has awarded a substantial contract, amounting to approximately $23 million, for lease of computer terminals, plus perhaps $5 million a year for servicing and support? This contract was let without a tendering process of any sort, in the face of substantial evidence that at least two other Canadian companies could have filled this contract at a price substantially below the price Loto Canada has agreed to pay.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, while it is true there are certain Canadian companies which could have fulfilled the computer functions required, our investigations showed that General Instrument company was the only one which could supply us with the retail machines we required for this particular type of game.

In this connection, I should like to urge, for the hon. member's attention, that in excess of 50 per cent of the components are Canadian-made. It is our intention, before four years are up, to have it as close as possible to 100 per cent Canadian content. In addition, we have had enlightening consultation with existing Canadian companies which could participate in this deal and could make full use of the R and D grants which the Minister of State for Science and Technology recently announced. I believe that through all these various means we will soon, within four years, have as close to 100 per cent Canadian content in these machines as possible.

Mr. Blackburn: Mr. Speaker, I wish to ask the minister whether the rapidity with which this contract was let has any relationship to competing against provincial lotteries across the country. The two other computer companies which might have filled this contract have indicated that terminals supplied by them would have been between 50 per cent and 75 per cent Canadian content, thus producing Canadian jobs, whereas the terminals supplied by General Instrument of Canada will most likely be imported from the United States.

I ask the minister whether she will rescind the current contract which is squandering perhaps millions of dollars of public money and resulting in the loss of an undetermined number of potential jobs in Canada at a period of high unemployment. Also, can the minister relate—

Mr. Speaker: Order, please.

Mrs. Campagnolo: Mr. Speaker, I do not think the hon. member listened to my answer to his question. I said that at this time we have between 51 per cent and 53 per cent Canadian content. He also asked in his last question, which I did not answer, why we did not put this to tender. It is because it is a Crown corporation. I believe we should note that the current Loto Canada contract was negotiated under constraints of time and confidentiality. They chose the company that could best fulfil their needs. I am prepared to have the corporation go to full tender for the additional components that are required. We have at this time purchased 2,000 terminals. There will be aproximately 4,000 in due course and all Canadian companies, of course, will be able to make available their changes in technology if they have any at that time.

POSSIBLE EXTENSION OF LOTTERY

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is also to the minister responsible for gambling.

Some hon. Members: Hear, hear!

Mr. Jelinek: Yesterday, when questioned by my leader, the Prime Minister said:

> —the undertaking was not to prolong the lotteries without coming before parliament, and we intend to discharge this commitment.

In her last answer, the minister stated her proposal is that it last for a four-year period. Will the minister tell the House how she can justify spending even one cent on the extension of a program that has not been approved by this House, let alone the provinces, nine of which have already rejected the program, as the minister knows?

Some hon. Members: Hear, hear!

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the hon. member for fancy figures has given me an excellent opportunity to remove from the record of this House that which his leader put on yesterday. Contrary to the hon. member's assertion yesterday, Loto Canada is not planning to introduce a slot-machine operation. It is not an instant-win game. Rather, winners will be selected through a regular draw process, just as they are now through Loto Canada's established lottery.

Mr. Clark: I suppose you will answer today's question tomorrow.

● (1452)

Mrs. Campagnolo: The principal difference is that with the new game, players can select their own numbers through an operative. They will not operate the terminal machines. I will not, therefore, in any sense be running a jackpot, and I will be requesting—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mrs. Campagnolo: Loto Canada prizes are assured prizes, not like those—

Mr. Speaker: Order. The hon. member for High Park-Humber Valley.

GOVERNMENT POLICY ON GAMBLING

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, it is obvious that this minister is falling into line with the rest of the cabinet in not answering the questions she is asked. Therefore, I would like to put my supplementary question to the Prime Minister. Because of the fact that the government has apparently gone ahead with plans not only to expand but also to extend the federal lottery beyond the end of 1979 and because, on the other hand, the Minister of Agriculture has on a number of occasions made it very clear that he is opposed to off-track betting because it would expand federal gambling operations in Canada, could the Prime Minister explain to the House the obvious inconsistency in the government's policy regarding gambling in Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, with regard to gambling, I explained to the House yesterday that several years ago this government moved an amendment to the Criminal Code making lotteries possible.

Mr. Knowles (Winnipeg North Centre): That was a mistake.

Mr. Trudeau: Some hon. members still oppose it, but it seems to me unbecoming of the Tory party to talk of inconsistencies. Just yesterday the hon. member's leader was arguing that gambling should continue, to use his words, but he thinks it should be done by the provinces rather than by the federal government. I wish they would make up their minds.

[*Translation*]

FISHERIES

REQUEST FOR ISSUANCE OF HERRING FISHING PERMITS TO "NADINE" AND "RALLI II"

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, may I direct a question to the Minister of Fisheries and the Environment.

Considering that the fish processing plant of the Pêcheries du Golfe Saint-Laurent Inc. at Paspébiac in my riding had to close its doors about three days ago because of insufficient supplies, which contributes to an unacceptable lay-off in an area where the unemployment level is always higher than elsewhere, and considering that it is impossible so late in the fishing season for the company to obtain the French fishing boat *Victoria*, as was the case last year, is the minister prepared to entertain favourably the request of the Pêcheries du Golfe Saint-Laurent Inc. for two general herring fishing permits for two of their boats, namely the *Nadine* and the *Ralli II*, and if not, why not?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I regret I did not receive notice of the question, because I could have checked what was, in fact, the state of those supplies.

I shall consider this question and answer the hon. member later.

* * *

[*English*]

ATOMIC ENERGY CONTROL BOARD

REPORTED DEFICIENCY IN SAFETY FEATURES OF NUCLEAR POWER PLANTS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the belated announcement this morning by the Atomic Energy Control Board, for which the minister is still responsible, that on April 21, 1977, it issued secret orders and secret directives which grossly inhibit and restrict the potential power capacity in most of Ontario's nuclear power plants due to defects in emergency safety procedures, perhaps even design defects, and in spite of the continuing contradictory statements of the minister and the agencies under his control, when did the minister first find out about these secret orders?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I have been in touch with the Atomic Energy Control Board. The board has been reviewing the information which has been made public. I referred yesterday in an answer to the extensive information I made public in the House last fall and the further information which was placed on the public record, through cross-examination, by Dr.

Edwards and a senior officer of the Atomic Energy Control Board before the Porter commission.

The Atomic Energy Control Board has assured me that all reactors which are operating are operating safely. The board has also stated that it will be issuing tomorrow an updated review of the current licensing situation in the province of Ontario.

Mr. Lawrence: Mr. Speaker, my supplementary question relates to whether what the public has learned up until now from the minister and his agencies is credible. That is the question which really goes to the heart of the matter. In spite of the minister's statements to the contrary, and in spite of public utterances on behalf of the agencies under his control, some of them continuing up until yesterday, it now appears there have been gross defects in the design and procedures in relation to the safety of our citizens regarding power plants in Ontario.

When did the minister first find out about these orders which were issued in secret and with no public disclosure, but which obviously have a great deal to do with public concern about safety? When did the minister first find out about these orders?

Mr. Gillespie: Mr. Speaker, I mentioned a moment ago, in answer to the first question, that a statement will be issued tomorrow. In a matter which is as technical as this and which covers so many different aspects, I think it is important that there be a full statement, and that is what I have been assured will be issued tomorrow.

* * *

THE CANADIAN CONSTITUTION

QUEBEC REGULATION RESTRICTING ONTARIO RESIDENTS FROM WORKING IN QUEBEC

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Prime Minister: it concerns his response to a letter he will have received from the Premier of Ontario asking the federal government to challenge the constitutionality of a Quebec regulation regarding restricting Ontario residents from working in the province of Quebec as of July 1. I would like to ask the Prime Minister what his response has been to that letter from the Premier of Ontario.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have just read that telex, but I did talk about the matter with the premier a couple of weeks ago. He raised it with me in a telephone conversation. At that time the ministers of labour of Quebec and Ontario were meeting. I told the premier that if those meetings were unsuccessful, and if he was unable to settle this very important matter with the premier of Quebec, I would gladly hear from them further. I think this telex is pursuant to that. He is suggesting a reference to the Supreme Court of the regulation of the province of Quebec and I will refer his telex to the Department of Justice for advice.

[Mr. Gillespie.]

I can indicate quite openly what I told the premier the other day on the telephone. I thought it was quite inconsistent for the province of Quebec to argue some kind of common market in a future Canada and to begin even now to prevent freedom of mobility of labour between the provinces. I have no hesitation in saying that we oppose that kind of legislation or regulation. As to whether a reference can be made and what the basis of the reference would be, I would expect the Minister of Justice to advise me very soon.

Miss MacDonald: Mr. Speaker, when that advice is proffered by the Minister of Justice, will the Prime Minister, observing protocol with regard to advising the premier of Ontario, advise the House of Commons as to the outcome of that decision because of the interest of many thousands of people in the province of Ontario in this very important matter?

Mr. Trudeau: Mr. Speaker, that decision will of course be made known if there is a reference to the court. It will be stated publicly. It is also apparent to me from the premier's telex that he thinks other provinces might be interested in such a reference. That is why, beyond having advice from the Minister of Justice, we will have to learn the views of other provinces, including Quebec, because it would be our preference, if we do go the reference route, to make sure that the provinces concerned contribute to drafting the terms of reference for the supreme court.

* * *

PRIVILEGE

MR. STEVENS—COMMENTS OF MINISTER OF STATE (SMALL BUSINESS)

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege of which I have given you notice, first in a preliminary manner on Monday last, and earlier today in the usual, more formal manner. I point out to Your Honour that the right to raise this question of privilege was reserved by the Deputy Chairman of Committees of the Whole (Mr. Turner) when he said last Friday that the blues would be examined on Monday and that a decision would be rendered at that time.

My question of privilege arises out of very serious allegations made in this House last Friday by the Minister of State (Small Business) (Mr. Abbott). Those allegations clearly imply that I have taken advantage of the banking system in Canada to make a fast dollar, that I "lured a great many innocent shareholders" into a banking enterprise over 12 years ago, and that I subsequently made a "very comfortable profit out of it and left a lot of other people holding the bag".

• (1502)

The minister in making these statements did so in support of his reflections on my character and on my ability to function as a member of parliament.

As reported at page 6504 of *Hansard* the minister stated:

> For the hon. member for York-Simcoe to speak as though we have betrayed the small business community just because some slick player that he may be acquainted with is unable to take advantage, is, I would suggest, an outbreak of hypocrisy that we are all too familiar with around here.

The minister then added:

> The fact is that when one speaks of things that are pretty shabby unfortunately in many communities, and in the business community, there are people who can look with sharp-eyed interest at provisions that were not designed for them, take advantage of them and make a big dollar. We have even known, Mr. Chairman, of people who have taken advantage of the banking system to make a fast dollar.

Asked to clarify to whom he referred, the minister stated:

> —the hon. member for York-Simcoe and his friends put a bank together under the banking system, made a very comfortable profit out of it and left a lot of other people holding the bag.

The minister's charges are totally unfounded. They reflect on my character, my code of ethics, and ultimately on my posture as a member of parliament. They ought to be withdrawn in their entirety.

Some hon. Members: Hear, hear!

Mr. Stevens: Mr. Speaker, when we review the remarks, it is clear the minister began by very deliberately equating me to a general class of hypocrites and "slick players" out to take advantage of the banking system.

Not content, Mr. Speaker, to merely leave me in the company of "slick players" and "shabby" operators out to "make a fast dollar", the minister went further and stated categorically:

> —the hon. member for York-Simcoe and his friends put a bank together under the banking system, made a very comfortable profit out of it and left a lot of other people holding the bag.

In making this statement the minister reflected not only on me but on present members of his own Liberal caucus who were associated with me in the Bank of Western Canada.

Mr. Paproski: Shame on you, Abbott.

Mr. Stevens: Incidentally, I would invite the hon. member to check with colleagues in his own caucus and find out their story of what happened with respect to the Bank of Western Canada.

When the minister was asked to retract his statement—I told the House then, and I repeat now, that I did not make a nickel from the promotion of the Bank of Western Canada—the minister hedged by repeating other unfounded allegations, allegations calculated to smear my reputation in the House and my character in general. He said, as reported at page 6504 of *Hansard:*

> What we do know without any question is that a great many innocent shareholders lured into the enterprise by him and his associates lost a great deal of money.

The imputation is very clear, Mr. Speaker. The minister is saying that I may not have made any profit out of the Bank of Western Canada, but that it was still my intention to make a fast buck and leave others holding the bag.

I know Your Honour is very knowledgeable on procedural matters in this House so I will not dwell at length on the ample precedents for my question of privilege. In passing, I would like to remind Your Honour that Beauchesne's citation 155(1) at page 130 very clearly considers "the imputation of false or unavowed motives" to a member of parliament as "unparliamentary" conduct. It also makes specific reference to the word "hypocrites" as being unparliamentary. Citations 140(1) and 149(f) also support this question of privilege in that the minister's words reflect on my character in general and my work and reputation in this House.

In closing, may I very briefly put the facts before the House concerning the minister's charges. Fact one, I never at any time made any money from promoting the Bank of Western Canada. In fact I spent $250,000 of my own money in legal fees and other expenses trying to save it, in trying to reactivate it.

Fact two, there were no "innocent shareholders" who got stuck "holding the bag" as the minister claims. Clarkson and Corporation—who distributed the bank's funds—paid $14.80 per share to each shareholder on an investment of $15. That was after they took out $150,000 in expense money and for the various legal fees. In short, on a $15 issue investment, all the original shareholders received $14.80 back. There were 5,200 shareholders. A loss of 20 cents on a $15 investment is a long way from the manipulated and ripped-off innocents the minister implies were taken in by this venture. On average, the most any shareholder lost from his original investment was $16. The original shareholders are still shareholders in the bank.

Fact three, I resisted the wind-up of the bank—I did not, as the minister implies, take the money and run. I had sold control of the bank prior to its wind-up but came back in, in an effort to prevent its termination. Subsequently, as the wind-up continued, I attempted to get, first, a Vancouver group, second, a Regina group, and thirdly, a Winnipeg group to take over the bank with a view to reactivating it. All three groups were willing, and in fact in most cases signed agreements, to take over the bank and reactivate it, but they were defeated in each instance by the then minister of finance in Ottawa, who squelched the reactivation of the bank. I would also point out that the Regina group included the Liberal government of the day, headed by Ross Thatcher who was very enthusiastic about the opening of the bank in Regina, but his plans were vetoed by the then minister of finance in Ottawa. If any of those groups had succeeded in reactivating the bank, they agreed to pay a minimum of 50 cents a share to the outstanding shareholders of the bank, which would have meant that on top of $14.80 which they received in cash they would have actually made a profit of 30 cents a share on the bank in which they had invested. In other words, Mr. Speaker, the shareholders would have received a net profit but for the fact that in each instance the minister of finance of the day refused to co-operate.

If hon. members care, they can look at the present Bank Act and they can see that the Bank of Western Canada is still a scheduled bank. If the Minister of State for Small Business is

concerned about the bank's 5,200 shareholders, let him approach the Minister of Finance (Mr. Chrétien) and ask him to relicense the bank, and I can assure him the bank will be open by the fall, if the licence is granted.

Some hon. Members: Hear, hear!

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I am sure this matter can be settled amicably.

Some hon. Members: Oh, oh!

Mr. Abbott: What the hon. member failed to mention, as he frequently does, is that when he rose on Friday and told the House and myself that he had not made a personal profit out of the bank, I withdrew that comment, and I did so immediately. I said that clearly he was the person who knew best if he had made no personal profit, and I withdrew that comment. I will quote my words.

Mr. Clark: You should quote his words correctly.

Mr. Abbott: I said:

> If he is also saying that I must withdraw the comments that shareholders were encouraged to purchase stock and subsequently lost money, my information would be to the contrary and that that indeed did happen.

The hon. member has attempted, in his recitation of the facts, to create the impression that because the original shareholders including himself, the issuers of treasury stock, lost only 20 cents—and he vigorously brushed over the fact that the subsequent purchasers, mainly as a result of reading the prospectus, which was presumably published by the hon. member as one of the promoters of the bank, lost no more than an average of $16—I should withdraw my remarks that the other shareholders who were subsequently lured, if that is the word, or encouraged to purchase stock by the publicity and the prospectus issued—

Some hon. Members: Oh, oh!

Mr. Abbott: The Leader of the Opposition (Mr. Clark) might just listen. He might learn something, because he does not know much about this. The prospectus that was issued by the bank presumably encouraged a good number of people in western Canada and elsewhere to purchase shares. All I said was that they lost money. I do not think the hon. member would deny this, indeed he has confirmed it in his statement.

● (1512)

I share the desire of most hon. members that the tone of debates here does not cast aspersions.

Mr. Clark: You and Otto Lang!

Mr. Abbott: Perhaps I created in my remarks the impression that he had acted unethically and improperly, by referring to people losing money while he made a profit and people being left holding the bag. I withdrew the point that he had made a profit unduly, but it would be impossible for me to withdraw the very legitimate point, which he confirmed today, that shareholders were encouraged, the purchase of shares was advertised, and subsequently they lost money.

Mr. Clark: Otto Lang must have written that.

Mr. Abbott: If I have created the impression in the mind of the hon. member, and the minds of all hon. members and the public, that he acted unethically and improperly, then certainly I withdraw that inference. Indeed I would apologize if I created that impression. I cannot withdraw the point that many people in this country purchased the stock based on what they perceived to be the integrity and reputation of the promoters. They lost a considerable amount of money. As the hon. member confirmed, the holders of treasury stock lost 20 cents.

Mr. Baker (Grenville-Carleton): That was a 20-cent apology.

Mr. Speaker: Order, please. I think the matter has been resolved by the last remark of the hon. minister. The intervention of the minister on this occasion, as objected to by the hon. member for York-Simcoe (Mr. Stevens), points out two very important things about debates here. First, in attempting to maintain a certain calm and dignity to the debates in the House, the rules and precedents prescribe not what can be said but obviously the manner in which statements can be made.

The minister has pointed out that initially he used the words "lured into investment" and "investors left holding the bag". Subsequently he said "investors were encouraged and lost money". Both of those comments may say very similar things, but one of them has a connotation of impropriety. The luring of people in and the leaving of people holding the bag has a connotation of impropriety. To encourage people to invest, and investors losing money is an occurrence which happens on a daily basis. Perhaps that is serious, but it has no connotation of impropriety. It is important to recognize that perhaps the two comments say the same thing. One is in a parliamentary manner and one is not.

Before I had an opportunity to intervene and make a ruling to this effect, the minister recognized this. It seems to me that he has stated unequivocally any notion of impropriety contained in his original statements not only has been withdrawn but he has apologized for it. From a procedural point of view, that seems to complete the matter.

However, there is a second aspect which ought to be borne in mind by all members. Occasionally in the heat of debate there is a temptation, in a context which relates to the progress of a bill, or in the context of criticism being advanced, to open up personal references to other members, such as to begin by saying, "Who is the minister to say this about such a problem when in fact he . . ." or, "Who is this member to criticize a certain position by the government when in fact he in the past . . ." and so on. In itself that temptation is always very, very dangerous. If hon. members of the House depart from the subject matter at hand and enter into personal reflections, there is very, very seriously present the danger of improprieties and that unparliamentary references are going to be used.

Frankly, a better tone of debate is always maintained when personal references are avoided and debate is on the subject of the merits of the legislation before the House.

In any case, those are two gratuitous observations. Again I refer to the fact that the minister took his responsibility seriously, apologized, and withdrew those remarks which I felt were similar to others he made in a parliamentary way. Those which indicated any aspect of impropriety were withdrawn, and he apologized. Therefore, from a procedural point of view, the matter is finalized.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order to ask the usual House business question. In so doing, I assume the order of business given by the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) last week stands. I should like to draw the minister's attention to the fact that there has been some reference in respect of the establishment of a special joint committee of both Houses to deal with the constitutional matters introduced in the House a few days ago. When does the government House leader intend to put down that motion? When will it be called?

Mr. MacEachen: Mr. Speaker, in reply to the hon. member's question, the business as indicated last week is still before us. It is my intention to place on the order paper, possibly today but certainly before the end of the week, a motion referring the proposals made by the government to a special joint committee of both Houses of parliament. It will be my intention to call that motion on Tuesday. I hope to secure an agreement by which the debate will be confined to spokesmen for each party in the House. The reason for that restraint is that also I am proposing to put down a motion to adjourn the House on Friday next, June 30.

If that objective is to be achieved, I believe I will require a certain amount of co-operation from all members in the House. That applies to an effort to confine the debate on the constitution to a possible four speakers, or at least to an agreed period.

For the information of the House, when I put down the adjournment motion to take effect on June 30, 1978, it is my intention to have the House adjourned until October 10, 1978.

Mr. Baker (Grenville-Carleton): Mr. Speaker, before I turn this over to the hon. member for Winnipeg North Centre (Mr. Knowles), I ask the government House leader if he would be prepared to deal with that for a few moments. I am prepared to say now that the debate be limited to one speaker from each party in the House of Commons. If it would be appropriate to do that now, I am prepared to do so.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I have a couple of comments to make on this point. It is true that negotiations have been under way regarding this possible debate and the length of it. Perhaps it would be better if those negotiations were to continue among the four of us in the usual manner, rather than trying to settle it on the floor.

Both the government House leader and the hon. member for Grenville-Carleton (Mr. Baker) know that we are prepared to have a debate upon and to arrange for the setting up of a committee to consider the constitutional proposals of the Prime Minister (Mr. Trudeau). But we do not concur in the proposition that it be a joint committee. It seems to us to be a bit inconsistent, regardless of our long-time position on the Senate, for the government to propose the abolition of their Honours in the other place and then to ask them to sit in on a committee to discuss what is to happen when they have gone.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: Participatory democracy.

• (1522)

Mr. Knowles (Winnipeg North Centre): I hope that even yet the negotiations might lead to the appointment of a committee of the elected representatives of the people to discuss this very important document regarding the future of Canada.

While I am on my feet, Mr. Speaker, there is one other matter of House business that I should like to raise. It is a point which has been raised already today, once by the Leader of the Opposition (Mr. Clark) and once by the hon. member for Vegreville (Mr. Mazankowski). Some of our members have been in on the issue in other respects. I should like the government House leader to know that if it is felt that legislation is necessary so that the government can enter into a pooling arrangement regarding the victims of the Cranbrook air disaster, we are prepared to agree to the hour the Leader of the Opposition has suggested. In fact, we will do him one better and agree to do it in half an hour.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I share the opinion of the hon. member who spoke before me. We are prepared to accept a time limit for this debate on the proposals made by the right hon. Prime Minister in Bill C-60. But I also share the opinion of the hon. member for Winnipeg North Centre (Mr. Knowles) that the Prime Minister or the leader of the government should introduce an amendment calling for this committee to be made up of members of the House of Commons only. I suggest it would be improper to appoint senators to this committee, travel with them from coast to coast, sit with them on panels and see them commit hara-kiri, so to speak, in front of all Canadians. I feel it would be going a little too far and place these senators in an embarrassing situation. This would be a source of embarrassment for the members of the committee. I suggest we ought to change this right away, and we are prepared to speak only half an hour on this, Mr. Speaker.

[*English*]

Mr. MacEachen: Mr. Speaker, of course, I do not agree with the suggestion that the committee be confined to elected representatives only. Obviously, any bill, including the constitutional bill, has to be dealt with by the other place, and it would be even more unseemly to exclude hon. members of the other place in the consideration of proposals which they must deal with and which affects the institution of which they are members. However, hon. members might wish to move an amendment and let the House decide the action or the composition of the committee.

Mr. Knowles (Winnipeg North Centre): We intend to.

Mr. MacEachen: I had that in mind. I was not counselling the hon. member; I was anticipating. But I do think it would be a good idea if we could get an order of the House confirming that when the motion setting up the joint committee is called, the debate will be limited to spokesmen for each party.

There will be opportunity for members to participate on the committee, and there will be opportunity when the bill itself is called for very wide participation in consideration of the proposals and in consideration of the report that would come from the joint committee. It is extremely important that the joint committee be established, that it begin its work while the House is adjourned so that it will be in a position to report as soon as possible. Certainly, it could work effectively in the course of the summer.

Mr. Benjamin: Mr. Speaker, on the same point of order, the government House leader did not respond to the other matter raised by my colleague, the member for Winnipeg North Centre (Mr. Knowles). If there is any legal prohibition, either real or imaginary, on the part of the Ministry of Transport to participate immediately with cash in a pool for the heirs and victims of the Cranbrook disaster, can the government House leader advise whether the government will bring in legislation? He already has the assurance from all sides that it will not need more than an hour or half an hour, and that it will pass in all stages.

Mr. MacEachen: Mr. Speaker, in reply to that question, I am not certain as to whether legislation will be recommended by the Minister of Transport (Mr. Lang). I appreciate and welcome the restraint shown by hon. members opposite, and I ask them to broaden that approach to include a large number of other items presently on the order paper.

Mr. Baker (Grenville-Carleton): On the same point of order, Mr. Speaker, the government House leader made a very interesting point when he talked about proceeding with the question of the period of time and the number of speakers in reference to the motion which he intends to put down, which would have absolutely nothing to do with the composition of the committee itself. I would hope that we will be able to proceed with that matter by way of an order now, and leave to debate and perhaps division that part which the hon. member for Winnipeg North Centre talked about, how the committee would be formed.

[*Translation*]

Mr. Beaudoin: Mr. Speaker, I think I understand the debate going on now on the procedure to follow concerning Bill C-60. If we have to bring an amendment dealing with the composition of the committee, we cannot pass it in half an hour. This will require at least a couple of days, and I think it would be the same as saying no now, because either we are logical or we are not. In my opinion, if we discuss an amendment and it is not agreed to by the government leader, we will have to limit ourselves. This can be done, but not in half an hour or by one spokesman of each party. I believe many members will want to speak on that subject.

[*English*]

Mr. Speaker: Order, please. Discussions have obviously taken place and will continue to take place. At the moment I have no application for any specific order with which I could deal. Perhaps it will be forthcoming.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,123, 1,179, 1,449, 1,475, 1,536, 1,712 and 1,823.

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

[*Text*]

EXPENDITURES—NICKEL BELT

Question No. 1,123—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the constituency of Nickel Belt by the Department of Agriculture and those agencies that report to it?

Hon. E. F. Whelan (Minister of Agriculture): Departmental accounting systems are not designed to provide expenditures by constituency. However, operational expenditures for offices located within the constituency are estimated as follows:

	(Estimated)
1970-71	$44,204
1971-72	47,107
1972-73	47,018
1973-74	58,106
1974-75	57,002
1975-76	57,312
1976-77	99,022
1977-78	72,579

The following estimated expenditures were made by the Canadian Livestock Feed Board and represent payments made under the Feed Freight Assistance Program for movements of feed grains.

	(Estimated)
1970-71	$22,008
1971-72	43,055
1972-73	33,216
1973-74	35,580
1974-75	60,396
1975-76	48,168
1976-77	27,600
1977-78	4,151

The Agricultural Stabilization Board and the Canadian Dairy Commission advise that their accounting systems are not designed to provide expenditures by constituency and this information could only be obtained by conducting a manual search of an excessive number of producer files.

DEFENCE CONSTRUCTION (1951) LIMITED

Question No. 1,179—**Mr. Andre:**

1. What is the Crown's precise financial interest in Defence Construction (1951) Limited as administered by the Department of National Defence and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the board of directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Barney Danson (Minister of National Defence): 1, 2, 3, 4 and 5. Not applicable. Defence Construction (1951) Ltd. is a Crown corporation as defined in part VIII of the Financial Administration Act. The company is listed in schedule "C" to this act. Defence Construction Limited, the predecessor to the present company, was established in 1950 to contract for major military construction and maintenance projects required by the Department of National Defence. Defence Construction (1951) Limited was incorporated in 1951 under the authority of the Defence Production Act to assume this function. In 1965 the control and supervision of Defence Construction (1951) Limited (DCL) was transferred from the Minister of Industry to the Minister of National Defence. Defence Construction (1951) Limited is an agent of Her Majesty and the shares of the company, with the exception of the qualifying shares of the company's six directors, are held by the Minister of National Defence in trust for Her Majesty. The directors, with the exception of the president of the company, are all officials of federal government departments. For further detail see Public Accounts and Annual reports of Defence Construction (1951) Ltd.—R.S., c.F-10, s.75(3) submitted to parliament on June 30, each year.

ETHNIC NEWSPAPERS

Question No. 1,449—**Mr. Mitges:**

1. How does the Department of Finance define "ethnic newspaper"?

2. In which ethnic newspapers did the department advertise (a) in the fiscal year ending March 31, 1977 (b) since March 31, 1977 and, in each case, what was the total amount of advertisement placed?

3. What criteria does the department use to determine which ethnic newspapers will receive government advertising?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): In so far as the Department of Finance is concerned: 1. The Department of Finance does not itself define the term "ethnic newspaper".

2. (a) (see list below)—$32,500.00, (b) (see list below)—$57,929.75.

2 a) Language

Italian	Corriere Canadese
	Corriere Illustrato
	Vita Italiana
	Corriere Commerciale
	La Gazzetta
	La Settimana
	Il Samartino-La Voce Cattolica
	Il Tevere
	Il Giornale Di Toronto
	Il Cittadino Canadese
	Corriere Italiano
	Il Settimanale Di Montreal
	L'Eco D'Italia
Chinese	Chinese Express
	Shin Wah Daily News
	The Chinese Times
	The Chinese Voice
	The New Republic
Ukrainian	Vilne Slovo
	Novy Shliakh
	Nasha Meta
	Homin Ukrainy
	Ukrainski Visti
	The Canadian Farmer
	Ukrainski Holos
	Postup
German	Die Zeit
	Toronto Zeitung
	Hamilton Journal
	Kitchener Journal
	Ontario Courier
	Toronto Courier
	Montreal Zeitung
	Montreal Courier
	Vancouver Courier-Nordwesten
	Alberta Courier-Nordwesten
	Saskatchewan Courier-Nordwesten
	Mennonitische Rundschau
	Manitoba Courier-Nordwesten

Hungarian	Menorah—Egyenloseg Sporthirado Magyar Elet Kanadai Magyarsag Magyar Hirlap
Japanese	The Continental Times The New Canadian
Estonian	Meie Elu
Slovak	Kanadsky Slovak
Czech	Novy Domov Nase Hlasy
Jewish	Canadian Jewish News Toronto Jewish Press The Hebrew Journal The Jewish Eagle Jewish Western Bulletin The Jewish Post The Yiddish Press Western Jewish News
Spanish	Correo Hispano-Americano El Popular
Greek	Green Canadian Reportage Hellenic Postman Anagennesis Greek Canadian Tribune Hellenic Tribune
Lithuanian	Nepriklausoma Lietuva Teviskes Ziburiai
Portuguese	Voz De Portugal
Latvian	Latvija Amerika
Serbian	Kanadski Srbobran Glos Kanadskie Srba
Polish	Zwiazkowiec Glos Polski-Gazeta Polska Polish Canadian Courier Czas
Dutch	Calvanist Contact De Nederlandse Courant
Korean	The Korean Journal The Canada News The Korea Times
Croatian	Hrvatski Glas
Finnish	Canadian Uutiset Vapaa Sana Vaba Eestlane
Icelandic	Logbert—Heimskringla

2 b) Toronto	Il Samaritano Correo Hispano-Americano El Popular Mundo Illustrado New Korea Times The Canada News The Korean Journal Hebrew Journal Canadian Jewish News Canadian Jewish Weekly Kanadski Srbobran Slovenska Drzava, Nase Hlasy Novy Domov Modersmaalet Calvinist Contact Hollandia News De Nederlandse Courant Windmill Herald
	Meie Elu Vaba Eestlane Canadian Uutiset Vapaa Sana Toronto Courier Ontario Courier Montreal Courier Manitoba Courier-Nordwesten Saskatchewan Courier-Nordwesten Alberta Courier-Nordwesten Vancouver Courier-Nordwesten Hamilton Journal Kitchener Journal Montreal Zeitung Pazifische Rundschau Toronto Zeitung Die Zeit Greek Canadian Tribune Hellenic Free Press Hellenic Tribune Kanadai Magyarsag, Magyar Elet Menorah-Egyenloseg Sporthirado Corriere Canadese Corriere Illustrato La Gazzetta Il Giornale Di Toronto L'Ora Di Ottawa La Settimana Il Tevere Vita Italiana Evdomada Bielaruski Holas Chinese Express Shing Wah Daily News Glas Kanadaskil SRBA The Continental Times The New Canadian Latvija-Amerika Nepriklausoma Lietuva Teviskes Ziburiai Malayalee Norrona Fortnightly Crescent Toronto Czas Glos Ploski-Gazeta Polska Polish Canadian Courier Zwiazkowiec Correio Portugues O. Mensageiro Voz De Portugal Asia Times Kanadsky Slovak Canada-Svensken Homin Ukrainy Nasha Meta Novy Shliakh Postup Ukrainsky Holos Vilne Slovo Jung Montreal
Winnipeg	Jewish Post Yiddish Press Mennonitische Rundschau Logberg-Heimskringla Hrvatski Glas The Canadian Farmer
Downsview	Toronto Jewish Press
Montreal	Jewish Eagle Greek Canadian Reportage Hellenic Postman

[Mr. Lumley.]

	La Tribuna Italiana
	Il Cittadino Canadese
	Corriere Italiano
	Il Settimanale Di Montreal
	La Voce D'Italia
Vancouver	Hellenic View
	L'Echo D'Italia
	Il Marco Polo
	Chinese Times
	Chinese Voice
	New Republic
	Jewish Western Bulletin
	Sentinela
	Nya Svenska Pressen
Quebec	Ciao Magazine
Edmonton	Ukrainski Visti
	The Native People

3. The only media advertising done by the Department of Finance is for the annual Canada savings bond campaign. The selection of ethnic media outlets is made in consultation with the advertising agencies used by the Bank of Canada for this campaign.

CONFERENCE ON IMMIGRATION AND MULTICULTURALISM

Question No. 1,475—**Mr. Mitges:**

1. (a) What criteria were used to determine who would be invited to the Ottawa Conference on Immigration and Multiculturalism sponsored jointly by the Multiculturalism Directorate and the Department of Employment and Immigration on March 21 and 22, 1978 (b) how many invitations were (i) extended (ii) accepted?

2. Will the government pay the hospitality costs (i.e. travel, food and accommodation) incurred by those attending the conference and, if so, what is the estimated total expenditure involved and how much of this cost will come out of the budget of the (a) Multiculturalism Directorate (b) Department of Employment and Immigration?

3. What aspects of the multiculturalism policy and programmes are to be examined at the conference?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): 1. (a) The criteria used for inviting ethnic newspaper editors and radio and t.v. producers and broadcasters to attend the Ethnic Press Conference held in Ottawa March 21, 22, 1978 were: circulation of the newspapers in question and the frequency of publication; regional representation and a cross-section of ethno-cultural groups. (b) The number of invitations issued to sponsored representatives from the above ethnic media totalled 184. Of these, 151 accepted.

2. The government agreed to pay the cost of accommodation and transportation of the sponsored ethnic media representatives. The total cost came to $53,459. Of this sum, the commission of the Department of Employment and Immigration assumed responsibility for $29,603 and the Multiculturalism Directorate paid the balance of $23,856.

3. The following items pertaining to multiculturalism were on the agenda: (a) The role of the ethnic press; (b) Panel discussion on the ethnic press; (c) Report from Belgrade; (d) Ministerial questions; (e) The role of the Canadian Consultative Council on Multiculturalism (CCCM); (f) Panel discussion on the CCCM and its committees; (g) Closing remarks.

REGIONAL GRAIN ELEVATORS

Question No. 1,536—**Mr. Lambert (Bellechasse):**

Since the announcement of its new policy of granting financial aid towards the extension and construction of regional grain elevators, has the government received requests for such aid and, if so (a) how many were (i) approved (ii) rejected, by province (b) what was the amount requested in each case?

Hon. E. F. Whelan (Minister of Agriculture): Yes. (a) (i) and (ii) As of April 13, 1978, of the 63 requests or inquiries received, no approvals or rejections have been made. Newfoundland, 1; New Brunswick, 2; Quebec, 24; Ontario, 26; Manitoba, 1; Alberta, 1; British Columbia, 8. (b) The amounts requested cannot be divulged prior to approval.

DUTY-FREE SHOPS

Question No. 1,712—**Mr. MacKay:**

1. What amount of revenue was derived from the duty-free shop at Dorval Airport in (a) 1972 (b) 1973 (c) 1974 (d) 1975 (e) 1976 (f) 1977?

2. What amount of revenue was derived from the duty-free shop at Mirabel Airport for each year since its inception until the end of 1977?

Hon. Otto E. Lang (Minister of Transport): 1. (a) 1972-73, $297,100; (b) 1973-74, $388,500; (c) 1974-75, $428,980; (d) 1975-76, $487,224; (e) 1976-77, $363,264; (f) 1977-78, $466,100.

2. (a) November 1, 1975—March 31, 1976, $116,311; (b) 1976-77, $964,800; (c) 1977-78, $1,029,000.

CANADIAN INTERGOVERNMENTAL CONFERENCE SECRETARIAT

Question No. 1,823—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analysis into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Intergovernmental Conference Secretariat?

2. How much was committed on each contract and to whom?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. None.

2. Not applicable.

[*English*]

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

Some hon. Members: Agreed.

Mr. Speaker: Before proceeding with orders of the day, I would remind hon. members that, since this is the final allotted day in this period, the House will go through the usual supply procedures this evening. In the past we have established a practice which, I think, has been welcomed by members on all sides of the House, and that is the practice of introducing the supply bill early in the day in order to give members an opportunity to read it, and to take away some of the grievance that exists when there is a last minute introduction of such an important bill, even though its contents are well known in advance.

May I assume that the House is disposed to proceed in the same way as in the past with respect to this supply bill?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—FREEDOM OF INFORMATION

Mr. Joe Clark (Leader of the Opposition) moved:

That this House re-affirms its support for the principle of freedom of information as a prerequisite to open and responsible government, as endorsed unanimously by the House on February 12, 1976, and urges the early introduction of appropriate legislation providing for certain precise and limited exceptions subject to a review process with ultimate appeal to the courts.

Mr. Speaker: Members are reminded that at 9.45 o'clock this evening every question necessary to dispose of the proceedings on this motion shall be put pursuant to Standing Order 58(10).

● (1532)

[*Translation*]

Mr. Clark: Mr. Speaker, I must say at the outset that the in-depth changes you suggested before have not been made.

[*English*]

There are many purposes to allotted days in this chamber. Certainly they are frequently occasions for active partisan debate. I hope there will not be that tone of partisanship to this debate today, because we have introduced this motion with the explicit intention of allowing members of parliament on all sides of this House of Commons to advance a principle which has already been debated extensively by members of parliament, and indeed a principle which many of us believe to be essential to restoring the reality of democracy in this country.

Before beginning the substance of my remarks I want to pay particular tribute to some members of this House and of the other place, and to former members of this House, who have taken an interest in the question of freedom of information for a long time. I think the House will agree that the primary tribute in this regard must go to my colleague, the hon. member for Peace River (Mr. Baldwin), who has carried out and adopted this issue personally in the House of Commons and in committee for a long time. In addition, there are members such as the hon. member for Greenwood (Mr. Brewin) and his former associate in that party, Mr. Mather, as well as on the government side the hon. member for Windsor-Walkerville (Mr. MacGuigan), the hon. member for Ottawa West (Mr. Francis), the hon. member for Maisonneuve-Rosemont (Mr. Joyal), and Senator Godfrey of the other place, who have demonstrated a sincere and determined commitment to the principles of freedom of information.

Because we want to ensure that there would not be a partisan tone to this debate we made it very clear in introducing the subject matter that, as far as we are concerned in the official opposition—and I think in this matter I speak for the other opposition parties as well—we want to waive any connotation of lack of confidence associated with the vote that will come tonight. We want members of parliament to feel free to vote with their conscience on the principle of this question without any fear at all for the life of the government. We want to have applied to this debate the freedom to vote that was suggested by the parliamentary committee for the resolution of the matter in its substance. We hope that determination to deal with a principle and not with partisanship will inform this whole debate and the contributions of members from all sides.

There are, naturally, a number of matters on which members of the House will disagree, that is in the nature of democracy. One matter on which we all should agree, and most of us do agree, is the importance of ensuring that any government is kept accountable to the people of Canada through parliament. That accountability cannot occur if the Canadian people and the Canadian parliament do not know what the government is doing. Unfortunately, and for reasons that I for the moment I am prepared to attribute more to habit than malice, the Canadian people and the Canadian parliament today do not know enough about what the government is doing to hold that government accountable in any meaningful way.

There are a number of reforms that we have to contemplate in this House of Commons. One of them has to do with the power of parliamentary committees, and another, in my judgment, has to do with the capacity of individual private members to introduce private members' bills and legislation that will be considered seriously by this House.

The third matter that we have to consider is the excessive power of party leaders in our parliamentary system as it has evolved. I intend personally, as leader of this party, to act upon these reforms as quickly as it is within my power.

The most urgent and basic of these reforms is to stop the secrecy which denies public access to public documents. This parliament cannot control what it does not know. Indeed, I find it hard to understand how ministers can command the variety of information they require to run their departments when there is such an overwhelming atmosphere of secrecy as we have in this matter. It is entirely conceivable to me that a government which distrusts parliament could come quickly to

distrust its own ministers with information that is outside their specific responsibility.

This is not at all a narrow legal question we are dealing with here. What we are talking about is power—political power. We are talking about the reality that real power is limited to those who have the facts. In a democracy that power and that information should be shared broadly. In Canada today they are not, and to that degree we are no longer a democracy in any sensible sense of that word. There is excessive power concentrated in the hands of those who hide public information from the people and the Parliament of Canada.

Sir, I said earlier, that I suspect that much of this secrecy is rooted and based in habit and not in malice. Some in this House would not be that charitable, but I think we all recognize that—particularly with the perpetuation of one party in office for so long—a practice has grown up among some ministers and their advisers of protecting themselves against the inconvenience of scrutiny by denying access to information. The purpose of this debate is to bring focus to the wide concern in the country about this practice which can destroy democracy, and to serve notice on the government that, if it continues to ignore demands for free information, then the excuse that it is a matter of habit will be completely gone and the governing party and all its members will be revealed as deliberately denying the people of Canada the right to know what their government is doing.

Later I want to cite some of the abuses of secrecy which exist today. Before doing that I want to draw attention to the attitude which is at the root of our problem. I think that attitude is revealed in the title of the green paper on freedom of information brought down by the Secretary of State (Mr. Roberts). The title is "Legislation on Public Access to Government Documents". The distinction between "government documents" and "public access" indicates a belief that the government is somehow separate from the public. Sir, it is not. The government comes from the public, and it owes its loyalty and legitimacy to the public and the people of this country.

Some hon. Members: Hear, hear!

Mr. Clark: I find the idea that government is separate from the people, that it is somehow superior to the people, to be reprehensible in a democracy. Yet the government's document is infused with that idea. These matters that we want to have brought into the bright light of day are not government documents; these are public documents, paid for by public taxes, and legitimate only if they serve the public good. They should not be hidden from the public they are supposed to serve. This idea that the government and the people are adversaries should be rejected as simply paternalistic nonsense.

Let me deal with some of the abuses and make a short list of them, Mr. Speaker.

Residents of Port Hope, in the riding of my colleague from Northumberland Durham, became concerned about the potential health hazard from radiation poisoning. That radiation poisoning came from a refinery of Eldorado Nuclear, a Crown corporation. The government conducted studies and said that everything was fine, but refused to release any reports on the grounds that those reports contained classified information.

The Foreign Investment Review Agency carries out screening of takeovers. Yet its deliberations, which are of vital concern to the economic health of this nation, are carried out in secret. No information is ever made public other than whether an application has been approved or turned down.

Not long ago in this House the Postmaster General (Mr. Lamontagne) refused to make public to parliament, or to the people of Canada, a consultant's study on the Post Office, this at a time when there is deep concern throughout the country about the failure of the government to be able to deliver mail, and deep interest in knowing what went wrong and what might be changed. There was no justification for the minister's refusal to release this public document, particularly since it was already in the possession of a newspaper and had been the subject of two articles in that newspaper.

There is the case of Bernard Maguire who has been trying for more than three years to find the reasons for his being fired from his job with Canadian National Telecommunications in the Yukon. Mr. Maguire was allowed to see some personnel files in an effort to determine the unspecified security reasons for his dismissal. But he cannot divulge what he saw, to anybody.

Anyone else, anyone in this House could find and read into the record of parliament a list of other instances where individual interests and the public right to know have been limited or qualified by this government's insistence on secrecy.

Shortly after I came to this House I remember going to a public servant to try to get information on a matter of real concern to my constituency. He refused to give me the document saying there was no reason that I should not have it and that there was nothing in it, certainly nothing particularly serious, but that it was stamped "confidential". For this reason he was bound not to give it to me. I was merely a member of the House of Commons of Canada, merely an elected representative of the people whose lives were affected by this government. As I was going out the door he said, "Around here, we stamp 'confidential' on toilet paper." That is, unfortunately, an accurate indication of the abuses to which this practice has led. It will only be corrected in a useful way by legislation which ensures the principles of freedom of information such as I intend to elaborate upon now.

● (1542)

We believe that the essential elements of any law of that kind are the following: first, a worth-while, workable, effective freedom of information law must assert in clear and unequivocal terms that Canadians have a right to access of information held on their behalf by their government, and the government in turn has an obligation to respect and respond to that citizens' right.

Second, any exceptions to that norm should be limited exceptions and should be specific exceptions, and the burden of proof to establish that an exception is warranted should rest with the government and not with the citizen. We accept, sir,

as every person of reason in the country does, that there are exceptional circumstances where the right of access has to be limited. Genuine matters of national security would be one of those. Information concerning certain legal investigations and proceedings would be another. The private records of individual Canadians would be another. Those are three exceptions on which there appears to be widespread agreement. The law should set forth those exceptions clearly and specifically in limited language that will not be subject or capable of being interpreted in a way that will hide that which should be public.

Third, and fundamentally, particularly to this debate because there has been fairly general agreement in principle on the first two points, any useful bill has to provide a procedure for resolving disputes over whether an exception applies in any particular case. That procedure has to be accessible to all Canadians, and it has to be a procedure in which the final decision rests with a body or a person completely independent of the government that would want to hide the information.

Some hon. Members: Hear, hear!

Mr. Clark: On this side of the House we are now ready to give our support to a bill which contains those essential elements. We are equally ready to declare our readiness—I make this very clear to the minister—to fight any pretense at a freedom of information act which lacks those essential elements. We have discussed in this House, in committee, and with the public at large, the principles involved in freedom of information at some length. I refer again to the private bill introduced by my colleague, the hon. member for Peace River, back in 1969. In 1974 he was successful in having the subject matter of that issue referred to a standing committee. There was a debate, a discussion, and a report brought forward that was concurred in unanimously by all members of this House in February, 1976. We have had the government's own green paper which has been the subject of discussion in parliament and by the country at large.

I do not propose today to go over all that ground again. Instead I want to refer to the two principal arguments that the government seems to raise against any kind of meaningful freedom of information law. The first argument is that a law of that kind, a law making public documents public, would somehow compromise the neutrality of federal public servants by identifying those public servants with specific policy proposals. That objection is very easily met. All one has to do is delete the pertinent names of the public servants involved in the documents which are revealed, and that would clearly protect the anonymity of any public servant who might be compromised by the publication of his name in association with the document.

A second argument that is put forward, and it is an argument to which I hope the minister will address his attention today, is the argument that judicial review, and I imagine that extends to any kind of review independent of the ministry, would, to quote the government "usurp the constitutional role that parliament plays in making a minister answerable to it for his actions." The fact is that that constitutional role is usurped already. It is usurped by ignorance, because we cannot hold a government accountable unless we have information as to what that government is doing. When I say "we", I do not speak simply of the opposition, I speak of the whole Parliament of Canada. What is at issue here is not a responsibility exclusively of the opposition, it is a responsibility of each member of the House of Commons elected here to carry out our fundamental responsibility to keep control of and supervise the government of the day. We cannot do that without information. Without information there is no working, practical principle of ministerial responsibility.

Some hon. Members: Hear, hear!

Mr. Clark: It is important to make the point, and I hope it is a point to which the minister will respond, that the notion of ministerial responsibility, as we practise it in this country, now does not at this point in time preclude subjecting ministers to checks and balances that are enforceable by the courts of the land. The courts have traditionally played an important role in reviewing executive actions, a role that does not at all conflict with the relationships of ministers of the Crown to parliament.

In examining whether or not the court is the appropriate forum to decide on freedom of information matters, we have to keep in mind as a parliament that such legislation, such as is being proposed here, would create a new universal right in Canada. It is the natural function of the courts to adjudicate upon disagreements over civil rights. To assert that ministerial responsibility demands that the minister's voice be the final voice means, in effect, that the minister would be the judge in his own case. The court apparatus can deal with sensitive material, if it needs to, on an in camera basis. It is therefore a viable, impartial social institution to check possible abuses of executive power.

When we indicated yesterday the nature of the motion today, the government House leader on the other side rose and raised some concerns about whether confidence would be involved. He indicated that the sections of our motion which bothered him most were those sections which proposed an ultimate appeal to the courts. I think that reveals the nub of the problem that we have here, not only in this debate but in getting this government to bring forth meaningful freedom of information legislation.

The fact is that the government wants to avoid the jurisdiction of anybody it cannot control. The government wants to appear to introduce freedom of information legislation, while in fact it retains the capacity to hide anything the publication of which would be inconvenient to this government. There is strategy in this matter as I see it. I say this with some regret, but its strategy appears to be twofold. First, it attempts to define exemptions so broadly that in effect nothing will change. Second, in the event a minister's discretion is questioned, it wants to ensure that somebody or some agency whom the government can control will decide, and will decide in the minister's favour. That, sir, cannot be allowed to occur. We require an independent body, an independent judge, in case of conflict. We require a law whose exemptions are specific and

closely limited. Otherwise, and let us not fool around about its, the result will simply be a fraud, leaving the decision as to secrecy in the exclusive control of those who want to keep things secret.

There are a number of alternatives as to how that independent agency can be established. One would be to have an independent tribunal outside the government or outside the courts. Another would be to have the courts perform that function. That is the alternative preferred by the committee of this parliament and it is one which we, given the unanimous view of the committee of parliament, are certainly prepared to support and argue in this House.

I want to make it clear that there is no conflict in this matter with Canadian practice—I have made that point before—nor would there be any clogging of the Canadian courts. The experience in the United States has shown that the business of the courts does not increase appreciably because of a similar provision in the law of that land, a country which practises democracy that we only preach about here.

The basic question has to do with the willingness of this government to step out from its shroud of secrecy and let the public of Canada know the public business of Canada. The starting point for a freedom of information law and freedom of information is a freedom of information attitude. In fact, without that attitude, the law will be little more than a token.

A freedom of information attitude demands that government accept the elementary proposition that all its information belongs to the people of Canada and should be accessible to the people of Canada, unless a specific and persuasive argument can be made for confidentiality. Let me emphasize that the burden for making that argument must rest not on those who want sunshine, which must be the norm, but on those who want secrecy, which must be the exception. That is the essence of freedom of information. Any law not based on those principles is a fraud. Any government unwilling to operate according to those principles will make a mockery of the law and of its own commitment not just to freedom of information but to basic democracy.

● (1552)

I said at the outset that we did not intend this to be a partisan debate. However, it is impossible to deal frankly with this subject without raising a serious question whether this government has any commitment whatsoever to a freedom of information attitude. Its record, both its foot-dragging on introducing legislation and the lengthy list of specific situations in which it has consciously and deliberately kept information from the people of Canada, indicates a mentality which is fatal to freedom of information. In fact it is that mentality, rather than the lack of any legislation, which is the root problem. The hard truth is that there is no freedom of information attitude in our national government. The prevailing and pervasive attitude right throughout the government, from the Prime Minister (Mr. Trudeau) on down, unfortunately is precisely the reverse.

There is no commitment to the principle that all information is public unless there is a specific over-riding argument to the contrary. Instead, there is a belief and a practice that all information is, in fact, confidential, unless there is a partisan or bureaucratic advantage to be gained through publicity. That is the hard truth, Mr. Speaker, and unfortunately the deeply-rooted truth. This devotion to secrecy, this comfortable notion that scrutiny can be avoided with the indiscriminate imprint of a "confidential" stamp, did not begin yesterday or, to be fair, even in 1968. It is a part of an Ottawa tradition which this government simply has extended and imbedded even more deeply into the system.

It is essential that we now shatter that tradition. Our own credibility and effectiveness demand it. We can begin that process today by giving unanimous support to the motion I have placed before the House. Indeed this House is the place to begin. Until we make our commitment to a freedom of information attitude clear and unequivocal, we can hardly expect those who have a vested interest in secrecy to change their attitude.

If all members in this House will join with us today in making our position clear, the responsibility then will rest squarely on the shoulders of the Prime Minister. I say that not only because he must accept over-all responsibility for his government, but because this matter demands the personal leadership of the first minister of our country. He must set the standard. He must make the commitment for his ministry and for his public service.

The Prime Minister used to believe in freedom of information; at least he talked as if he did. In 1964 he said, and I quote:

> Democratic progress requires the ready availability of true and complete information. In this way people can objectively evaluate their government's policies. To do otherwise is to give way to despotic secrecy.

In recent days that concern about despotic secrecy, the determination to protect the interests of the individual citizens of Canada, has appeared to take second place to an overweaning concern for secrecy and confidentiality.

I put it to the Prime Minister and his ministers; what is more fundamental than the right of a citizen to information which is his, and without which his role in our democratic process becomes almost meaningless? Here is a right as fundamental as those he wants to enshrine in a constitution. Here is a right where the Prime Minister can act now. Here is a right that we are prepared to act on well before July of 1979.

We hope that the Prime Minister of Canada and his colleagues will act on their declared interest in freedom of information in a way which ensures that the critical decisions will be made by people who are not in the control of or subject

to the influence of the government, and will support the motion that I have put down today.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, it has been said that a well informed citizenry is the lifeblood of democracy. I believe that to be true. We cannot have a truly effective democracy unless we have at the same time a well informed group of citizens. They can only be well informed if they have access to information. That was said some time ago, yet we have an ever-growing mass of materials being gotten together, assembled by government and made available in reports. However, much of it is hidden in an aura of secrecy from the people of this country, even in those cases where they paid to have the research and the studies made which led to the production of those documents.

For this reason our party will support the freedom of information act and the motion by the Leader of the Opposition (Mr. Clark). We will support it and we call, as he has done, on all parties to give their support to this motion. I am very glad that he has made it clear that this motion is not a party matter.

I join in paying tribute to the hon. member for Peace River (Mr. Baldwin). No one has been more persistent, aggressive, and persuasive with regard to this matter of freedom of information. He has done a magnificent job.

Some hon. Members: Hear, hear!

Mr. Brewin: The Leader of the Opposition was generous and fair in pointing out that this was not the prerogative of any particular party. This concern is shared by people of all parties. In fact the first private members' bill dealing with this subject was introduced by a former colleague and present friend of mine, the then hon. member for New Westminster, Barry Mather.

Mr. Friesen: My predecessor.

Mr. Brewin: I will not make any comment on your connection, but he is the one who introduced the first bill.

I point out to all the Liberals in this House that even though there may be some incidental criticism of government as we have it, the basic principle embodied in the motion by the Leader of the Opposition is a basic principle that is fundamental to their task as parliamentarians and, indeed, as Liberals.

I sometimes wonder whether some members sitting on the government side really understand what the word "Liberal" means. If it means anything, it is a willingness to see that information is made available to the public. Information is said to be power, and power should be in the hands of the people, not of any select minority or select group. Therefore I hope that every member of the Liberal party will not feel that he is called upon to vote in this debate on any partisan or narrow basis, but on the basis of the fundamental principles which that party, to its honour I must say, has espoused, just as other parties have done.

If my friends need any encouragement, it should have been given to them by the Leader of the Opposition when he quoted the statement by the Prime Minister (Mr. Trudeau) to the effect that a failure to provide true and complete information would be to give way to despotic secrecy. It is a test for this House at this time to see whether it is ready to reject that temptation by producing meaningful legislation on this question. It is not enough to say that we will have legislation. It is not enough to have green papers which produce rhetoric. What is required and what is essential is legislation.

● (1602)

I am glad to say that the motion, from my point of view, does contain the basic essentials. It also happens to be part of the Constitution of Canada in an unexpressed manner. I am looking at a printing of a declaration of the Canadian government in 1948 at the United Nations Conference on the Universal Declaration of Human Rights. It says this:

> Canada is a democracy which cannot be maintained without a foundation of free public opinion and free discussion within the limits set by the civil and criminal laws in Canada. Freedom of information is inherent in the Canadian constitution, but it is not specifically enacted.

What is being asked in this motion is that it be specifically enacted and, as I said, in meaningful terms which can be enforced.

I found that citation in an excellent book on this subject by a professor Rankin, entitled "Freedom of Information in Canada". Professor Rankin comments on that passage regarding the Canadian government's assertion about the Universal Declaration of Human Rights as follows:

> Notwithstanding such assurances and despite growing public concern over administrative secrecy, the citizen's access to government records remains subject to the whims of the government of the day.

He speaks about the confused state of the law, and I will have something to say about that later. What we are asking is that what is already implicit in the Constitution of Canada be made explicit.

I suppose every member of parliament has had his own experience regarding access to government documents being denied to him. I was long involved in a practice having to do with matters of immigration, and I found out that immigration manuals and instructions to people dealing with the lives of people were not made available either to the people concerned, their lawyers, or to any member of the public. I am happy to say that my understanding is that at long last, after years of battling on that matter, that practice is being changed and that immigration manuals are now to be made public.

When I was on the Standing Committee on External Affairs and National Defence the committee was informed that a group of accountants had made a report, with financial suggestions and financial implications, on the operations of CIDA, a very worth-while agency, but one which has spent a great deal of Canadian funds. The committee asked to see the report because the committee was charged with responsibility for working toward an efficient system of administration of

CIDA, and the committee wanted to see what these critics had said. The committee was denied that report.

As a matter of fact, the then chairman of CIDA, Paul Gerin-LaJoie, was ready to produce it, but the then secretary of state for external affairs, who we all know well and respect very much, Mr. Sharp, jumped into the breach and said no, that it was not to be produced. Members of this House sitting on that committee dealing with this serious matter were denied access to that report.

Others have had other experiences. Reports dealing with the environment, which are of great importance to Canadian citizens, have been concealed and not produced. Let us not forget that this atmosphere of concealment or secrecy has the effect of covering up the incompetent and of diminishing efficiency.

If people can put a blanket of secrecy over mistakes they have made, those mistakes are not likely to be corrected. I think the Leader of the Opposition has already put his finger on the key matter, and that is that it is perfectly obvious that there are some documents which should not be produced. There are certain documents which, by their nature, would be against the welfare of the state if they were produced. These could be exemptions from the general provisions of an act which could perfectly properly provide that all other documents should be made available to citizens. However, nobody but the most absolute purist would suggest that that general expression should not be subject to exemptions in proper cases.

One of the ways the effectiveness of a freedom of information act would be denied would be to draft exemption provisions in broad terms and to fail to provide adequate means for decisions as to whether particular cases fit within the general rule of production or whether they should be exemptions and need not be produced. These matters are absolutely essential to the proper working of such an act. When we talk about meaningful legislation, we should be talking about exemptions which are clearly and narrowly defined having regard to the public interest.

The criticism of the green paper produced by this government is that it failed to recognize that. The proposed exemption is so broad in its terms that anybody with, or even without, legal experience could find some excuse for not producing a document when it was demanded.

As the Leader of the Opposition has said, the key to it all is who shall in the ultimate analysis enforce the act. It may be that people at lower levels could investigate and report, but the final decision must be made by some independent judicial authority. It does not necessarily have to be the courts, but it has to be someone outside the machinery of government. Any act—and this was proposed by the green paper—purporting to call itself a freedom of information act, which does not provide for that independent judgment on the ultimate analysis of whether the act is applicable, and any act which tries to arrogate to a minister or a group of ministers or anybody within the sphere of government the right to say no—a final no not subject to review—is, and will be, a sham, and will be something which should never be dignified by the title "freedom of information".

● (1612)

The argument in the green paper is that somehow or other judges are incompetent to deal with this. Whoever heard of such nonsense as this! It is precisely that sort of thing that the whole judiciary system is set up to deal with, and I want to give a few illustrations of that in my speech. This is what Mr. Justice Rand said in a case in 1954 which was reported in the Dominion Law Reports of that year at page 483. He said:

> What is secured by attributing to the court this preliminary determination of possible prejudice is the protection against executive encroachment upon the administration of justice; and in the present trend of government, little can be more essential to the maintenance of individual security. In this important matter to relegate the courts to such a subservience as is suggested would be to withdraw them from the confidence of independence and judicial appraisal that so far appear to have served well the organization of which we are the heirs.

The matter was dealt with in England, a country where, I suppose, the rights and privileges of the Crown are defined as widely as in any other country.

In a recent important case reported in the 1968 Appeal Court Reports, of *Conway* versus *Rimmer,* the issue that was to be decided was set out very clearly by one of the judges in the House of Lords, Lord Morris of Borth-y-Gest. He said:

> My Lords, stated in its most direct form, the question . . . which is raised in this case is whether the final decision as to the production in litigation of relevant documents is to rest with the courts or with the executive. I have no doubt that the conclusion should be that the decision rests with the courts.

All of the members of this English court so held. They said that they were satisfied there would be no constitutional impropriety in allowing the judges the power to overrule ministers on matters of secrecy.

If the Secretary of State (Mr. Roberts) is going to reply in this debate, I hope he will not pretend—because it is such a false sort of pretence—that there is some judicial impropriety about leaving to judges, rather than to cabinet ministers or to people within the government apparatus, the final right to decide on these matters. As I said, that was the view even in England, which puts on a pretty high level the assertion of the privileges of the Crown to resist the production of documents.

It was described in another way in the book by Dr. Rankin to which I have already referred.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Mr. Brewin: Thank you, Mr. Speaker, and I thank hon. members for their generosity in allowing me a little extra time. I will not take very much. Usually I try to take less time than is allowed me, so I appreciate getting credit time in this instance.

I was going to quote the following from Dr. Rankin:

It has also increasingly become clear that such objections are based on a self-serving myth that is sought to be perpetuated in the 1977 green paper: that "there is no way that a judicial officer can properly be made aware of all the political, economic, social and security factors that may have led to the decision in issue. If the American experience has indicated anything, it has indicated the hollowness of this assertion.

From the same author, we read the following at page 126:

The fact of the matter is that the courts are the natural repository for decisions on the exercise of constitutional or civil rights and what is contemplated in freedom of information legislation is nothing less than the creation of a new citizens right—a right to access to government documents.

He goes on to point out that the assertion by ministers that they shall do this is without foundation.

I want to say that changes are required in the legislation we have at the present time if we are to effect the principle contained in the motion. First, a freedom of information act must be passed, and for that we have admirable precedents. Our committee visited Washington and discussed the U.S. freedom of information act which was, first of all, found to be unsatisfactory and substantially amended in 1974, and in which they insisted that essential to that type of legislation was a judicial determination, in the ultimate analysis, of whether or not a document was admissible. We have to change that and bring in a new act.

In addition, we must repeal section 41 of the Federal Court Act which, by subsection (2) gives the minister the right to deny access to any document by merely producing an affidavit that in his opinion it would be contrary to the public interest. This flies right in the teeth of what we are arguing for. As a matter of fact, I have filed a private member's bill, which is somewhere down the order paper and not likely to be reached while I am a member of this House, which proposes precisely that amendment.

Another document which we must change is the Official Secrets Act, which was antiquated 50 years ago and is even worse now. It gives up to 20 years, in the vaguest terms, for so-called breaches of official secrets. That act was intended to be confined to cases of spying, cases of clear treason and treachery. Certainly, as applied to that, it may have a useful purpose, but as it is now drafted it can be misapplied in many different ways, and it has not been used very often, I suppose for very good reasons. So those things have to be changed also. We have ample precedents in the U.S. and in Sweden, which, I think, since 1902 has had legislation of this sort.

I want to conclude by once again reading from the book to which I referred, as follows:

● (1622)

After an exhaustive analysis of the Canadian administration, Professor Mallory concludes:

Government in a modern democracy is largely in the hands of a bureaucracy, using the term in a neutral sense as meaning a body of professionally competent, hierarchically organized administrators. The major problem in modern constitutional government is to retain an effective control, by public opinion and by legal restraints, of the apparatus of the state which constantly expands with the increased public demand for more social welfare services and with the growing burden of national defence in a world of increasing peril. Liberty in such a world can be nourished only by the full and effective functioning of the political and legal restraints on abuse of power.

[Mr. Brewin.]

Then it continues as follows:

As noted throughout this study, there can no longer be any justification for the aura of secrecy which surrounds the business of government. Access to government information is essential to participatory democracy. And access must be a meaningful legislative right rather than a sham. There is no compelling reason why the courts in Canada should not be entrusted with the responsibility to review all information requests which the government has denied.

In another way this states the basic purpose and principle of the motion before us. I commend it to all hon. members of the House, especially those who have any pride in calling themselves Liberals.

Some hon. Members: Hear, hear!

Mr. Jones: Mr. Speaker, I rise on a point of order. I ask that a roll call be taken. There is no quorum.

Hon. John Roberts (Secretary of State): Mr. Speaker, I rise on a point of order. I thought there was some agreement on the part of various members that I would be the next person recognized by the Chair. There had been consultations with the hon. House leader of the New Democratic Party on this point. Indeed, I understood that I had the right to rise and exercise my responsibility to speak, after the initial speech by the hon. Leader of the Opposition (Mr. Clark). At that time I did not rise to speak because of my desire to hear the comments of the various official representatives of opposition parties, before responding to some rather constructive remarks. Therefore I was a bit surprised when Your Honour recognized the hon. member for Moncton (Mr. Jones). I thought there was a disposition on the part of the House to hear me at this stage.

Mr. Knowles (Winnipeg North Centre): There are only 19. You had better keep talking.

Mr. Roberts: I did not hear the interruption by the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Knowles (Winnipeg North Centre): There are only 19 members here now.

Mr. Beatty: I think we should count. Perhaps the hon. member is wrong.

The Acting Speaker (Mr. Turner): The Chair has just counted, and there are 20 members in the House. The hon. Secretary of State (Mr. Roberts).

Mr. Roberts: Mr. Speaker, thank you for recognizing me.

Mr. Jones: Mr. Speaker, I rise on another point of order. When I requested a roll call, there were less than 19 members in the House. There were four Liberals, nine Conservatives, two NDP, and one Independent. I think the roll call should have been conducted when I asked for it.

Mr. Kempling: That is not a point of order.

The Acting Speaker (Mr. Turner): Order, please. The Chair recognizes that there are 20 members in the House. The hon. Secretary of State.

Some hon. Members: Hear, hear!

Hon. John Roberts (Secretary of State): Mr. Speaker, I want to join with those hon. members who have previously pointed out that many of our distinguished colleagues have taken an interest in this subject, greatly to their credit. I want to associate myself with the compliments which have been extended already. This continuing and important question of freedom of information has been brought before the House over the past year or so. Particularly I cite the contribution which was made by the hon. member for Peace River (Mr. Baldwin).

I must confess that my heart sang with delight when the hon. Leader of the Opposition (Mr. Clark) promised to be not only non-partisan but short, in order for other interested members to be able to take part in the debate. I think he made a very constructive contribution to the debate. I regret that there were one or two moments when he lapsed from the promise of non-partisanship. I hope I shall be relatively non-partisan and relatively short, because I know there are other hon. members who wish to take part in the debate.

I was somewhat disappointed that the hon. Leader of the Opposition attempted to suggest the very title of the green paper, which the government has brought forward, indicated some kind of assumption on the part of the government that it was separate and superior to the public. There is no basis, either in the title or in the document, for making such a charge. If the government had been so separate and superior to the public, as was suggested by the hon. member, it could not have possibly survived in office for so long in this century. It is because this government is close to and represents the interests of the public that it has received the support of the public impressively in this century.

I do not think it was worthy of the hon. member to ascribe various motives to the government for wrestling with two very difficult questions concerning freedom of information. The first is the definition of what exemptions should apply to the general principle, which we accept and urge, that government documents should be open to the public. The second is the question of the review process to establish whether those exemptions have been applied properly within the government, and whether the review process is properly constructed. I say this in a non-partisan way: these are difficult questions to resolve. They are not easily resolved. Unfortunately the hon. member lapsed into a description of motives on the part of the government which simply do not exist. However, with the exception of those two lapses, he made a very constructive presentation to the House. I hope the debate will continue on that level.

To some extent I was disappointed with the intervention of the hon. member for Greenwood (Mr. Brewin). In his speech he misconstrued what the purpose of the government was in bringing forward the green paper on legislation on public access to government documents last spring. He talked about the green paper proposal. I am not sure if I am interpreting his view properly, but it seems to me he was suggesting that what was put forward in the green paper was proposals for government action. As in the essence of a green paper, we were putting forward proposals for discussion. In many cases we put forward alternative wording of what the exemptions could be. We solicited the advice of the House, and indeed the advice of the joint committee, which is performing an extremely valuable role, as to how the exemptions could be made more precise, or which of the various approaches to the review of exemption applications should be accepted. I hope the hon. member listened to me in the past. Perhaps he will take more heed of me today.

I am being completely straightforward in saying that the purpose of the green paper was to solicit debate and discussion in the House, joint committee, and on the part of the public. It has been successful in that objective.

As I said before, the activities of the joint committee have been valuable. Both the ultimate report of the committee, which I expect in the next few days—it may have already been prepared, but I have not yet received it—and the briefs presented to the joint committee, have been stimulating and useful in the deliberations of the government as to how a proper freedom of information or access to public documents policy should be conceived.

• (1632)

As was indicated earlier by the President of Privy Council (Mr. MacEachen), we are largely in agreement with this motion presented by the Leader of the Opposition because we know and accept that there is a need for changes in this area. This I think is accepted and recognized by members on all sides of the House and, certainly, it is recognized by members of the government.

We are not holding back from confronting the challenge of meeting that need. There are undoubtedly abuses which have occurred in the past, but I do not think that they are abuses which stem from the long life of this government. If one, for example, regards the situation in Australia or the situation in Great Britain, one finds a situation of comparable difficulty. I suspect that the tradition of confidentiality stems much more from the traditions of parliamentary government than it does from the life of any particular government.

We accept the fact there is a need for reform in this area, and we urge it. If I have to do so again, I will make the commitment which I made less than two weeks ago in this House in my speech on June 9, 1978, as reported on page 6254 of *Hansard,* that we are committed to bringing forward in the next session effective freedom of information legislation. On the government's part, there is not a great deal of disagreement with the motion presented by the hon. Leader of the Opposition and, indeed, if the members of the House are good enough to look at the speech I made less than two weeks ago, they will find presented there—no doubt because I am subjectively biased—in a more eloquent form, essentially the same

arguments which have been made in this House this afternoon both by the hon. member for Greenwood and the Leader of the Opposition, a description of why it is essential that there be freer access to public documents, and of the principles which should guide us.

I noted with interest the comments of the Leader of the Opposition during his speech, and I jotted down what I thought he described as the essential points.

[*Translation*]

I hope I am not distorting the meaning of his remarks.

[*English*]

I think I have jotted them down correctly; I tried to do so. He thought it was, first of all, necessary to establish that there is a public right to access to these documents. I agree. Secondly, he said that the exceptions to this general right should be presented in a limited form. I agree entirely with that. Third, he suggested that these exceptions to the general principle should be put in extremely clear language, and I agree with that. He said—I hope I am quoting him correctly, but I may be paraphrasing a little bit—there should be a procedure for resolving disputes as to whether a document should or should not be released, and that this procedure should involve persons or a body—he did not at that time say the courts—but persons or a body which is independent. There, too, I am in accord with the four essential principles which, if I understood him correctly, the Leader of the Opposition presented for the consideration of the House in what I thought was very useful way.

Why then is there some reluctance on my part—and a reluctance that I will urge on my colleagues on this side of the House—not to accept this motion? It stems essentially from the fact that this motion contains a representation that the method for independent review should be that of a judicial review. If time permits, perhaps I will be able to say a few words about that in a moment or two.

The Leader of the Opposition poses two specific challenges or points on which he asked me to comment, and I will therefore do so. He ascribed to the government an argument that there was a necessity for confidentiality of documents in order to protect the—I am not sure whether he said anonymity or neutrality of civil servants—perhaps neutrality of civil servants—and implied that one could deal with this problem by the simple process of blacking out the name of the civil servant involved. My comment on that would be that it is not simply a question of neutrality, or perhaps even anonymity, of civil servants; it is a question of whether there is to be surrounding the decisions of cabinet the kind of confidentiality which leads to frankness in advice and frankness in questioning. I would suggest it is desirable to have this confidentiality and that it is in the public interest when the executive government takes its decisions.

While this is certainly a debatable point and one on which I hope the joint committee will give us some precise recommendations. It is not irresponsible to be concerned about the context in which advice is given to the cabinet so that it may make its decisions as quickly as possible in as free an atmosphere as possible.

I hope that I am not contaminating him with any sort of guilt by association, for instance, in saying that when the hon. member for Peace River presented his proposal for legislation on this subject in 1974—and I think it was a very useful step which he did take—he put forward as desirable in the legislation an exemption on page 3, section 4, sub-section (g), "where the information on record is of a confidential nature exchanged by public officials within the government or between public officials of the government and any other government, and is expressed to be confidential." That describes a rather sweeping exemption. Myself, I would want a rather narrower one. I do not cite that particular paragraph to criticize the hon. member, far from it, but simply to say that there is an area of decision making in government where it is extremely important to have, not only the names of civil servants protected, but where the essential advice given or the range of advice given may be desirably held back from public view in the interests of a more efficacious, speedier and more wide-ranging process of decision making.

The second point the hon. member asked me to comment upon is that of the question of ministerial responsibility. His remarks were later joined by the points of view presented by the hon. member for Greenwood. It revolves around the question of how the process is to be designed which will review those decisions which are taken within the exemptions, which I think all members of the House will admit are necessary. No matter how fundamental the principle that the public should have access, there must be some exceptions. I think all members will admit that, with the possible exception of my friend from Saskatoon-Biggar speaking in committee—I am not sure whether it was simply for the purposes of argument or description or whether he sincerely believed it. I think almost all members in the House believe that there are some areas where exemptions are necessary. The question then is how do you judge whether the exemptions or the exceptions have been properly applied.

As I said earlier, there must be some process which is independent of ministerial decision in order to make the process credible. Both the hon. member for Greenwood and, I think, the Leader of the Opposition—although he may have perhaps had a bit more latitude on the question than I am now ascribing to him—suggested that the courts were an essential element in such a process of review and, indeed, that it was the proper function of a court to apply such a review to this application of the exemptions. It is that thought as expressed in the motion before the House which causes us on the government side some difficulty.

Why are we cautious on this side of the House that judicial review is the appropriate way to supervise the application of the exceptions? I think the phrase of the Leader of the Opposition was that it was natural that the courts should make an adjudication of the rights of the citizens. I would suggest that the proper question is not simply a question of adjudication of rights, but an assessment of the public interest. It is

that which gives some of us on this side pause as to whether the courts are the appropriate means of independently reviewing the question of how the exemptions or exceptions are applied.

I would like to elaborate on that point for a few moments. Why are we cautious about this? Perhaps the best way of describing my own mind at the moment would be to say that I am as yet to be convinced that the process of judicial review is an essential element in establishing an independent review process. The hon. member for Peace River and others who participated in the joint committee know that this is the point of view I expressed when I appeared before it. I certainly did not want to make up my mind on that important matter before I had a chance to study and reflect on the report which the committee will present.

● (1642)

We are cautious, first of all, because the court process tends to be both expensive and time consuming. That has been the experience in the United States. Our estimate is that the cost of applying a judicial report procedure would be $10,000 or so for each judicial test. In such a case the judicial review is likely to favour those who can afford to tackle the question that way, such as large corporations which have an interest in obtaining information and can handle the necessary cost of taking the matter to court. This has been the experience in the United States.

There is a question in the mind of the government of the appropriateness of this in relation to what parliament has decided in other areas. Parliament has established, for instance, the Human Rights Commissioner as an officer of parliament, and the Commissioner of Official Languages as an officer of parliament. In both cases these officers will be called upon to apply rights, if you wish to describe them as such, in disputed areas, and to assess whether those rights have been properly met or accepted by government. It may very well be that in the parliamentary system this kind of decision can be reviewed. Because of the separation of power in the congressional system, this is not open to the United States. In Canada we have an instrument in the offices of the Auditor General, the Commissioner of Official Languages, the Human Rights Commissioner, which would make it more appropriate to have an officer of parliament perform such a function, rather than an appeal to the courts.

There is also the question of consistency in a rather different way. If we instituted a system of judicial review there would be a variety of decisions taken by different judges on the same kind of question. I would suggest to the House it might be more useful to have an officer of parliament or some officer whose job it is to concern himself continually with this kind of question, so that decisions taken about the application of exemptions or exceptions would be reasonably consistent.

There is a fourth consideration which will weigh heavily with the government in coming to a decision, though not necessarily decisively. We must ask if this is the kind of decision it is appropriate for judges to make. I am not surprised that the hon. member for Greenwood, who is a lawyer, thinks that it is, and I am not surprised that the Canadian Bar Association thinks it is appropriate. I am not even surprised that the hon. member for Peace River may think so, although I thought his experience with the courts over the last few weeks might have tempered his conviction in this regard. I would have thought that the hon. member for Greenwood, if not the hon. member for Peace River, would have been concerned about the views of their National Anti-Poverty Association which specifically rejected the idea of a judicial review because of its cost, its delays. They recognized it would mean a process of review was not open equally to the poor and the wealthy.

I suggest we must at least consider whether this is the kind of decision it is appropriate for judges to make. We are not talking about whether a set of designed procedures have been followed in taking a decision. It is clear that courts would determine whether procedures for taking the decision had been appropriately followed. Nor are we considering an assessment of fact by a court. We are not considering the application of "black letter" law, the interpretation of what the words of a law mean or what the motivation of parliament was in placing those words in an act. What we have here is an assessment of the public interest.

We would often have a question of assessing conflicts in public interest, for instance, a conflict between the desirability of knowledge to be given an individual which would conflict, perhaps, with the right to privacy of another individual. I think this is an argument which has to be met, discussed, and perhaps refuted if that is possible. I want to cite the way in which this particular point was presented to the joint committee by the Parliamentary Press Gallery and quote from a letter on the same subject by the well known journalist, Anthony Westell. I only cite these so that I may be brief, because I think they put the argument in succinct form, and I am anxious to allow others to take part in the debate.

First of all, I should like to quote from a brief presented by the Parliamentary Press Gallery to the Standing Joint Committee on Regulations and Other Statutory Instruments. In issue No. 14 of the committee proceedings at page 14A:18 there appears the following passage:

> But we do not think it is a sound argument to say that because the ministers are not fully accountable to parliament—

Parenthetically, Mr. Speaker, I think this is the argument the Leader of the Opposition made a few moments ago.

> —they should be made accountable to judges. Such a step would further weaken parliament. The role of the Commons would be reduced because one of its functions would have been transferred to the courts—courts which in the end are responsible to no one.
>
> If it were merely a matter of giving the courts power to examine disputed documents to see if proper legal procedures had been followed in classifying them as secret, there might be no great objection. But the suggestion seems to be that the courts should also have the power to review and reverse the judgment of a minister that the publication of the information might, or would, be injurious or damaging to national security or to foreign relations, or to cabinet secrecy and so on. Such a decision would rest not on fact or interpretation of the law, but on political judgment. Ministers are elected and mandated precisely to make such judgments, and are responsible for the consequences. If judges were to be empowered to overturn the decisions of ministers, who would then be responsible

if in fact the result of the publication proved to be injurious to the public interest? We would be asking the courts to make what are essentially political judgments.

I should also like to quote from a letter which appeared in the *Globe and Mail* of June 7, 1978, from Mr. Westell who, I believe, was instrumental in writing the press gallery brief. The final two paragraphs of the letter read as follows:

I can understand why the Bar Association should wish to transfer jurisdiction from parliament to the courts, and I suspect that the lawyers have influenced their clients in big business and big labor. But I can't understand why Mr. Stevens—

That is another journalist.

—should believe that Canadian judges, most of whom seem to be highly conservative fellows, are likely to be more liberal than parliament in dealing with the release of information.

The decision on whether to release information may often involve a conflict between public interests: The so-called right to know and the proper protection of privacy and security. If judges are better equipped than elected politicians to make that sort of decision, why bother with parliament at all? Let the judges with their superior wisdom run the country.

I admit there are arguments on the other side of the question to the effect that the benefits of further reducing the doctrine of ministerial responsibility may be greater than the disadvantages of so doing. It is, however, not an artificial problem which confronts the government but a real problem which I hope and am convinced the joint committee will wrestle with. It is one of the reasons I await their report with great expectation.

● (1652)

I believe that all of us in this House have a conviction and determination to press forward in this matter and bring to parliament and pass through it effective legislation on freedom of information. That has been the purpose of our policy and was the underlying reason for the presentation of the green paper which was an honest exposition on our part, soliciting the debate which has taken place. I know that the joint committee has performed valuable work, and many of the witnesses before it presented valuable contributions to the debate. We now await the report of the joint committee, and I will remake today the commitment which the government has made often in the past, that we are determined to bring legislation on this matter before the House in the next session.

I will not today counsel this side of the House to accept this motion because I believe that it is unwise, particularly before we have seen the reasons and arguments brought forward by the joint committee. Let us not assume automatically that the most appropriate way of achieving the kind of independent review that we all wish to have is through a judicial review. Before I make up my mind on that question I certainly want to have the counsel that the joint committee will present to us.

It is on those grounds that I am reluctant to accept at this stage something that—with fuller experience and fuller knowledge which the committee provides—may not prove to be prudent, and I will oppose the resolution before the House. I would hope that no members of the House and certainly members of the public would not interpret that opposition to be any lessening of our determination to act in this area in the next session of the House.

[Mr. Roberts.]

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, it is an honour and a pleasure to be able to speak in support of the motion moved by my colleague, the Leader of the Opposition (Mr. Clark).

In a democracy no issue is more central to the survival of democracy itself than people in a country being able to have information they need to make informed judgments on issues of the day. I think James Madison, a former United States president, probably stated that principle much more articulately and profoundly than any member of this House could today. He described it in this way:

A popular government, without popular information, or the means of acquiring it, is but the prologue to a farce or a tragedy; or perhaps both. Knowledge will forever govern ignorance: And a people who mean to be their own governors, must arm themselves with the power which knowledge gives.

Surely there is no issue which is more central to democracy itself than ensuring that the people of Canada have access to the information they need in order to make informed decisions about their government.

Over the course of the last several years government in Canada has grown in size and pervasiveness, so that today virtually no aspect of the average citizen's life is left untouched by government in one form or another. Just yesterday the Toronto *Star* ran a Gallup poll in which Canadians were asked to respond to questions about the extent of government involvement in their lives. When they were asked whether they felt the federal government affects their lives to a greater or lesser degree than it did ten years ago, 69 per cent of Canadians said that they felt that the involvement of the federal government in their lives was greater today than it was ten years ago. When they were asked the question "Do you think the level of influence of the federal government today in the way of life of the average Canadian is too great, too little or just about right" 51 percent of the Canadians polled indicated that they felt the level of involvement of governments in their day to day lives is too high.

The very size of government itself and the complexity of decisions which have to be made by government today make it that much more difficult for citizens of this country to discharge their responsibilities, to appraise judiciously the activities of their government, and to be able to make sound judgments about the political issues of the day. As the power of big government grows and as its pervasiveness grows, as its involvement in the day to day lives of Canadians grows, the stature of the government increases, but the stature of the average citizen, his power to affect his day to day life, diminishes.

Governments today have a tremendous advantage over everyday citizens and over parliament in trying to state their point of view. If one takes a look at the difference in resources which are available to government today, there are several. First, the government has virtually unlimited resources in terms of spending to promote its particular point of view. In 1978 the government spends hundreds of millions of dollars to put across particular points of view on issues which it supports. It has large staff resources at its disposal which are able to do

research for the government and are able to put a particular viewpoint across by making speeches on behalf of the government across Canada. The government has access to computers and other research facilities which allow it information which the average citizen just does not have. Finally and most important, all too often governments in Canada have the ability to operate in secrecy without public scrutiny, without giving the average citizen an opportunity to know how decisions are made which affect his life and affect the way in which his tax dollars are spent.

The brief to the Joint Standing Committee on Regulations and other Statutory Instruments which was presented by the Canadian Bar Association makes the point that today in Canada there is no statutory right that Canadians have to freedom of information. There is no principle involved there that is enshrined in the law which allows Canadians to know how their money is being spent and how decisions affecting public policy are being made. Today, the principle seems to be that information about how the taxpayer's money is being spent and how public policy is being made is the private property of the government. The principle seems to be that the onus is upon the citizen to prove that he should be entitled to know how his life is being affected by government decisions, and not upon government to justify withholding that information from the average citizen.

The Canadian Bar Association summarizes the problems which are inherent in the present situation and the difficulty that there is for the average citizen to have proper access to information, in the following way. They make this statement, "In short, therefore, the legal obstacles to disclosure reinforced by the civil servant's tradition of secrecy have created a climate of secrecy which surrounds even the lower ranks of the bureaucracy." That is the way it is for the average Canadian today. When a person is faced with decisions made by government on a daily basis which impact on his life, he finds that he is not allowed access to the information which is absolutely essential if he is to discharge his responsibility as a citizen properly.

In 1965 the first bill was presented in the House of Commons to provide for a legal right for citizens to have access to public information. It was in 1969 that my colleague, the hon. member for Peace River (Mr. Baldwin), first introduced his private member's bill on freedom of information. Today, 13 years later, after the first bill was introduced in parliament, parliament is still reduced to the position where we are led to debate the principle of freedom of information, and the government has yet to come back to parliament to place before it comprehensive legislation which will protect the rights of our citizens to have access to this information.

It is the Secretary of State (Mr. Roberts), who spoke just before me, who has the responsibility for freedom of information. He indicated that the Liberal party would not support the motion that was moved today by the Leader of the Opposition in an attempt to gain all-party support for the principle of freedom of information and for the principle of ensuring that where decisions are made by a minister in which he is one of the parties to a dispute, an impartial arbitrator should have the right to determine what the citizen's rights should be and whether the minister acted properly or not. The minister indicated he has yet to make up his mind as to what the principle involved really is, and as to which side he will choose to support in this particular question. He has indicated his party will rise tonight to vote against this motion which would give citizens of Canada this right.

The minister has indicated that in the next session of parliament he intends to introduce and to pass a freedom of information act. I do not expect, and I think that most members of this House and most Canadians do not honestly expect, that this government will pass a freedom of information act before the next election. If it were his priority to do so, the Prime Minister (Mr. Trudeau) had ten years to bring before parliament a tough and comprehensive freedom of information act. He has not done that. We know from the attitude of this government that its members see it is in their partisan interest to put themselves on the side of the angels by claiming they support the principle of freedom of information without actually having to come forward to parliament and pass legislation. That is essential. It is not introducing a green paper or even a bill to parliament that is essential, but passing legislation which would enshrine the rights of Canadians to have access to information.

● (1702)

The green paper which was tabled by the Secretary of State a year ago outlines very well the concerns of this government. It describes at great length some of the difficulties the government sees that are inherent in the concept of freedom of information. I quote one statement from page four of the report:

> As well, advice contained in such documents might be construed in the press and parliament as embarrassing to a minister or be used to try to break down the unity of the governing party, even though such advice did not represent government policy or a course of action acceptable to the minister.

Where are we in Canada today if it is acceptable to withhold information because the government is afraid it might be potentially embarrassing to it? That is the record of this government. There are many instances where, if the government had only levelled with the Canadian people, let the facts be known, and given them the opportunity to make sound and informed judgments about the activities of the government, the government simply refused to let that happen because of potential embarrassment of partisan disadvantage that might accrue to it.

My leader made it clear that a first priority of a Progressive Conservative government led by him after the next election will be to introduce a tough and comprehensive freedom of information act. It will enshrine this right in law for all Canadians, and will ensure that cover-ups do not take place.

Some hon. Members: Hear, hear!

Mr. Beatty: It has to be a priority item. I think my leader feels the same way. Any government which, irrespective of

political affiliation, operates in secrecy, begins to develop its own secrets that could be embarrassing to it. The pressure builds day after day to withhold information on the grounds that it could be politically embarrassing to release it. That is why a new government should, as a first priority, and our government will, introduce a freedom of information act before many days have passed in a new parliament.

Even parliament finds that its hands are tied in trying to obtain information from this government. In February, 1973, the government House leader tabled in parliament 16 principles for refusing to produce papers which were requested in motions for the production of papers which were placed on the order paper by members of parliament. Nos. 4 and 14 are so broad as to allow the government to refuse to give parliament virtually any bit of information that it does not want to give. It does not even need the other 14 provisions. Those two provisions alone would give ample justification for refusing to produce any documents of any kind to parliament.

I asked my office to do some research on what has happened since this session of parliament began with regard to motions placed on the order paper by individual members of parliament requesting the production of papers. My office found there were some 75 notices of motions for the production of papers placed on the order paper. Of those 75, 12 have not yet been answered by the government. Of those, 63 have been dealt with by the government. Of these 63, 49 requests have been rejected by the government and no documents were produced. Therefore, on only 14 out of 75 requests has the government satisfied the member by even producing some or all of the documents, of giving sufficient reasons why the documents were not produced that the member withdrew his request.

We do not need in parliament a new freedom of information act for the government to begin to relax the security that it puts upon government documents today. The government could today begin to free up the restrictions it puts on those documents. It could prove by its relationship with parliament that it is prepared to share information with the people of Canada. I submit this government has, through its behaviour over the last several years, proven it is not serious about the whole question of freedom of information.

No freedom of information act has any value for our citizens unless it includes a citizen's right to appeal a decision made by the executive of the government to refuse to produce information that is requested. Unfortunately the government's green paper makes it clear the government has no intention whatsoever of allowing Canadians to challenge a cabinet minister's right to give information to the Canadian public.

In the green paper there are five options listed as a means of appealing or considering decisions made by cabinet ministers to refuse to release information. Of those five, the green paper itself lists serious arguments against four of them. That leaves only one option which it does not criticize in any way, that is, that an individual information commissioner be created who would act as an arbiter between the government and the public. However, he would have no authority to overrule a decision that has been made by a cabinet minister who wants to hide information to which the public is entitled.

The government argues that it is somehow improper for the judiciary to have the right to evaluate a refusal by a minister of the Crown to make information available. I want to read the words in the green paper because they illustrate the mentality that is involved here. It says this about the judges:

> To require that he became a judge of a minister's actions, that he should have the power to replace the opinion of the minister with his own opinion, is to change his role entirely and to bring him into the political arena where he cannot properly defend himself. All of this could seriously threaten the independence of the courts and thereby place in jeopardy our present judicial system. Under our current conventions, it is the minister who must remain responsible for deciding whether to refuse or grant access to documents and this responsibility is a constitutional one owed to his cabinet colleagues, to parliament, and ultimately to the electorate. A judge cannot be asked, in our system of government, to assume the role of giving an opinion on the merits of the very question that has been decided by a minister. There is no way that a judicial officer can be properly made aware of all the political, economic, social and security factors that may have led to the decision in issue.

What more clear statement could there be of the government's position on this question? What more damning answer could there have been than that presented by the Canadian Bar Association to the Standing Joint Committee on Regulations and other Statutory Instruments when they included the study done by Professor Murray Rankin of Victoria on behalf of the Canadian Bar Association? This is what they had to say in their brief to the standing joint committee:

> Professor Rankin's study also condemns as a "self-serving myth" the contention in the green paper that there is no way a judicial officer can be properly made aware of all the factors that may have led to a decision to withhold a document. This assertion must be based on one of two assumptions, Professor Rankin concludes: "either that the evidence or arguments that a minister can advance to support non-disclosure are so insubstantial or ephemeral that he could never hope to persuade an independent person of their worth, or, alternatively, a judge lacks the intelligence or capacity to understand the evidence or arguments and to give them appropriate weight. That either argument could be seriously advanced by a present day government is eloquent evidence of its determination to avoid any meaningful legislation on the subject.
>
> The study concludes, based on British and American experience, that to hand the final decision on disclosure of documents to the unreviewable discretion of a minister, "who is hardly a disinterested party" would make a sham of any system of access to government information.
>
> . . . .
>
> Legislatures enact laws, ministers administer legislation and courts independently interpret the legislation and rule whether it is being obeyed. Hence, once parliament has exercised its jurisdiction to pass legislation, the government must comply with its terms. It is therefore obvious that some institution other than the government must be charged with making the final ruling concerning whether the government is correctly interpreting the obligations to comply which the legislation imposes.

Surely that is the principle embodied in this motion today. That is the principle which members of parliament are called upon to support.

What position has been taken by members of parliament up until the present on this particular question? The all-party committee on freedom of information surveyed members of parliament and senators and issued a report to every member of parliament. That report contains the following information: "A surprising 90 per cent said they favoured such legislation. Furthermore, 73 per cent favoured legislation with teeth, i.e., they wanted legislation with some form of judicial review

which by its very nature would be binding on the government of the day. This is in direct contrast to the position of the government taken in its green paper on freedom of information, despite the fact that the survey was conducted after the green paper had been tabled."

● (1712)

That report, produced by the freedom of information committee of parliament, was signed by members of parliament of every party, including the Liberal party. It is incumbent upon Liberal members of parliament, as well as upon those on this side of the House, to prove that they meant what they said when they said that parliament should have that right, and that built into freedom of information legislation the public should have the ability to have an independent review of decisions to hide information which have been made by ministers.

In the past ten years this government has indicated in many ways that it has slight regard for civil liberties in Canada. We have seen that in the Peter Treu case where a secret trial was conducted. We have seen that in the prosecution, perhaps persecution would be a better word, of the Toronto *Sun*, which is currently charged under the Official Secrets Act and which was raided on the order of this government. We have seen it in the invocation of the War Measures Act. We have seen it in so many other areas that I think parliamentarians should examine the record of this government, and should have the right to question whether this government is truly serious when it claims it believes in freedom of information.

I began my remarks today by saying that access to information about how the public's money is being spent and about how public decisions are being made is essential if democracy is to survive in a healthy form in Canada. I continue to feel that way, and I think that the motion which has been placed by the Leader of the Opposition before parliament today gives members of parliament on all sides of the House the opportunity to prove that they believe that democracy in Canada should be kept vital and that the indispensable right of citizens of Canada to freedom of information should be protected and enhanced.

Mr. Mark MacGuigan (Windsor-Walkerville): Mr. Speaker, the subject of freedom of information in a parliamentary democracy is an immensely complicated one which is not susceptible to simple solutions. Obviously, this House will wish to continue to affirm its support for the principle of freedom of information as a prerequisite to open and responsible government. I thank the Leader of the Opposition (Mr. Clark) for his personal references earlier, and I want to assure him and other hon. members that hon. members on this side will reaffirm that principle of freedom of information as a prerequisite to open and responsible government as fully and as strongly now as we did on February 12, 1976.

This affirmation will have the fundamental but, nevertheless, limited effect of providing a framework for as much openness as is consistent with responsible government. The governmental system should be so oriented as to provide a maximum of openness, and in all cases of doubt the presumption should be in favour of public disclosure.

However, because of the complexity of governmental operations and public needs, the general principle of openness cannot by itself resolve the problems of detail.

The absence of valid precedents increases the difficulty of the problem. We have Swedish and American precedents. They are probably the most extensive in today's world, but neither one is very close to our system of government. If they are of value to us, it must be because they commend themselves to us by reason of their application as individual elements rather than as part of a general system. Indeed, one would want to look at the American experience to see to what extent the freedom of information law there has benefited large corporations for their private interests more than any other sector of the population. I think these precedents would obviously have to be looked at with a great deal of care.

The consideration of this issue by the MacKenzie commission was not very satisfactory either. That commission dealt with only part of the problem, that part dealing with official secrets, and the principle which it advocated is, to my way of thinking, rather inadequate. I would like to quote from page 77 of that report. Paragraph 209 says the following:

> We have given some thought to the ideal content of an official secrets act. In our opinion, such an act should in the first place protect all classified information from any unauthorized dissemination, whether or not the purpose of such dissemination is prejudicial to the interests of the state and whether or not the information is intended to be directly or indirectly useful to a foreign power;

Just reading that much of the attitude of the MacKenzie commission regarding this part of the problem, we can see that there is an acceptance of an unfettered discretion of the executive to classify documents, backed up by the criminal law power, and the criminal law power would be used to punish espionage and general leakage on an indiscriminate basis. To my way of thinking that type of approach is not at all satisfactory. It is far too general and gives far too much power to the executive of the day.

Much more satisfactory, from my point of view, is the approach of the Franks committee in England. I would like to quote briefly from page 101 of volume one of that report where the committee recommends that:

> Section 2 of the Official Secrets Act 1911—

Which is the equivalent of section 4 of our act, I might say parenthetically.

> —should be repealed, and replaced by a new statute, called the official information act, which should apply only to official information which—
>
> a. is classified information relating to defence or internal security, or to foreign relations, or to the currency or to the reserves, the unauthorized disclosure of which would cause serious injury to the interests of the nation; or
>
> b. is likely to assist criminal activities or to impede law enforcement; or
>
> c. is a cabinet document; or
>
> d. has been entrusted to the government by a private individual or concern.

In the view of the Franks committee the use of the criminal law would be limited to those categories of information, and beyond that the secrecy—"confidentiality" perhaps is a better word—of government would be maintained by internal disci-

pline, the various forms of discipline which are known to public services the world over, including the risk of discharge if the offence is of that serious a nature.

However, even if one accepts the Franks recommendations, they cover only a part of the subject of freedom of information. They cover the part which deals with unauthorized release of information, but they do not cover the more difficult question of authorized release, and what information should, and even must, be made available by the government to parliament, to the press and to the people.

With respect to this large problem, as hon. members are aware, there are two principal issues. First, granted the principle of openness, what should the exceptions be? I think there would be no disagreement anywhere in the House that there would have to be exceptions to the principle of openness because certain activities of government require confidentiality and even secrecy. Second, granted that the initial decision as to confidentiality should be made by the government, what should the review process be? I would like to take each of those questions in turn and deal with them, not as fully as I would wish, but as fully as time today will allow.

I suggest, with respect to the first question as to exemptions, that perhaps four principles should be operative, and perhaps we would wish to protect confidentiality in four categories. The first of those would be where the security of the state or the safety of the people is involved—this would involve matters of national security, so-called, and also matters of law enforcement; second, the ordinary confidentiality of the internal processes of government; third, the private affairs of people and business; and fourth, that private gains should not be allowed to be made as a result of the release of information.

● (1722)

The greatest difficulty, it seems to me, is with respect to the second of these principles. Obviously these are large principles, and certainly I would not maintain—and I suspect few would—that all the internal processes of government should enjoy confidentiality.

With respect to the exemption principles advanced by the government in the green paper, the most controversial would be No. 8 which deals with the area of ordinary confidentiality in the ordinary operations of the government. I suppose that there might also be some questions raised about No. 6 of those exemptions. It is obviously possible to raise questions on all of them, but it seems to me that those are probably the exemptions about which the largest number of questions might be raised.

What I would try to strive for in elaborating a theory on the basis of which we could distinguish between documents which should be released and those that should not be released to the public, is as follows. What I believe should be protected from disclosure is working documents, documents which are directly part of the process of governmental or ministerial consideration. Here I would go beyond the recommendations of the Canadian Bar Association, which, I believe, would restrict these to governmental consideration.

[Mr. MacGuigan.]

What I believe should not be protected and should not have exemptions to cover them are a number of categories which I would like to mention. I believe there are four of these categories. First of all, factual data, such things as surveys, environmental studies, feasibility studies or consumer test reports, should not be exempted. All of those documents are of a factual nature, or at least their factual aspect can be isolated to the extent that it is predominant. Second, I do not think we should protect from disclosure internal directives and administrative policies respecting matters which may affect the public, except for reasons such as security and safety. Third, I would not grant an exception to opinions of a general nature that are not directly and immediately concerned with decision making, and here I would exclude from exemption general legal opinions which are not directly related to actual or expected litigation. Fourth, I suggest that all documents, even those in the exempt categories, should be published after a lapse of time. Perhaps the ten-year period suggested by the Canadian Bar Association would be a good period in that case.

The distinction I am trying to draw is that if a document is part of something which is in process, if it cannot be isolated and is an integral part of the continuing operation of the government, it should not be subject to disclosure. But if it is something that is severable, which, even though it may have an indirect relationship—certainly everything has an indirect relationship to the processes of government—but is not directly related to the work of the government at the time, then that is a matter which should not be protected by an exemption and which should fall under the general principle of full disclosure. I would repeat that in all cases of doubt I adopt the presumption that disclosure should take place.

With respect to the second question as to the review mechanism, we come to a more difficult problem, one on which we will have perhaps less agreement with others in the House. What form of review is appropriate? Is it an external review, which I suppose would be considered to be a judicial review because it is certainly the most unbiased form of external review, or is it some form of internal review?

The argument for a judicial review is essentially that the rule of law in our system requires judicial determination, that in the protection of the judiciary they find, one might say, an essential characteristic of the rule of law. That is true in the traditional area of law, certainly in the private law, but it has not been generally considered to be true in the twentieth century in the area of administrative law. In the area of administrative law we have made distinctions, and we have said that some things are subject to judicial review and some things are not. Factual matters are not subject to judicial review and matters of law are, while questions of mixed law and fact can go either way, but we have found it necessary to make distinctions of that kind. Unless hon. members will maintain that this new tradition which we have evolved to deal with areas of administrative law is not a proper one, we can see there that the rule of law does not always mean judicial determination.

Here, of course, we are dealing with something which is really entirely new, something which has not developed any tradition. We are discussing what the rules should be. We have a dilemma to face. We have an argument for judicial review which rests on an analogy, which stresses an analogy between the usual processes of law which do allow a judicial decision to be the ultimate test of the validity of anything in our society and certainly any governmental act or any law. On the other hand, the argument against a judicial review is normally made in terms of responsible government, the feeling being that the principle of ministerial responsibility cannot be squared with the establishment of a judicial review. It seems to me that neither approach is satisfactory, because I believe that neither goes to the heart of the question, neither the analogy to the older law nor the resting on ministerial responsibility or responsible government.

The fundamental question seems to me to be whether the matter in question is justiciable or not. To be justiciable, that is, capable of judicial determination, something must be able to be resolved by fairly precise criteria. Judges through their powers of interpretation are inevitably legislators in an indirect way. I think all sophisticated jurisprudents would admit that. But, it seems to me, they must not be asked to assume the responsibility to be legislators directly, to make directly political decisions.

I find that the courts are appropriate as decision makers when the kind of questions that are involved are between a subject and the state, and where the subject is asking for some information from the state which is directly relevant to him, where his freedom or his rights or his property are in some way imperilled. But with respect to general questions, I would have great difficulty in finding to my own satisfaction that there is justiciability which I believe could be dealt with by a court. I am strengthened in this attitude by some words of the Franks committee, and I would like to quote from pages 54 and 55 of the first volume. The Franks committee said:

> In relation to these basic functions of government, the question of injury to the nation is essentially political, in the broadest sense of the term, not judicial. It is essentially a government responsibility to assess the importance of informationt . . . The government is accountable to parliament and the electorate for its discharge of these basic functions. Any system which placed this responsibility elsewhere would detract from the responsibility of the government to protect the security of the nation and the safety of the people. It would remove the element of constitutional accountability.

The committee went on to say:

● (1732)

> The questions arising in these cases would, by definition, concern matters which the government wished to keep secret. It might be impossible to show why the information disclosed by the defendant was secret, except by revealing other secret matters in the evidence. Cases of this kind have arisen in the past and will arise in the future. It might not be sufficient for the court to sit in camera, since the accused himself, his legal advisers and the jury would all remain present. The government might not be prepared to take the risk of letting them hear the secret evidence. Yet it is basic to natural justice that an accused person should know the evidence against him.

I am impressed by those words. It would be a serious mistake for us to present the courts with issues which, because of their very nature, cannot be properly decided by judges. That is the question. Can these issues be properly decided by judges or not? Are they political issues which must be placed before parliament and the people?

Therefore, I recommend an information commissioner with ombudsmanlike powers to consider complaints, but more importantly, to scrutinize government documents in general. Just as government accounts are open to the Auditor General, all government documents must be continuously available to him. I should like to propose five characteristics of this office: First, it must be independent. Second, it must have total permanent access to all government documents. Third, it must be an internal examination conducted within the walls of government itself. Fourth, it must give public advice to government, not only in general periodic reports, but in specific reports which pinpoint particular documents—It should say whether such a document should be released to the public. Fifth, it would be an advisory rather than a compulsory body, which would employ the powers of public opinion.

A spokesman for the Ontario government, before its royal commission looking into these matters, said that all these issues cannot be solved by legislation. The power of public opinion is the final protection in these areas. Mr. Justice Brandeis of the United States once said the following:

> Publicity is justly commended as a remedy for social and industrial disease. Sunlight is said to be the best disinfectant and electric light the most efficient policeman.

Publicity could be mobilized by an information commissioner with the powers I have described. His powers would be greater than any other government official, even the Auditor General. As a representative of parliament and the people, he could keep us adequately informed on areas where the government was not living up to the general principles and categories of exemptions otherwise laid out. In the final analysis, this is not strictly a legal matter. It is a political matter and, as such, there must be a political solution.

Some hon. Members: Hear, hear!

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I have been listening with a great deal of interest to various spokesmen who have participated in this debate. The first spokesman I listened to was my leader. He made a very masterful presentation of an eminently sensible proposition which I thought would not obtain the full support of the House of Commons, and I have been reinforced in my thoughts.

I participated in the all-party committee on freedom of information. The hon. member for Wellington-Grey-Dufferin-Waterloo (Mr. Beatty) indicated that 90 per cent of the responses to a questionnaire which was put out by us supported in essence the proposition contained in the motion before us.

As I listened to the Secretary of State (Mr. Roberts) and the hon. member for Windsor-Walkerville (Mr. MacGuigan), who has some influence in his party with regard to this particular topic, I am now convinced that the issue of freedom of information unfortunately is becoming a matter of partisan politics. Now there seems to be a clear statement on the part of the Liberal party, notwithstanding any resolution passed in

open conference at Ottawa in February, that it is coming down on the side of a refusal to accept any form of independent assessment and adjudication on freedom of information.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: This really distreesses me. As a former dean of law, the hon. member for Windsor-Walkerville should have a fuller and better appreciation of the speciousness of the argument against an ultimate judicial review. I listened to his argument about the limitation of exemptions. I understand and commend him for some of those observations. I thought his observations were responsible. On the basis of his presentation in that regard, I do not think we differ substantially.

But I detected great difficulty in his presentation when he attempted to defend the indefensible. I felt he was struggling to bring logic to an illogical proposition. He attempted to justify his argument by indicating that whether a person is entitled to some government document is beyond the ken of any judicial officer. If that proposition was taken to its logical conclusion, the judiciary would have a very limited area in which to pass judgment. I think the hon. member knows this in his heart of hearts.

What is a judge supposed to do when he draws any conclusion on a matter of national security? What is he to do when he reads thee definition of "national security" in the Federal Court Act? Is he not drawing conclusions which are very political in nature? Is the hon. member suggesting in the judge's interpretation of section 41(2) of the Federal Court Act that he is not involved in a political decision by deciding what does or does not constitute national security? What about the Official Secrets Act? There are many instances and examples in our laws where in fact judges are required to pass judgment on matters which I consider to be political in nature, or are required to take into account matters which perhaps are sensitive or secret. The argument that judges or independent arbiters of whatever stripe are somehow not qualified, or could not understand the implications of an application, just does not warrant any support.

Also I detected a strain on the part of the Secretary of State during the course of his remarks. He came out clearly against independent judicial assessment of these applications. He was careful not to say that he was against independent assessment, but his argument gave us some indication of what might come forward as a government bill. I hope I am wrong in this respect, but he left the impression that it will be something in the nature of what was presented by the hon. member for Windsor-Walkerville.

● (1742)

I notice the hon. member for Windsor-Walkerville made reference to the information commissioner being of the same nature as the Auditor General. I do not know of a better example to illustrate the pitfalls that might occur with respect to a true freedom of information act and endorsement of that principle than trying to suggest that we have an information commissioner on the same basis as we have an Auditor General. We know that in some instances the recommendations made by that officer of parliament have fallen upon the deaf ears of the government, and I would venture to say that more times than not his recommendations have not been acted upon. We know that the Auditor General has absolutely no powers of endorsement with respect to any recommendations he may have, however sensible they may be. If we are talking about that kind of final assessment of applications, we are not doing the concept of freedom of information any good at all, and it would be counterproductive, as far as I am concerned, in ensuring true freedom of information.

Mr. Baldwin: They didn't like one Auditor General. They tried to fire him.

Mr. Hnatyshyn: This is the problem, as my colleague has pointed out. We need someone quite independent of any pressure exerted by the government. In the final analysis, it is the majority that would appoint this officer. Whether he is an officer of parliament or not, the practical fact is that the majority party will be able to exert certain pressure on that appointment, which will probably be limited to the usual term of seven years.

The reason I ask members on the government side to give support to this motion is that it is not a partisan matter, nor should it be, to support a proposition put forward by my leader. What I am suggesting is that it is as much in the interest of the government as in the interest of the members of the opposition to have truly effective freedom of information legislation in force in Canada.

I would like to remind hon. members who are interested in this particular debate of a statement made by a recently departed cabinet minister, the hon. Mitchell Sharp, who said in a speech he made in Fredericton in March, 1977:

> In the political sphere . . . senior civil servants are much more powerful than ministers. "In the main, ministers are amateurs in government while the civil servants are professionals"—

He was talking about civil servants who advise ministers on policy matters.

It is as much in the interest of ministers to ensure there is an adequate and free flow of information as it is in the interest of the members of the opposition. I contend that in the complexity and the labyrinth of the administrative processes we now have in government there be some measure, if I can put it in parochial terms, to keep everybody in the government operation honest.

It was interesting to read a speech made by a public servant of some seniority and distinction in the government, Mr. Gordon Robertson, on November 19, 1977 entitled "Confidentiality in government". Mr. Robertson is secretary to the cabinet for federal-provincial relations. I know the man and have had correspondence with him, and I think it is fair to say that he was not stating the government's point of view in connection with the speech. It was his own point of view. He did not ask to speak at the lecture in Kingston, Ontario, for which the speech was made, but he was asked to speak specifically on this topic.

Mr. Robertson drew certain conclusions in that speech which, after listening to some of the comments from the spokesman of the government side, have a familiar ring to them. I would say that Mr. Robertson is not exactly enthusiastic about freedom of information legislation. For instance, he said:

I submit that much of the popular interest in freedom of information is directed by curiosity about the internal processes of government that does not have much purpose behind it except curiosity.

I suspect that this is a belief that is firmly held by some, if not many, senior public servants at the present time. I can understand the point of view, but the difficulty is that this idea has by some process of osmosis been transmitted to government ministers and to the government itself. I am concerned about this because we are veering away—I think that this has been generally conceded by most members of parliament—from the opportunity to speak out and discuss a matter without the constraint of the whip on the government side. This sort of position is acceptable to the majority in the House of Commons, and this is why I say there should be a process of independent review.

Mr. Robertson also said that the demand of the public for more information about the processes which govern them would be simply a waste of money. He went on to say:

I am sceptical of whether their satisfaction (demand for information) ought to be financed to any large degree by the public or ought to be given priority over other requirements for the energies of ministers of public servants.

It is my firm submission, Mr. Speaker, that the great balance of any expenditure the government may incur with respect to freedom of information will be less than the phenomenal amount of waste that goes on in government spending. A greater access to the workings of government would shine the light of day on some of the more glaring aspects of waste, and the cost of freedom of information in relative terms would be insignificant. The prospect of looking in and finding out precisely what is going on in the government, either by members of the opposition or the public, would have a very therapeutic effect on government operation and the administration generally.

Mr. Robertson put forth the proposition that confidentiality is needed to protect the public service, which he described as:

—the preservation of a non-partisan professional public service—

There has been a rather curious development in the short time that I have been here in so far as confidentiality and faceless public servants are concerned, and that is that ministers themselves, in attempting to avoid responsibility which they would have traditionally accepted, are more and more resorting to the tactic of blaming the public servant for any mistakes that may occur. The Hon. Mitchell Sharp has recently been quoted as saying something to the effect that in this day and age public servants should more and more bear the responsibility for their actions as opposed to the traditional concept of ministerial responsibility.

Mr. Pinard: You are blaming Mr. Robertson. What are you doing?

Mr. Hnatyshyn: I am not blaming Mr. Robertson, because I think he has his own point of view. I am suggesting that it is a point of view which is now being accepted by members on the government side. I suggest, with all deference to Mr. Robertson, that he is mistaken in his own conclusions, as the government would be mistaken if they were to accept the attitudes enunciated by him. I have every respect for Mr. Robertson, but I think he is wrong on this issue, and I do not want to see the government take up the cudgels on his theory because that would be a mistake. I say to the members on the government side that they are going to back themselves into a corner if they are going to make freedom of information a partisan issue.

Mr. Robertson also said that to preserve ministerial responsibility there should be no mandatory powers either of the courts or a freedom of information commissioner to demand and secure a document. He went on to say:

I would also like to suggest that to have the final decision taken by any agency other than the responsible minister when a document relates to decision making or to the integrity of the state will be destructive to the clear identification of executive responsibility which is one of the best features of our parliamentary system of government.

● (1752)

There is a ring of truth in what Mr. Robertson has concluded and in what has been said by members on the government side. If we shy away from the independent review of applications we will have second rate, unsatisfactory legislation. The arguments put forward today indicate why there has been something less than wholehearted enthusiasm on the part of this government to bring forward this legislation, notwithstanding the protestations of the Secretary of State and other spokesmen.

The hon. member for Peace River (Mr. Baldwin) has presented legislation for consideration. The topic has been studied to death—it has been before the House for 13 years. Since I have been here I have been involved in a study of the whole proposition through the Joint Committee of the Senate and House of Commons on Regulations and other Statutory Instruments and in other ways.

To see how this government operates on this matter gives me a new appreciation of the word "eternity". I do not think they are anxious to go ahead with this matter. I do not know that we can wait for the government to bring in effective legislation. The Secretary of State quoted two dissenting briefs that were presented to the joint committee on the question of an independent review of applications for documents under freedom of information legislation. He omitted to say that everyone else who came before the committee, including the vast majority of members of parliament, supported the proposition as being fair and reasonable and did not regard it as an intrusion.

Freedom of information legislation has been introduced in Australia and some hon. members referred to the position taken by Sweden and the United States. I think the problem is the serious and deep division within cabinet on the question of

how far they should go. This was evidenced yesterday by the Deputy Prime Minister (Mr. MacEachen) who initially was in favour of the motion before someone got him to point out there was no consensus in cabinet.

I hope members of the government will exert pressure to make sure the point of view presented in this motion will be adopted.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I propose to make a short contribution to this debate and I hope you will not notice the time too intently. I have a committee meeting at eight o'clock so I hope I can carry on for a minute or two past six o'clock.

I listened with rapt attention to the hon. member for Windsor-Walkerville (Mr. MacGuigan) who continues to be given a very special role in the Liberal party. He is one of those people with credibility in the area of civil liberties and in the area of freedom of information. He is becoming the token to be put forward by that party to convince the Canadian people there are still some small "l" liberals left.

If you reject the concept of judicial review, as has been done by the hon. member for Windsor-Walkerville and by the Secretary of State (Mr. Roberts), you continue to reject the view of the Canadian Bar Association which has given this matter intensive study, the views of most constitutional lawyers and the view of the Canadian Labour Congress.

I should like to direct my specific attention to the remarks made by the hon. member for Windsor-Walkerville about the need for an independent review rather than a judicial review. In order to do that I want to refer to the study done by a very learned man, Mr. T. Murray Rankin, of the law school of the University of Victoria and published in his book "Freedom of Information in Canada". His study was adopted by the Canadian Bar Association and it replies to the argument that under our system you cannot have a judicial review of matters that are essentially political in nature.

The government's position has been to shun this idea of using the courts as arbitrators. It rests on the conviction that final responsibility for the release of government documents must remain with cabinet ministers since the matter is fundamentally of political concern, and that permitting a court to exercise supervisory jurisdiction would violate the convention of ministerial responsibility.

That objection is based on a self-serving myth which Mr. Rankin deals with at page 122 of his book, as follows:

> —based on a self-serving myth that is sought to be perpetuated in the 1977 green paper: that "there is no way that a judicial officer can be properly made aware of all the political, economic, social and security factors that may have led to the decision in issue." If the American experience has indicated anything, it has indicated the hollowness of this assertion.
>
> What one is talking here is not a substantive political decision such as the location of an airport, a nuclear plant or a pipeline—although even in these cases the executive has frequently called on the judicial arm for assistance and advice. What one is discussing is essentially akin to a procedural decision on whether certain information or documents useful in assessing the location of an airport, a nuclear plant or a pipeline should be produced, based on criteria which can be carefully spelled out by parliament in legislation. The judicial branch is uniquely suited to this task, and discharges similar duties in Canadian courts every day.

That is the view of the Canadian Bar Association and they are not unaware of the political ramifications of that position. We are not asking a judge to make a political decision but a judge can make a judicial decision based on criteria set down in the legislation and presented to parliament. I am disappointed that my distinguished colleagues at the Bar, such as the hon. member for Windsor-Walkerville, would make this old-fashioned, specious argument.

About two years ago I took the trouble to go to the Environmental Protection Agency in Washington to find out how the freedom of information legislation in that country was operated. I expected to see layers of bureaucracy and expensive duplication. Such was not the case. Instead, I found some civil servants and bureaucrats who understood that the information they had belonged to the people of the United States; it did not belong to them and it did not belong to the government. Through their taxes the people of the United States had paid for this information. They had a right to it but it took freedom of information legislation to turn the bureaucracy around and make them understand they were the servants of the American people, not their masters.

That is why it is so important that the motion should be supported on all sides of the House. The government had a wonderful opportunity in the motion before it but to get picky about the one question of appeal to the courts when we could have made some very real progress in this House I think is disappointing to every member who wants to see this matter go forward, who wants to see a change not merely in terms of gaining information in which we are all interested, but maybe a change in the atmosphere of the bureaucracy and as well in the attitude of politicians who serve the constituencies. It is the people's property; they have paid for it and by God, Mr. Speaker, they have a right to that information. The onus must be turned around.

● (1802)

This government I think has failed to accept or to see that particular principle. The legal back-up on it is overwhelming. There is no question that judicial review is the right answer. There is no question that independent review will still be an in-House review of some kind and far more likely to be a biased decision, biased against the applicant for the information.

As I say, I come late to this debate. I do not think there is another issue more important than this one if we are to talk about protecting democratic principles. We have the example of the American experience. It is working extremely well. It is not costly and it is providing a very useful service.

I simply say in closing that it is a unique situation in Canada where we cannot get information about our own Canadian corporations without going to the United States Security Commission under their freedom of information legislation. Our reporters across Canada cannot get information from this government, but they can cross the border and get that information from the United States government in order

to provide themselves with back-up for fulfilling their duties to their readers.

Surely it is time to move on the legislation. There is a member of parliament who has done something to his everlasting credit that may be more important than all the fine years he has spent in this place; I refer to the hon. member for Peace River (Mr. Baldwin). He has done the Canadian people a great service and I give him full credit for the work he has done.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Order, please. It being six o'clock I do now leave the chair until 8 p.m.

At 6.04 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, a few weeks ago we debated a motion put forward by this side of the House with regard to the Official Secrets Act. Today we are debating another motion put forward by the official opposition on freedom of information. The subject matter of both these debates is very closely related. This point was succinctly made by the hon. member for Windsor-Walkerville (Mr. MacGuigan) when he took part in the debate a couple of weeks ago. He stated in that earlier debate:

> The "official secrets" question is almost the most serious aspect of the general problem of freedom of information. In the field of freedom of information we try to arrive at principles to what should be released and how documents should be classified by the government. In the Official Secrets Act we impose penalties for releasing those documents.

I presume he was referring to highly classified or highly sensitive documents touching on national security. He went on to say:

> Official secrets legislation is, therefore, the completion of the doctrine of freedom of information.

That might be the ideal but it is not the reality. The Official Secrets Act which we have in Canada is, as my colleague for Halifax (Mr. Stanfield) pointed out in the earlier debate, enormously sweeping and catches up virtually everything anyone would think of.

Our present Official Secrets Act is not the completion of the doctrine of freedom of information. It is the antithesis of any principle of freedom of information. As it stands now, that act could serve to make any freedom of information legislation meaningless. More than that, our Official Secrets Act, which the government seems so loath to put up for revision, stands as an attitude of secrecy which pervades the government and its employees. The Secretary of State (Mr. Roberts) referred to it as an unfortunate tradition, one which even he in his green paper is doing very little to dispel.

I want to take a look at this attitude of secrecy. I prefer to call it a presumption of secrecy and compare it to its opposite, a presumption of openness. Whatever form the principle of freedom of information is to take will be determined by whether it is based on a presumption of secrecy or a presumption of openness.

I do not doubt the sincerity of the Secretary of State when he expressed before the Joint Committee on Regulations and other Statutory Instruments his concern that "government is too enclosed, that too much is hidden behind doors". Nor do I doubt that he truly desires to do something about the present situation. But I do doubt that he will go far enough, and I doubt that he will start from a presumption of openness.

The all-party committee on freedom of information expressed a similar reservation in its brief to the joint committee. Referring to the green paper's statement that exemptions should be confined to the genuine need for confidentiality, should be clear and few in number, the brief stated:

● (2012)

> The all-party committee is in complete agreement. However, the committee does not think that the green paper has observed its own wisdom. The exemptions proposed in the green paper are fewer in number than the ones used in the notices for the production of papers, but are just as wide in their implications. In other words, if a member of parliament has had trouble with the notices for the production of papers, she or he would likely have just as much trouble with the freedom of information legislation that the government is presently in favour of introducing, no matter what form of review were adopted.

That was the stand of the all-party committee on freedom of information legislation.

The problem at hand is not whether there should be more open government; I think there is unanimous agreement that there should be. The problem is more subtle, and it deals with the attitude from which the more open government will arise. It deals from this basis: either an attitude of secrecy or an attitude of openness.

The attitude of the minister responsible for the green paper—and, unfortunately, it is shared by too many of his colleagues—is that of a government which owns its documents and must decide which of those documents it can release to the public.

The Leader of the Opposition (Mr. Clark) spoke about that very clearly this afternoon when he indicated that the government sees itself as being on one side and the public on the other. As he pointed out, even the title of the green paper is a reflection of that attitude on the part of the government. The title is "Public Access to Government Documents".

These are public documents. Government business is public business. The hon. member for Peace River (Mr. Baldwin), who we all know has been eloquent and outspoken on this subject, made that point succinctly in a recent article when he wrote:

> Everything the government does is the public's business and the public, through its representatives in parliament, has the same right to information as the government decision makers ... The onus must be on the government to justify every instance of official secrecy.

Stated in that way, that is an attitude of openness. It is a recognition that information in the hands of the government is public information. Not only does the government have a duty to provide that information to the public, but the public has a right to access to it.

The minister, unfortunately, is not operating from that presumption of openness. If he were, he would not have drawn up a list of exemptions which was so broad as to encompass anything the government wants to put in it. Nor would he be so eager to keep the review process within the control of ministers. I find it somewhat ironic that the minister justifies that position by trotting out a concept so often ignored by this government, the concept of ministerial responsibility. No, sir, the minister is operating from a presumption of secrecy. His green paper is just an extension of the present policy whereby the government decides what the public should know and what it should not know. It makes these decisions, we are told, in the public interest or for reasons of national security. These nebulous terms, "public interest" and "national security", turn out, more often than not, to mean the interest of the government.

A stunning example of this penchant for secrecy in the interest of the government is a reply of the Postmaster General (Mr. Lamontagne) in the House of Commons on June 8, just a couple of weeks ago. When asked to table a report on the operations of the Post Office, the 1975 Hay report, the minister replied with these words:

> If that confidential document were made public it might embarrass some components of the Post Office Department that did not operate properly at the time, for various reasons.

It seems to me that whether or not certain components of the Post Office operate properly is a matter of public interest, and the public interest would best be served by making the report available. It is the government's interest that is being served by withholding it.

This example reaches absurd proportions when one reads in a Canada Post bulletin called "Com Team" that, and I quote:

> We must remember that, in spite of what the press may say, these studies are not secret . . . It's true they are not made public, but there are good reasons for this.

What that bulletin said was that the documents are not secret, they are just not available.

This morning's newspaper gives another glaring example of where this attitude of secrecy has taken us. Last year in this parliament we enacted human rights legislation with a provision to allow individuals access to personal information about them which is contained in government files. This was a much needed and much heralded step toward countering the growing interest of government in the personal lives of citizens.

This morning we read about a case which illustrates a complete distortion of the intent of that legislation. A person was permitted to see government files about himself only on condition that he sign a pledge never to divulge what he saw. In addition to that, he was warned, if newspaper stories are correct, that if he violated that pledge he could be charged under the Official Secrets Act. This man was fired from his job for unspecified security reasons. He has been effectively blacklisted in his occupation, and he cannot clear his name because he cannot divulge what information the government has about him, whether it is true or not.

Given the possibility of similar occurrences and given the broad categories of exemption in the green paper, I do not have much faith in this government's commitment to freedom of information. If the government were to have the final discretion in a dispute over releasing such documents, what would be its decision? What would be the decision of the minister?

Much as I welcome freedom of information legislation, I would welcome it more if I was convinced that it would allow for independent judicial review and if I could be certain that the final decision in cases of dispute would rest in the courts. I would not welcome freedom of information legislation which left the final decision in the hands of a paternalistic government minister who thought he or she knew best what was in the public's interest to know or not know, or in the hands of a protective minister who would protect the interests of a department over those of the public.

Open government does not have to be a threat to those in power. An informed public is able to rationalize the information it receives and come to intelligent conclusions about the workings of government. Access to reports on the operations of the Post Office, for example, might serve to make the public more aware of the difficulties which are involved in such a gigantic department. It might make citizens more confident that something is being done about them and that someone really does care about their mail delivery.

Similarly, with regard to nuclear safety, a matter of critical significance to all of us which is very much in the news these days, the public might be more trusting of the government if it could be made aware of all the facts and information rather than getting bits and pieces of alarming information through leaked sources and leaked documents. People would be less apt to jump to conclusions or to offer simplistic solutions if they could be certain that the government was levelling with them and treating them with trust and respect, no matter how difficult, dangerous or technical the subject matter and the situation.

● (2022)

Ignorance, contrary to the popular aphorism, is not bliss and the people who live in Pickering or Douglas Point do not rest easier knowing that there are any number of facts about nuclear safety that are being withheld from them, and they are told that it is presumably for their own good. They might, however, feel more secure knowing all the facts instead of leaving so much to imagination.

Knowledge is power, and unless a citizenry has knowledge, it is powerless. In order to assert themselves, in order to take part in a democratic process, individual citizens and organizations must have access to the information they need. Without adequate information, citizens are alienated from the decision-making process.

Not only does this break in the outflow of information and the equally pervasive overclassification of information in government hands work to the detriment of the democratic system, but as well it places conscientious civil servants in a difficult position. These people, who have a sense of what is right and of what the public has a right to know, are, because of an ingrained and overrestricted syndrome of secrecy on the part of the government, being forced to invoke their own brand of civil disobedience through the anonymous brown envelope. The continuous aura of secrecy creates a dilemma for them and they are forced to deal with it as best they can. That does not say a great deal for the openness of government.

As members of parliament seeking to get information to meet the needs of the individual Canadians whom we represent throughout this country, we probably all have our own set stories of ludicrous examples as to what can happen when this aura of secrecy is carried to the extreme. Just recently my own office attempted to get a copy of a magazine from a government department. We had read in the newspaper that a certain issue of the British magazine, *The Economist*, was available because of an article it contained on the Canadian economy. My office called for a copy of it and was told that the department had copies, indeed had lots of copies, but it took several calls back and forth to several different people because no one was sure if it was quite proper to release a copy of that magazine to me. That edition of the magazine was one of over a year ago.

Most Canadians are intelligent and mature people who are able to understand and sort out the myriad pieces of information with which they are bombarded every day. It comes at them through all sorts of media and in all sorts of situations. They absorb complex and technical facts constantly, but to date they have not been done in by this information explosion, and I do not expect that they will be.

I think it is time that the government recognized that they are able to handle information on their own and that they do not need the experts in government to do it for them. A little more faith in the ability of the ordinary Canadian would go a long way in changing the entrenched attitude of secrecy with regard to information that the government could provide. So I say, let us attempt to make such faith the basis of our freedom of information legislation.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I am pleased to participate in this debate because I think it is a very important topic that is of concern to Canadians. I am somewhat surprised when I hear speakers for the opposition trying to lay at the door of this government the tendency to secrecy and the protection of government information. This is not something that can be dropped at the doorstep of one party or one government in this country, and that can be demonstrated by the fact that there are all across this country governments of various political persuasions which are less willing to release information than the federal government.

An hon. Member: There is only one federal government.

Mr. Dionne (Northumberland-Miramichi): I might remind the hon. member that there is also only one federal official opposition.

We have introduced in the House Bill C-12, the purpose of which is to provide legislative authority for the collection of certain statistics relating to Canada's petroleum industry in order, first, to enable the Government of Canada better to plan and develop policies for the management of Canada's energy supplies and resources and, second, to provide the Government of Canada with the detailed knowledge necessary to give authoritative assurance to the Canadian people that those policies are being effectively pursued in Canada.

That bill has been opposed by the official opposition, for what reason I do not know, but it is an attempt by the government to obtain information which can assure Canadians that information on the development of our natural petroleum resources is made available to the Canadian public. As I say, the bill has been opposed by the official opposition, so again it is not something that can be laid at the door of any particular party.

Someone across the way thinks it is a joke. I do not know what the Leader of the Opposition (Mr. Clark) finds so funny, but if he continues to follow the course he has followed in the last month—

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. Since the hon. member has inquired, let me tell him that the hon. member for Peace River (Mr. Baldwin) said that if the hon. member was defending us on a murder charge, we would be charged with attempted suicide.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, hon. members opposite are the obvious experts in the House on suicide, at least political suicide. As I was saying, if the Leader of the Opposition continues on the course he has been following in the last few months, he will probably become the only Leader of the Opposition in Canadian history known for having lost his job by the seat of his pants.

Some hon. Members: Explain.

Mr. Dionne (Northumberland-Miramichi): If you want an explanation, it is because he talks all the time from the seat of his pants.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): There is an obvious need in this country, as there is in any country, for some secrecy, and I would like to deal very briefly with some of the situations in which secrecy or curtailment of information is required. Obviously, national security is one of those areas. The hon. member who preceded me referred to national security as being a nebulous term. It does not seem to me a particularly nebulous term. It seems to me to be a very important term because the security of our nation, after all, should be the first priority of any government. It is obvious that if there is no confidentiality of information with regard to

national security, the government and the security services of this country will not be able to gather information in order to protect the freedoms we enjoy in this country; and despite the charges that are made, there is no country in the world that enjoys more freedom than we do in Canada.

Miss MacDonald: You should ask Dr. Treu.

Mr. Dionne (Northumberland-Miramichi): I do not have to ask Dr. Treu, who is being defended quite ably by the white knight from Peace River.

Some hon. Members: Hear, hear!

Mr. Dionne (Northumberland-Miramichi): Thank you. The second area where confidentiality of information and secrecy are necessary is national defence. The armed forces of the nation must have some assurance that their operational, tactical and strategic plans have confidentiality. Otherwise, there is no point in their making such plans. Of course, the same rule should apply to police and security force investigations.

● (2032)

It goes without saying that no government can function at cabinet level without knowing that the discussions which take place within the walls of the cabinet room are confidential and privy to the members who participate therein. Also it would be extremely difficult to carry on international or federal-provincial negotiations completely in public. There has to be some confidentiality and a degree of confidence on the part of those who participate in the negotiations that what they say in those sessions will remain confidential. Obviously there must be some give and take. The nature of politics being what it is, the leaders of various governments who participate in these negotiations will want to know that the concessions or the compromises they make at the expense of a smaller constituency, in order to advance the interests of a larger constituency, will not be held against them.

Another area where secrecy is required is in the preparation of the budget. Of late we have seen the efforts of a rather innovative Minister of Finance (Mr. Chrétien). He attempted to consult other levels of government in the preparation of a budget and was charged with violating budget secrecy. That is somewhat of an about face in that it comes from a party which is calling for absolute openness. In the preparation of changes in monetary or fiscal policies, the government must be careful not to give away what it plans to announce on budget day, so that some individuals will not be able to take unfair advantage of that information.

Having dealt with the negative side of freedom of information, or the lack thereof, I should like to deal with the necessity for information. The public at large must have access to sufficient information to make rational decisions concerning the actions of governments at both federal and provincial levels, and in order to be able to make rational decisions in the casting of their ballots. It is only by this process that the electorate will have a full appreciation of the actions taken by government and will be able to make sensible and logical decisions as to which candidate they should support during elections.

The public has an interest in the information accumulated by the government in the exercise of its responsibilities. In the final analysis, that is the only way we can have responsible government. Free elections will not mean very much if the public does not have access to sufficient information in order to make a rational and sensible decision on election day.

Mr. Johnston: The government told them that wage and price controls would not be brought in.

Mr. Dionne (Northumberland-Miramichi): We did not say any such thing.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): That is another example of the type of fallacy hon. members opposite have been spreading over the last four years because they were burned on their own policy of freezes.

Another reason for the public having access to information is that they can determine whether there is honesty and forthrightness in the administration of public good. If information is not made available, the public will not be able to decide whether the rumours, reports, stories, and so on, which they hear and read are accurate.

Whatever government may be in power, it is in its interest to make available all possible information in order for the public to make a rational decision concerning the actions of government. The federal and provincial representatives chosen by the people must have access to the information they require in order to carry out the responsibilities which were assigned to them on election day. It is impossible for any member of parliament or any member of a provincial legislature to make adequate representations on behalf of his or her constituents unless the detailed information on which to make those representations is available. They must have access to the information which the bureaucracy of the various ministries holds, whether it is correct or not.

Mr. Johnston: How about Treu?

Mr. Dionne (Northumberland-Miramichi): In far too many cases that information must be dragged out of the bureaucracy with a great deal of effort on the part of the representatives.

Mr. Friesen: And the cabinet ministers.

Mr. Johnston: And the hon. member for Peace River (Mr. Baldwin).

Mr. Dionne (Northumberland-Miramichi): Hon. members opposite seem to be interested in making representations from their seats rather than rising to make speeches. I hope they will listen to my remarks in order for them to learn something, and perhaps we will receive some consistency in the representations they make.

Mr. Johnston: Our trouble is that we have been listening.

Mr. Dionne (Northumberland-Miramichi): In my comments I was not referring to any particular party. We have only to witness what happens in the provinces, as well as in the federal capital, to see that the penchant for secrecy is not confined to any one party. Many problems could be averted if there were consultation and a free flow of information. For example, the waste of public funds in industrial adventures which are poorly conceived and executed—might be avoided if the public knew what the government was investing from the beginning, and what future plans the government had for the investment of public funds in those ventures.

Over the past quarter of a century, the developed world has experienced an absolutely phenomenal increase in the information which has become available through scientific study and the complex problems that has created. Representatives such as myself have not been able to keep pace with the complexity of these issues because we have not been given the tools to do so. Again, if anyone is to blame it is ourselves, and perhaps the public at large, for not demanding of government that their representatives be given sufficient staff and research assistants in order to keep fully informed of the complex issues we face.

● (2042)

Government, on the other hand, has been able to more or less keep pace by hiring in the public service in its jurisdiction the experts it needs to deal with these complexities. Because of the complexities of the problems we face and because society itself has become much more complex in the last 25 years, bureaucracy has grown at a rather phenomenal rate and there has been a passive usurpation of power that should belong to the elected representatives of the people into the hands of the bureaucracy, which very often seems to be accountable to no one. That seems to me to be the crux of the problem. We should be talking about accountability rather than freedom of information.

I have no objection to the term "freedom of information", but when we have absolute accountability we will automatically have freedom of information, it seems to me. We have in this country many public servants who are extremely dedicated and knowledgeable and who are in many cases making personal financial sacrifice, personal family sacrifice and personal leisure sacrifice to serve their country, so I do not want my remarks to be misconstrued as an attack on the bureaucracy. But over the years the power base has shifted, in my opinion, from the elected representatives of the people to the continuing invisible government that is known as the bureaucracy. Until that power base is shifted back into the hands of the people who are put here by the public at large to represent them, we will continue to have a problem in respect of freedom of information.

What must happen, in my view, is that members of elected legislatures have to be given the tools, and they must receive adequate compensation. I am not complaining about the compensation level of federal members of parliament, but at the provincial level, particularly of some of the provinces of this great and wealthy nation of ours, the recompense offered is a disgrace.

Mr. Johnston: Let's hear it for the federal members while you are at it. Don't chicken out.

Mr. Dionne (Northumberland-Miramichi): I understand the hon. member would not be interested because he is quitting. In any event, I am not complaining about my level of recompense, but I do complain about the fact that, although we are considered responsible enough to represent constituencies containing anywhere from 45,000 or 50,000 people to 120,000 or 130,000 people, we are not yet considered by this institution itself to be sufficiently responsible to control a budget for the employment of personnel in our own offices. If the institution in which we serve has no confidence in us, I wonder how the people are to have any confidence in us.

I have tried in my few brief remarks to point out that the problem, in my view, is one not of freedom of information but of accountability. I am referring to the accountability of the invisible government which cannot be changed by any election, no matter what party is elected to office. Until that situation is changed, and until the elected representatives of the people have control over that invisible government, we will continue to have a problem in respect of access to information.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, may I respond first for just a minute or so to the speech of the hon. member for Northumberland-Miramichi (Mr. Dionne). I agree with him that there is a problem regarding accountability; this is a problem of all democratic governments today. But that accountability will never be achieved in the system under which we operate until there is available to the elected members, whether they be of a legislature, of a city or of this federal parliament, the knowledge and the facts upon which they can challenge government and make it accountable. Accountability will follow knowledge and the capacity to challenge and scrutinize the actions of government and the executive branch of government, whether it be the elective or the appointive. That is the problem we face in Canada and which legislators face all over the world.

I agree with the hon. member on another aspect. We do not restrict this criticism to Ottawa alone. I am glad to say that in the province of Nova Scotia my old friend, Premier Regan, enacted a freedom of information bill. I think that is the first parliamentary institution, following the Westminster tradition, which has done so. I give him credit for that and I have told him so. I would have had a better bill, I hope, but at least it is a bill and a start.

I have every reason to believe that the legislature of that province from which the hon. member comes will shortly introduce a freedom of information bill. Mr. Davis of the province of Ontario has established a royal commission which is making enquiries into the matter, and white papers are being prepared elsewhere. This is essential because the people demand it. The people are frustrated, sick of and dissatisfied with the system of government that has controlled them so far.

I want to extend my thanks to hon. members who have spoken about the limited contribution I have been able to make in this regard. Many of us come to this institution with

the genuine intention of making a contribution, not only for our own constituencies and provinces, but for the people of Canada. Many of us have had the opportunity of taking up causes which others have initiated, taking up the torch and carrying it forward, and perhaps handing it on to someone else. I have had that privilege. Many of my friends sitting on both sides of the House have had the same opportunity; and I pay tribute to all those who preceded me, including Mr. Barry Mather and others, who supported this cause and made a genuine impact in parliament with the first legislation.

I also want to pay tribute to the Joint Standing Committee on Regulations and Other Statutory Instruments. That is an example of a committee where members of this House and the other place of all parties have worked together zealously and will produce a report shortly. In a way this will inhibit my speech today. I have the honour to be one of the co-chairmen of that committee, and a report has been drafted by the steering committee and will be presented shortly to the main committee. With knowledge of what is in that report I think I should restrict my remarks to matters not dealing with what might be the content of the legislation. I pay great tribute to that committee and all its members, because not only have we had that task, we have had the other very onerous responsibility of dealing with statutory instruments and regulations.

As a simple indication of that, I say to the House through you, sir, that since February 1 we have examined almost 1,000 regulations and statutory instruments. We had five, six or seven people sitting in a dusty little room down in the basement once a week. Just today we examined 75 or 80 of these statutory instruments. The very fact that this committee exists is an indication that if there are good people who believe in a cause, it is possible for members, and not necessarily members of the government, to promote it and bring it to fruition.

● (2052)

The gestation period of reform is always lengthy, and with regard to statutory instruments it was probably 23 years from the time we first debated this in the House until the late Lester Pearson first established a committee under the chairmanship of the hon. member for Windsor-Walkerville (Mr. MacGuigan). That committee reported and legislation was introduced—imperfect legislation, but legislation. A committee was established, counsel were finally persuaded to come to the committee to lend their services—excellent counsel—and at the present time this is an effective working committee which protects the people of this country by examining in detail and challenging, where necessary, orders in council and regulations which form by far the great mass of laws that have an impact on the people of Canada. And so it will be with freedom of information. I want to extend my gratitude to the members of that committee for the services they have performed.

Sometimes I wish that there was sitting up in the gallery tonight some familiar names, Walter Rudnicki, Dr. Treu, Bernard Maguire and other people who have suffered from inability to obtain information or government transgressions, but people who have had the intestinal fortitude and capacity to fight back. But for every Dr. Treu, for every Bernard Maguire, how many hundreds are there who have suffered from this inability to find out information, to secure facts which have had an adverse impact upon them, and to fight the battle to try and secure a remedy? How many people are there who say, "We can't beat city hall, we can't challenge it," who meekly accept the facts, submit to the indignities, the loss of reputation, and the loss of money or jobs? How many hundreds and thousands are there in that category in this country?

It is only now that we are beginning to find out, through the experiences of the last few months, what the situation really is. It is a dangerous one and we have to do something about it. For example, the other day when I was speaking in the House the right hon. Prime Minister (Mr. Trudeau) said to me that I should go and plead the case of Dr. Treu in the courts of Quebec. He was being facetious. But I seek no allowance from the Prime Minister in this House to speak up for what I think are the requirements of justice and equity for any man.

I would suggest to the right hon. gentleman if he were here that it is not Dr. Treu who is on trial so much as this parliament that is on trial. It is on trial in the minds of the people of Canada. We cannot wait because time does not wait, because there is present in the minds of many people in this country today the feeling of dissatisfaction and frustration that the government is no longer there. They talk about "we and they"; there is a lack of understanding, sympathy and co-operation, all of which must exist if the government wishes to produce the kind of rules, laws, equity and decency essential today in this very difficult world that we live in.

I literally shudder, Mr. Speaker, when I think that this party will be called upon to form a government after the next election, with the problems and the limited tools which exist. For that reason, I was gratified to hear the leader of our party say today that it would be a matter of urgent priority to undertake to bring before this House a freedom of information bill to make it possible for this House and the people of Canada to know what is going on. I was gratified, not only because of the idea itself, but because it is in earnest. It is an understanding, a beginning and a sign to the people of this country that there is at long last a government which understands that it governs by and with the consent of the people of Canada.

Some hon. Members: Hear, hear!

Mr. Baldwin: When that happens there will, at long last, return to this House the essential element of confidence which is lacking in this country today. There is money in the banks, there is talent, there is knowledge, there is experience, there are resources; but there is a lack of confidence in the mind of the average person in Canada in the capacity of this government and this parliament to operate for and on their behalf, to pass the rules of conduct which will make it possible for them to live the life they should. It is a simple thing and yet a very precious and important thing. If that confidence is brought back, I have no hesitation at all about what will happen in this country.

I made mention of Mr. Bernard Maguire, as did my hon. friend for Kingston and the Islands (Miss MacDonald). I think I should pay a little attention to that case. Some months ago in a committee of this House we dealt with human rights legislation, which was good legislation. Part IV of that bill provided for, allegedly, the right of individuals to have access to their own files. The Minister of Justice (Mr. Basford) with eloquence and skill both here and in the committee said, "This is a great thing; at long last people who want to look at their own files have the right to do so and to correct them if the information is wrong".

What has happened in the case of Maguire? It is a typical illustration of the failure of this government to bring to fruition the promises which were made at the time this legislation was introduced. Mr. Maguire was dismissed three years ago and told after he challenged it that it was for security reasons. His union took all the grievance procedures it could, but they were rejected. He was told through the grievance procedures to go to the courts, whereupon he went to the supreme court trial division and then to appeal but got nowhere.

Suddenly, at long last, there appeared on the scene part IV of the Human Rights Act. Mr. Maguire went through the offices of a former colleague of ours, the chief commissioner, Mr. Gordon Fairweather, who is doing an excellent job, and secured what he thought would be the right to examine his own file under section 52 of the act. At the time he had to sign a document, a copy of which I have here, which says that he reviewed his personal file, including folio so and so and initialled each folio accordingly, and then says, "I recognize that folios"—and there are eight numbered folios—"are classified and that the contents are not to be divulged to third parties." Then he signed that. He could not go there with counsel or with an adviser, only with a security official who is a sub-official of Mr. Jenkins, an employee from supply and services connected with the Treu case. Mr. Maguire found in those folios what he considered to be certain proof that he was not a security risk and that the job from which he had been dismissed did not require security clearance in the first place. So he had been lied to about that.

What does he do now under this famous right of access to one's file? He has no opportunity to try and redeem himself or to repair his good name. He can make no attempt to recover the loss he sustained and is condemned to go through life with this blot on his name.

● (2102)

The Secretary of State (Mr. Roberts) has not committed himself definitely but I judge from what he said that the government leans heavily toward the idea that if there is a freedom of information law, it will not provide for an appeal to an independent judicial tribunal. Exactly the same reasoning was advanced when the human rights legislation was debated in the House and in committee. We were told that we had good, kind, intelligent, honest ministers who would give out information and that appeals could be made to a privacy commissioner. The commissioner had no power to compel the ministers to produce documents, however, and there were too many exemptions in the privacy provision of the human rights legislation. If we have a freedom of information act without a firm declaration of ultimate appeal to the courts, the situation will be exactly the same.

I see, Mr. Speaker, that I have only a few minutes left but I wanted to make a suggestion. Some time ago a task force was established to inquire into government services. In the summing up in volume 1 of its report there appears the following recommendations:

> The right of Canadians to full, objective and timely information and the obligation of the State to provide such information about its programs and policies be publicly declared and stand as the foundation for the development of new government policies in this field. This right and obligation might be comprehended within a new constitution in the context of freedom of expression.

As we proceed in the next weeks and months to a consideration of the new constitution and the bill of rights which is to be embedded in it, I suggest that we should examine this recommendation very carefully. Most international charters on human rights contain a provision for freedom of speech and freedom to receive and impart information. I should like to think that there would be embedded in our constitution—with the bill of rights which I hope will emerge in due course—a declaration that the people of Canada have a right to be informed on what their government is doing, much like the Swedish right of information.

I am not alone in that view, Mr. Speaker. On February 10, 1970, when the Prime Minister tabled the theme of the Information Canada program which he obtained from the task force report, he made the following statement which is reported at page 3405 of *Hansard* for that day:

> The task force made 17 major recommendations. We accept those recommendations in principle, with two exceptions. Recommendation number five proposed the establishment of a citizens advisory bureau and neighbourhood councils. The government is sympathetic toward this proposal but feels it warrants further study. Recommendation number ten suggested that a government agency undertake a role as public advocate which we feel more properly belongs to parliament.

I will pass up the opportunity to comment on the last phrase, Mr. Speaker. In that statement, as I understand it, the Prime Minister accepted implicitly the recommendation of the task force that a provision for freedom of expression should be written into the new constitution. I lay this before the House at this time and hope that it will be implemented.

In concluding, Mr. Speaker, I hope that some hon. members opposite will be persuaded to vote for this motion. No government will fall on issues of this kind. It is not likely that enough members opposite will vote for the motion for the government to be defeated, but if any of them honestly feel, as I know some do, that there is a need for a right to know, that right ought to be hedged by adequate protection. If they feel this way, let them say so with their vote and let the people of Canada know that there are members on both sides of the House who believe in this principle and its protection.

Freedom of Information

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, to speak of freedom of information is immediately and logically to refer to a truly democratic administration. In our parliamentary system, the people elect governments and the latter exist only through the will of the citizens, will expressed without constraints, without pressure, and therefore in all freedom and full awareness during democratic elections. Consequently, when a citizen is poorly informed, or not informed, badly or incompletely informed, he runs the danger, though unconsciously, it is true, of contributing to the election of a government he would not wish to have, or which the majority really does not wish the country to be stuck with. The opening sentence of the green paper on public access to government documents, tabled by the Secretary of State (Mr. Roberts) on June 29, 1977, states that clearly, and I quote:

Open government is the basis of democracy.

May I be allowed, Mr. Speaker, to read the first two paragraphs of the introduction to the green paper, and I quote:

It is an essential consequence of the extension of the franchise to all adult citizens. For a democratic society is one in which the exercise of governmental power is undertaken not by an elite according to its own precepts, but by an executive accountable to the public itself for the goals of goverment action and the effectiveness of government performance in their achievement.

● (2112)

Democratic government must be government acceptable to the collectivity of citizens. To ensure that it is acceptable, there must be a political system to establish that government is accountable. Effective accountability—the public's judgment of the choices taken by government—depends on knowing the information and options available to the decision makers. Assessment of government depends upon a full understanding of the context within which decisions are made.

Unfortunately, Mr. Speaker, despite those beautiful ideal evocations about open government, and consequently a democratic government, it is a secret for no one that a host of decisions made by the government are hatched in the great secrecy of departmental dens where the thinkers, those great mandarins of the public service, do their thing.

Consequently, the product we get, aside from the intentions expressed in election programs, speeches from the throne, white, green or yellow papers or whatever colour you want, press releases, speeches by ministers, the various information provided by members of parliament, the media and other means of information, the product we get, Mr. Speaker, escapes the prior influence of the public. So the knowledge of the process used at arriving at a government decision which can affect the daily lives of the public, the citizenry, for years to come is practically, not to say absolutely, nil. Such a secretive attitude is not unique to the Government of Canada; most governments, indeed all provincial governments in Canada, most western governments suffer from that morbid fear of making public information that could further enlighten people on the existence of certain government measures which they consider unduly coercive and which sometimes seem to interfere seriously with their freedom.

[Mr. Baldwin.]

However, Mr. Speaker, it must be recognized that governments, particularly the Government of Canada, never did so with a view to knowingly hiding anything from the people to harm them. Never! On the contrary, and this is why those who favour greater access to government information—and I am one of them—have serious reservations, when national security, which has not yet been defined, so requires, certain information is considered confidential and up until now the policy of the government has been that such information cannot be divulged for important reasons. The same applies to the duty of the state, which possesses much information about individual citizens, to protect the right to privacy of those individuals.

Mr. Speaker, freedom of information is an issue which interests everyone, and especially our constituents, the citizens of Canada. By passing such legislation as the Human Rights Act, which was referred to earlier, and by introducing recently Bill C-43 concerning the ombudsman, the government clearly shows that it wants to keep the commitment that it made in the green paper to protect by legislation the basic rights of Canadians. The Secretary of State (Mr. Roberts) reasserted recently in the Joint Standing Committee on Regulations and Other Statutory Instruments the commitment of the government to introduce legislation on public access to government papers and stated that, as minister responsible, he was prepared to submit as soon as possible to the cabinet a recommendation on the position of the government in this matter and to introduce a bill during the next session of parliament.

Mr. Speaker, these are serious indications that the government wants to act in this area and we should be happy about this. Since I am a member of the standing joint committee, I have had the opportunity to study in depth the green paper on this issue and to hear the many memoranda submitted to the committee. I wish to point out that the committee is drafting a report, as the vice-chairman mentioned it a while ago, and it should be tabled in parliament in the near future. The green paper which was tabled in the House on June 29, 1977 and referred to the joint standing committee to be considered thoroughly provides a framework to discuss the basic questions and the issues which should be taken in consideration in any legislation on the freedom of information. Its purpose was to provoke criticism and in a certain way to launch the debate. I can tell you that we were successful judging by the many submissions and the comments made by the witnesses.

The groups which appeared before the committee made up a fine sampling of the Canadian public; there were some spokesmen for the professional classes, for various organizations and movements. In several cases, a new aspect of that most complex question was shown to us. To introduce a bill on public access to government documents is to pull out official decision-making from under a veil of secrecy. But, as I said earlier, this is only one of several steps which the government has already taken or will take to preserve the fundamental rights of the

people, while maintaining among Canadians the necessary atmosphere of openness and confidence.

Therefore, this is not, as a number of groups have suggested, a means to remedy the shortcomings and imperfections of our current democratic government. The purposes of this bill is merely to make available to Canadians the documents which private citizens and groups wish to look into in order to understand better the mechanisms of government. Freedom of information is part of our human rights; when considering it, one must take into account the current legislation and bills which aim at protecting the fundamental rights of all Canadians and at favouring respect for these rights.

Some witnesses who brought evidence before the committee seemed to attach too much importance to the mechanism of the administration of a piece of legislation on freedom of information. Of course, this is an important principle to consider in view of any piece of legislation but we should bear in mind the important thing, which is to give good service to the public. On the evidence of the experience we acquired through the implementation of relating pieces of legislation, namely the legislation on individual rights, we noticed that, to obtain the expected results, a piece of legislation should be understandable and accessible and be directed to all Canadians rather than being an instrument for certain interest groups.

I should also say that this is the appropriate time, because we can take advantage of the experience of those countries which already passed legislation on freedom of information, namely Sweden and the United States. We can also take into consideration the ongoing deliberations and the discussions on this complex issue both in this country and abroad. But we must not forget that, while drawing a lesson from that experience, we must shape our legislation to the particular needs of Canadians.

Because of the open-mindedness that was present at the committee, its deliberations, I repeat, drew active participation. However, three main issues dominated the briefs which were presented: the exemptions, the cost and the review of complaints. By exemptions, we mean cases where access to documents would be justifiably forbidden. By cost, the expenses resulting from the implementation of the legislation on public access to government documents. The review of complaints would be done through a process inherent in any appeal procedure. As some of my colleagues will speak on the two first points, exemptions and cost, I would like to briefly touch upon the complaint review. It would only come into play—I mean the complaint review—when access to a document in refused. Those who suggest a judicial review seem to consider the whole matter within the framework of our present system of opposition between the prosecutor and the defendant. After all, the judicial review is but one of the solutions proposed in the green paper. And the review of the complaints will be only one of the elements, among many others, of the proposed legislation.

A number of witnesses before the committee seemed to be wanting to deal only with the complaint review board, thus attaching more importance to this board than it might ever have. The Bar, in particular, has expressed the opinion that any law on public access to information which would not require a judicial review of the matter would only be a hollow commitment on the part of the government. I fully appreciate the point of view of the Canadian Bar Association and the comparison they make with what is being done in the U.S., but I maintain that there are other solutions that are just as good. It must be noted that this government, with the Human Rights Act, the Official Languages Act and the proposed legislation on the ombudsman, has proved by actual measures that they strive to safeguard the fundamental rights of citizens, which is akin to the concept of a commissioner. For any bill relating to freedom of information, which is an analogous issue, one must also take this notion into its conception.

The green paper carries an extensive survey of the various possible ways of appeal. The witnesses have all tried to present the ideal solution to the standing committee. They have actually put forth a certain number of new ideas. One, for instance, Mr. Speaker was to give the Prime Minister the ultimate say in such matters. The press gallery proposed in its brief the designation of a commissioner for information who would be accountable to parliament and who would have the power to review the documents in camera but not power of invalidating a ruling. As for the National Anti-Poverty Organization it proposed instituting a parliamentary commission whose members could become the attorneys of those who seek the release of information.

It goes without saying that in order for that law to really produce its effects, an independent review commission must be established to pass rulings on cases where information will have been denied because the law would not otherwise be fair. Therefore a review commission for the hearing of complaints must be set up and characterized by its firmness and efficiency.

However I want to remind those groups who have strongly supported the principle of judicial review based on the United States model that the average cost of an appeal is $10,000 and that even on a priority basis the time needed to get a case before the courts varies from six months to two years. One must not forget either that a relatively small number of documents is involved. For instance, the Secretary of State who testified before the committee revealed that there are about 4.5 million documents out of which barely 2 per cent are classified. It is understood that a high percentage of government documents are absolutely not sensitive and do not therefore constitute an issue. The recommendations contained in the report presented by the committee to parliament will surely deal with these complex issues and will put forth solutions.

In closing my remarks I wish to reiterate that the only thing which concerns me and I think concerns most if not all the

members of that committee is the desirability of bringing about before the end of this decade a good legislation which will give all Canadians access to government documents without causing any prejudice to the smooth operation of our democratic regime. The ultimate objective is on the one side to have a reasonable and receptive government and on the other side an active and dynamic citizenry.

● (2122)

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with great interest to my colleague on the statutory instruments committee, the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard). I think I caught in his words an acceptance of the idea of a great deal of openness in government beyond that which we now have. I heard him say that he would be in favour of some type of independent review procedure which I, the hon. member for Peace River (Mr. Baldwin) and most members of this House favour. However, I did not hear the hon. member for Bonaventure-Îles-de-la-Madeleine make a statement with regard to the last part of the motion before the House today, which reads:

—subject to a review process with ultimate appeal to the courts.

I hope that was an omission from his speech. I have been his colleague on that committee for some time. I know him to be a man of fair and open mind. I know that is not confined only to the hon. member for Bonaventure-Îles-de-la-Madeleine in terms of the other side of the House, but rests in the minds of other members both on and off the committee.

I would like the hon. member for Bonaventure-Îles-de-la-Madeleine and others who feel that way to demonstrate their commitment to openness tonight by supporting the motion. I use the word "demonstrate". I want them to demonstrate by deed that commitment to openness tonight by supporting the resolution before the House standing in the name of the Leader of the Opposition (Mr. Clark). It will not be the first time that members of this House have done that. It was done on February 12, 1976 when a unanimous resolution was adopted by this House of Commons.

The motion before us tonight asks the members of this House to take one more step. It is a simple step, but a profound one in terms of the whole meaning of freedom of information. That is to assure the citizen, the bureaucrat, the politician, the supporter of the government and the opposition, and, most important, the members of the executive and the cabinet, that there has been a commitment in this parliament to an ultimate review of the question whether documents will be released or information will be forthcoming to an authority outside the political or bureaucratic process.

That is the important part of this resolution. I ask the hon. member for Bonaventure-Îles-de-la-Madeleine—and I will look at him when we vote in a few minutes—to stand in the affirmative on this resolution.

I listened to the speeches today. Years ago for members of parliament and members of the public the issues that affected us, moved us and caused debates in this and other legislative chambers were relatively simple. I guess it was appropriate in those days for this House and members of the public to make judgments more or less on instinct or reach an understanding of a set of facts or technical factors which were relatively minor or uncomplicated. But as society changed, so did the relationship of the government to parliament and the relationship of the government to the people. Governments for better or for worse—and the situation we deal with is for worse—intruded into the lives of the citizens in a democratic country. Issues have become more complex.

The tools and machinery of eighteenth and nineteenth century parliamentary government are inadequate for their role today. They are inadequate for our job as parliamentarians and inadequate to supply information so that the people of our country can be informed exactly what government is doing, why it is doing it, whether something should be changed and, more important, to make government more accountable to the people and to parliament.

That is why in this day and age we talk about openness as a concept that is desirable. We can discuss the role of the ombudsman because the bureaucracy, even if it is well intentioned, tends to roll over people and push them aside. It thinks of them as statistics rather than human beings. Because of this intrusion of governments, the development of the computer and the facility of exchanging information almost as rapidly as it is created, we call for legislation for the protection of privacy.

Because of this complexity and because there is a growing need in this parliament, it is recognized that this and other parliaments are inadequate to do the job of bringing government to reasonable account—not to impede or obstruct, but to make it account.

We talk about the reform of parliamentary procedures because it is important that the power which is contained within knowledge is shared in a free society. Because that is not happening today, we talk about freedom of information laws, laws that will not impede or stop a government from governing reasonably but which will give those who are governed, the people who entrust the power of government to a group of men and women for a period of time, a sharing of power and a lessening of the concentration of the power which is contained within that knowledge.

● (2132)

There are exemptions which have been set forth in the green paper. My friend the hon. member for Bonaventure-Îles-de-la-Madeleine outlined some of those exemptions. I do not intend to deal with them all. I do not agree with them. I think the paper is far too restrictive in this the beginning of the pursuit of openness by government.

Be that as it may, a committee of this House is working on a report which I think will be a landmark in terms of providing something new and bringing part of our procedures into tune with the first part of the twentieth century, if not the last. However well intentioned a cabinet minister, deputy minister or those below him who would make a decision as to what information could be released to an inquiring member of the

public, it is axiomatic that from time to time information will be withheld, not on the ground that it is confidential, that it affects national unity, national defence, the involvement of the criminal law, personal business affairs or a whole host of exemptions which have been talked about, but simply on the ground that what may be released may embarrass, upset, tend to politicize the public service or a whole host of reasons.

I suggest that in a free society with the healthy scepticism which ought to be the hallmark of a free society all those things are irrelevant to the question whether that information should be released. It is against this whole tradition of closet politics and closet bureaucratic operations that this resolution, the work of the committee and, I hope, the vote of this House tonight will move.

Today the Leader of the Opposition took the position that this motion was not considered by the official opposition—the hon. member for Greenwood (Mr. Brewin) supported this position, and I did so yesterday in my capacity—to be a matter of confidence. In other words, what we are trying to say to the government—perhaps not articulately but, I think directly—is that what we want today out of this resolution is a buttress and support for the committee which is now drafting a report on freedom of information.

We want this parliament to act openly, notoriously and freely in terms of the party whips. We do not want hon. members to be pressured in terms of their votes. Like certain other things which go on here regarding freedom of information, we want this vote on freedom of information to be a matter of the conscience of each hon. member. We want each hon. member to decide for himself or herself whether he or she believes in this concept, and that ultimately the question of judicial review is not repugnant to the idea of open government. We stand by that, and I repeat it as House leader of the opposition.

I invite my hon. friends opposite who believe firmly in this resolution to support it. If they do, I guarantee that there will be no calls for this government to resign. Indeed, if hon. members opposite support this resolution, they will do themselves, let alone parliament and the people of the country, a great service. That was the spirit in which this resolution was advanced.

There are some who say that judicial review is a bad thing, that judges are not fit and that they do not have the knowledge necessary to deal with the complex issue of documents. The experience in this country is exactly contrary to that line of argument. We have trusted judges such as Mr. Justice Berger in dealing with the complex matters of native people and pipelines. These are things which are normally foreign to what we think judges might deal with. We have trusted judges to conduct hearings regarding labour relations. We have trusted judges to conduct royal commissions and commissions of inquiry which have nothing to do with the law, but which have much to do with complex technical questions and other matters. Judges are capable of dealing with such matters. There are some who say that courts would be plugged with freedom of information matters. That has not been the case in the United States which, I am sorry to say, is a much more open society than ours.

I ask my hon. friends who may be considering voting for this resolution to look at the word "ultimate" which appears in it. The resolution refers to "a review process with ultimate appeal to the courts". That word "ultimate" relating to appeals was put there for a very important reason. It may very well be that the committee, and ultimately this parliament—or the government when it drafts the legislation—will establish a commissioner of information or some other office to which the great bulk of appeals could be taken, before which procedures would be summary and matters would be completed quickly and easily. It may be that only a minimum of those matters would ultimately go to the courts.

I do not see how we could sit idly by and let this moment pass without standing in our places and speaking on behalf of an open and free society, to which we give lip service on so many occasions. I invite the government to give more than lip service to this concept, to stand behind the courts as appropriate authorities and to take this step in giving not only to parliament but also to people, not the secret and confidential information which is passed from a public servant to a minister or the conversations or the memoranda which may go into the decision-making process ultimately, but all the factual documents which lead up to the suggestion of options.

I invite the government to take this step and to make available background documents which inform ministers and are used by the public service to advise ministers with respect to various options in particular matters. Why ought not those be released, especially in a day when we feel so strongly about access to courts that we fund pressure groups to take actions against governments? It would not be a much larger step to provide information with which those pressure groups and other groups in society could operate.

I congratulate the Leader of the Opposition on this motion and on the principles which are contained therein.

I also want to say that it is an honour for me to follow in debate for a few moments the hon. member for Peace River, who has become the advocate of openness in Canada and as such has brought honour to this House. He has always acted in the highest tradition of this House and the profession of which he is a member.

This can be one of two kinds of days in parliament. It can be a day upon which the government does not accept an unusual invitation by the opposition not to treat this as a matter of confidence or follows its ordinary course of suggesting that motions which come from the opposition side ought not to have any attention paid to them. Or, it can be another kind of day. It can be a very historic day when this parliament, to aid the committee which is now drafting the legislation arising out of the green paper, takes positive action and stands behind a principle which is not foreign to a parliament in a free and open society.

Freedom of Information

• (2142)

We need freedom of information legislation for more than the reason commonly given, namely, that people are entitled to information gathered by public servants at public expense. That in itself is not sufficient reason, in my mind, to justify the complications which we may create as a result of such a bill. The real reason lies behind the basic theory and purpose of democratic government. Democracy thrives on the competition of ideas, argument, criticism and visions of the future. It depends not only on the electoral and parliamentary competition of political parties, but on the contribution of other voices in society acting fom altruistic or selfish motives. As a parliamentary democracy we encourage organized probing of government actions through the formal structures of the House of Commons. As a pluralistic society we believe in the value of those organizations referred to as pressure groups.

What I am saying to my colleagues in the House tonight, and I say it earnestly and strongly, is that if this parliament is to function, if groups in society are to function, if the people of the country are to be able to judge in a knowledgeable way, then some of the tools of power must be shared. One of the great tools of power is not only the ability to probe all the structures within this place, but also to have the knowledge by which that probing, that investigation, that calling to account of a government, can be done effectively based on information and knowledge rather than instinct.

If the government are prepared to move in that direction tonight, then they will not only have done themselves and this parliament a service, but for once we will be able to say to them that perhaps they made the country a little better because of the decision that was made here. I invite them to share in the concept of openness of government and support our motion tonight.

The Acting Speaker (Mr. Ethier): Order, please. It being 9.45 p.m., it is my duty, pursuant to section (10) of Standing Order 58(10), to interrupt the proceedings and to put forthwith every question necessary to dispose of the motion, main estimates, and for the passage of all stages of the bill based thereon.

Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): All those in favour will please say yea.

Some hon. Members: Yea.

[Mr. Baker (Grenville-Carleton).]

The Acting Speaker (Mr. Ethier): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Ethier): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Ethier): Call in the members.

The House divided on the motion (Mr. Clark) which was negatived on the following division:

• (2152)

(*Division No. 54*)

YEAS

Messrs.

Alexander
Alkenbrack
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Beatty
Benjamin
Brewin
Brisco
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Crouse
Dionne
(Kamouraska)
Douglas
(Nanaimo-Cowichan-
The Islands)
Elzinga
Firth
Friesen
Gillies
Grafftey
Halliday
Hees
Hnatyshyn
Hogan
Huntington
Jarvis
Johnston
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Edmonton West)
Lawrence
Leggatt
MacDonald (Miss)
(Kingston and the
Islands)
Masniuk
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Oberle
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Roche
Rodriguez
Saltsman
Stanfield
Stevens
Towers
Whittaker
Wise—58

NAYS

Messrs.

Abbott
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Clermont
Collenette
Comtois
Corbin
Corriveau
Côté
Cullen
Danson
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupras
Duquet
Ethier
Fleming
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goyer
Gray
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Jamieson
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)

Messrs.

Lee	Martin	Reid
Lefebvre	McIsaac	Roberts
Lessard	McRae	Robinson
Loiselle (Chambly)	Munro (Hamilton East)	Rompkey
Loiselle (Saint-Henri)	Nicholson (Miss)	Rooney
Lumley	O'Connell	Savard
MacDonald (Cardigan)	Ouellet	Stollery
MacFarlane	Parent	Tessier
MacGuigan	Pearsall	Trudeau
Maine	Pinard	Trudel
	Prud'homme	Watson
	Railton	Whelan
	Raines	Yanakis
		Young—100

● (2207)

Mr. Speaker: I declare the motion lost.

MOTION FOR CONCURRENCE IN VOTE 20, ANTI-INFLATION BOARD

Hon. Robert K. Andras (President of the Treasury Board) moved:

That Vote 20, in the amount of $20,426,000 under Finance for the Anti-Inflation Board—program expenditures for the fiscal year ending March 31, 1979 (less the amount voted in interim supply), be concurred in.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I should like to make it clear that I take no objection to the way in which this matter is set up on the order paper. I think it is unfortunate and that something ought to be done about the fact that unless one rises on a point of order there will be nothing in *Hansard* or in *Votes and Proceedings* to show why the House voted on two items in the estimates by themselves and then voted for all the rest of them in one vote.

● (2212)

I should like with this point of order to make it clear that the reason we are going to vote now on the items on the Anti-Inflation Board and the Senate—

Mr. Speaker: Order, please. I am sure the hon. member realizes, as do other hon. members, that he has taken the floor on a valid and serious point of order with respect to the procedures which we are locked into, as it were, to take an item in our estimates that has been objected to and singled out for special treatment because it has been opposed. Nevertheless, a motion in opposition to that item is not the question that has to be put; it has to be a motion in support of it for rather technical reasons, and following our procedures.

The hon. member's point is well taken, namely that those who oppose are not identified in the procedure; neither is the motion or question put. That is a difficulty we have to face in order to conform with our procedures. I recognize the validity of the hon. member's point; we have agonized over it many times but have not found a solution. To go on and allow the hon. member to give his reasons would be to go beyond the point of order. I recognize the hon. member's concern but I do not think I can allow him to state his reasons.

Therefore, the motion is that Vote 20 be concurred in. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion, the yeas have it.

And more than five members having risen:

Mr. Speaker: Is the House prepared to take this vote without further ringing of the bells?

Some hon. Members: Agreed.

The House divided on the motion (Mr. Andras), which was agreed to on the following division:

(*Division No. 55*)

YEAS

Messrs.

Abbott	Dionne (Northumberland-Miramichi)	Lessard
Andras (Port Arthur)	Douglas (Bruce-Grey)	Loiselle (Chambly)
Andres (Lincoln)	Duclos	Loiselle (Saint-Henri)
Appolloni (Mrs.)	Dupras	Lumley
Baker (Gander-Twillingate)	Duquet	MacDonald (Cardigan)
Basford	Ethier	MacFarlane
Béchard	Fleming	MacGuigan
Bégin (Miss)	Gauthier (Ottawa-Vanier)	Maine
Blais	Gendron	Martin
Blaker	Gillespie	McIsaac
Blouin	Goyer	McRae
Boulanger	Gray	Munro (Hamilton East)
Breau	Guilbault	Nicholson (Miss)
Bussières	Harquail	O'Connell
Caccia	Herbert	Ouellet
Cafik	Holt (Mrs.)	Parent
Campagnolo (Mrs.)	Hopkins	Pearsall
Campbell (Miss) (South Western Nova)	Horner	Pinard
Campbell (LaSalle-Émard-Côte Saint-Paul)	Isabelle	Prud'homme
Caron	Jamieson	Railton
Clermont	Lachance	Raines
Collenette	Lajoie	Reid
Comtois	Lalonde	Robinson
Corbin	Lamontagne	Rompkey
Corriveau	Landers	Rooney
Côté	Lang	Savard
Cullen	Langlois	Stollery
Danson	Laniel	Tessier
Daudlin	Lapointe	Trudeau
Dawson	Leblanc (Laurier)	Trudel
De Bané	LeBlanc (Westmorland-Kent)	Watson
Demers	Lee	Whelan
	Lefebvre	Yanakis
		Young—99

NAYS

Messrs.

Alexander
Alkenbrack
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Beatty
Benjamin
Brewin
Brisco
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Crouse
Dionne
(Kamouraska)
Douglas
(Nanaimo-Cowichan-
The Islands)
Elzinga
Firth
Friesen
Gillies
Grafftey
Halliday
Hees
Hnatyshyn
Hogan
Huntington
Jarvis
Johnston
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Edmonton West)
Lawrence
Leggatt
MacDonald (Miss)
(Kingston and the
Islands)
Masniuk
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Mitges
Munro
(Esquimalt-Saanich)
Murta
Neil
Oberle
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Roche
Rodriguez
Saltsman
Stanfield
Stevens
Towers
Whittaker
Wise—58

● (2217)

Mr. Speaker: I declare the motion carried.

MOTION FOR CONCURRENCE IN VOTE 1, PARLIAMENT

Hon. Robert K. Andras (President of the Treasury Board) moved:

That Vote 1, in the amount of $7,664,501 under Parliament for the Senate—program expenditures for the fiscal year ending March 31, 1979 (less the amount voted in interim supply), be concurred in.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Shall we follow the same procedure?

Some hon. Members: Agreed.

The House divided on the motion (Mr. Andras), which was agreed to on the following division:

(*Division No. 56*)

YEAS

Messrs.

Abbott
Alexander
Alkenbrack
Andras
(Port Arthur)
Andre
(Calgary Centre)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Baker
(Grenville-Carleton)
Baldwin
Basford
Beatty
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Brisco
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Clermont
Comtois
Corbin
Corriveau
Côté
Crouse
Cullen
Danson
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupras
Duquet
Elzinga
Ethier
Fleming
Friesen
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Gillies
Goyer
Grafftey
Gray
Guilbault
Halliday
Harquail
Hees
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Horner
Huntington
Isabelle
Jamieson
Jarvis
Johnston
Kempling
Knowles
(Norfolk-Haldimand)
Lachance
Lajoie
Lalonde
Lambert
(Edmonton West)
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Lawrence
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle
(Chambly)
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacDonald (Miss)
(Kingston and the
Islands)
MacFarlane
MacGuigan
Maine
Martin
Masniuk
Mazankowski
McCain
McIsaac
McKenzie
McKinley
McKinnon
McRae
Mitges
Munro
(Esquimalt-Saanich)
Munro
(Hamilton East)
Murta
Neil
Nicholson (Miss)
Oberle
O'Connell
Ouellet
Paproski
Parent
Patterson
Pearsall
Pigott (Mrs.)
Pinard
Prud'homme
Railton
Raines
Reid
Ritchie
Robinson
Roche
Rompkey
Rooney
Savard
Stanfield
Stollery
Tessier
Towers
Trudeau
Trudel
Watson
Whelan
Whittaker
Wise
Yanakis
Young—143

NAYS

Messrs.

Benjamin
Brewin
Caouette
(Villeneuve)
Dionne
(Kamouraska)
Douglas
(Nanaimo-Cowichan-
The Islands)
Firth
Hogan
Knowles
(Winnipeg
North Centre)
Leggatt
Peters
Rodriguez
Saltsman—12

● (2227)

Mr. Speaker: I declare the motion carried.

MOTION FOR CONCURRENCE IN MAIN ESTIMATES

Hon. Robert K. Andras (President of the Treasury Board) moved:

That the main estimates for the year ending March 31, 1979, except those items disposed of earlier this day, and less amounts voted in interim supply, be concurred in.

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

An hon. Member: On division.

Motion agreed to.

Mr. Andras thereupon moved that Bill C-61, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1979, be read the first time and printed.

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

Mr. Andras moved that the bill be read the second time and referred to committee of the whole.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

Mr. Lambert (Edmonton West): Mr. Chairman, may I have the usual undertaking from the President of the Treasury Board that this bill is in the usual form of an appropriation bill at this time on main estimates and that it contains nothing out of the ordinary? We have had some rather unfortunate examples in the past. Can the minister tell us whether the bill contains anything out of the ordinary?

Mr. Andras: Mr. Chairman, I can give the hon. member and the House the usual assurance.

The Chairman: I might add that the bill was made available to hon. members this afternoon.

Clauses 2 to 6 inclusive agreed to.

Schedule agreed to on division.

Clause 1 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Andras moved that the bill be read the third time and do pass.

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

Some hon. Members: On division.

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

Mr. Speaker: It being after ten o'clock, this House stands adjourned until tomorrow at 11 a.m., pursuant to Standing Order 2(1).

At 10.37 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 23, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

HUMAN RIGHTS

EXPRESSION OF CONCERN FOR TREATMENT OF TWO U.S.S.R. NATIONALS—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of great concern and pressing necessity. Given the deep concern felt by members on both sides of this House that two citizens of the Soviet Union, namely, Ida Nudel and Vladimir Slepak, were given severe sentences for expressing their belief in the preservation of human rights in that country, and specifically that they were sentenced for expressing their desire for free immigration, an element of human rights which we and all like-minded people regard as fundamental, I move, seconded by the hon. member for York South (Mrs. Appolloni):

That, in light of the severe sentences imposed upon two citizens of the Soviet Union, Ida Nudel and Vladimir Slepak, for expressing their belief in the preservation of human rights in that country and specifically for expressing their desire for free immigration, the House of Commons wishes to convey its deep concern to the government of the Soviet Union together with the wish that the sentences might be reviewed on humanitarian grounds.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

[*Translation*]

HOUSE OF COMMONS

REQUEST HOUSE PAY TRIBUTE TO FRENCH CANADIANS—MOTION UNDER S.O. 43

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to move an important motion of special national interest.

Considering that today marks the beginning of the French Canadian holiday in Quebec, I move, seconded by the hon. member for Saint-Michel (Miss Bégin):

That the Canadian parliament pay tribute to all French Canadians on that holiday.

[*English*]

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

* * *

PETRO-CANADA

REASON FOR SELECTION OF AGENTS IN HUSKY OIL TAKEOVER—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the retention by Petro-Can of the investment and financial counselling firm of Pitfield, Mackay Ross, Ltd. in its attempt to acquire control of Husky Oil Ltd., in view of the fact that Ward C. Pitfield, president of Pitfield, Mackay Ross, Ltd., was a director of Husky Oil Ltd. during initial negotiations with the company on behalf of Petro-Can, and in view of the participation in the negotiations of a representative of the Prime Minister's office, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House directs the Prime Minister and the Minister of Energy, Mines and Resources to make statements on motions at the earliest possible date as to what considerations led to the selection of Pitfield, MacKay Ross Ltd. as agents for Petro-Can, and specifically whether the fact that Ward C. Pitfield was a director of Husky Oil Ltd. played any part in the appointment.

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

• (1112)

YOUNG CANADA WORKS

REDUCTION OF PROGRAM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. Since the Department of Employment has cut $2.5 million from the Young Canada Works program, which seriously hurts young adult students from areas of Canada with far above average unemployment rates, and since the same department has now cut $50 million from phase III of Canada Works as compared to phase II, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the officials of the Department of Employment be taken before the Canadian Human Rights Commission for discriminating against the needy.

Mr. Speaker: Presentation of such a motion for debate at this time, pursuant to Standing Order 43, would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Order, please. Members will have noted, I am sure, that I did not put the question in respect of the motion proposed, pursuant to Standing Order 43, by the hon. member for Hochelaga (Mr. Lavoie). The reason I did not do so was that I have consistently refrained from using the provisions of Standing Order 43 in order to issue salutory messages of any sort. It seems to me that to use the motion in that way—and I am certainly prepared to be consulted if I am wrong in this approach—would be a temptation to use a motion for various messages of congratulation all of which are praiseworthy but surely are not matters of urgent and pressing necessity within the language of the Standing Order.

It seems to me if we are going to open the use of that motion for one kind of congratulatory message, we must be prepared to take, on a daily basis, motions pursuant to that Standing Order in respect of birthdays of cities and of provinces or in respect of various historic events and congratulatory messages. I have consistently refrained from doing that. I have listened to the motions and it seems to me that hon. members who put them forward enjoy the opportunity of doing so. However, the Chair has never put the question to the floor as to whether there is a matter of necessity requiring unanimous consent for debate. I really think if I start doing that, we must be prepared to accept a great flow of this kind of motion and I think that should be resisted. That is the reason for that approach this morning.

Again I say that if members want to speak to me about a change of policy in that regard, I would be only too glad to take it under consideration.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

UNEMPLOYMENT INSURANCE

CONFIDENTIAL INFORMATION SUPPLIED TO RCMP

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I want to take the Minister of Employment and Immigration back to the very important topic I asked him about on Wednesday. It is a matter that affects all Canadians and the degree of confidence they can have in their dealings with their government. I have carefully read the answer given me by the minister on Wednesday. I want to ask, again, specifically what information his department has been in the habit of supplying the RCMP from confidential files.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as I indicated, there is a specific provision in the act which in fact allows information from the files to be made available for particular purposes. There is also a discretionary factor in section 114, which was amended, as you know, under the new act. There was some concern about whether the discretion that could be applied was directly related to the act itself and to social insurance numbers. The legal opinion I received was that this, in fact, was the case.

Given that situation, it was no longer possible to give information to the RCMP which would help with its investigations of criminal activity. The kind of information involved would obviously be names, addresses and names of employers, the information that is in the file.

Mr. Clarke: Mr. Speaker, the evidence given to the royal commission is that the Unemployment Insurance Commission, on hundreds of occasions since 1974, has given information to the RCMP. When did this government decide to ignore the assurances given by former prime minister Pearson in 1964, when the social insurance scheme was first introduced, that this information would be held strictly confidential, not to be used for any other purpose but for internal unemployment insurance purposes?

Mr. Cullen: Mr. Speaker, the interpretation which has been given to that particular section is, as I have said, somewhat fuzzy and subject to interpretation, namely, that there is a discretionary power, formerly in the commission and now with the minister, to make that information available; so there was no feeling that there was, in fact, any illegality or any breach of that particular statute.

• (1117)

Because of recent events and, particularly, my own responsibility as minister, I sought and obtained a legal opinion to the effect that my discretion could only be exercised in a very narrow area in so far as the Unemployment Insurance Act is concerned. There is no feeling that there has been any illegality. It was an interpretation that was taken, I gather, by former commissioners that they in fact had this authority.

Mr. Clarke: Mr. Speaker, I would suggest the minister refer to the remarks of the former prime minister. Finally, I want to ask him, in reference to what he said on Wednesday about amending legislation, what plans does the government have to amend legislation and what would they be proposing to amend such legislation?

Mr. Cullen: Mr. Speaker, it seemed to me, on the surface, that it was important, in the interest of helping the RCMP both with security and with criminal investigations, that information of this kind should be made available to assist them in that particular enterprise, but because this subject matter is being looked at by the McDonald commission it would be somewhat premature to suggest the kind of legislation we would have in mind.

RCMP TELEX ACCESS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the same minister. Going back to 1964, the assurance made by the then prime minister, Mr. Pearson, about the confidentiality of social insurance numbers, subsequent to which, in or about 1969, direct telex access to computer information was given—not just to the RCMP but, indeed, to approximately 800 police forces across Canada which would work through the commercial crime unit in Ottawa and have equal access to this information—can the minister tell us whether the telex access was given for all purposes, not just investigating UIC fraud but for all purposes, with ministerial knowledge and approval or by order of a predecessor of the present minister? In other words, what happened in 1969 which opened all computer files by this telex system; and was it with the knowledge and approval of the responsible minister of the day?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I am not certain that that particular date is, in fact, appropriate. It may be that the memory of the individual who was giving evidence indicated that this information had been made available. According to my information, this kind of information had been made available since the forties when the legislation first came into effect. There was a discretion exercised at that time by the commission that was somewhat broader than apparently we have authority to give. That is why I had to give instructions that it was no longer to be made available.

Mr. Jarvis: Mr. Speaker, I compliment the minister for making that order, which I think may have been prompted by my colleague, the hon. member for Hamilton West. But that does not matter.

Some hon. Members: Oh, oh!

Mr. Jarvis: Mr. Speaker, I think the minister was quite frank in admitting that earlier in the week. The minister said, in reply to my colleague from Vancouver Quadra, that it was the commissioner's interpretation—and I think he said that quite deliberately—rather than the minister's interpretation of section 126 and predecessor sections of the same nature, and be referred to the fuzzy nature of that particular section in its interpretation. Was there never a legal interpretation requested by a responsible minister subsequent to, say, 1964, the date of the Pearson assurance, until just recently when the minister took the initiative for which I commend him? I am speaking of a legal interpretation of what he described as a rather fuzzy section.

Mr. Cullen: Mr. Speaker, I doubt that there would have been a legal opinion obtained by the minister in view of the discretion exercised prior to the amendment which was made at the request of the hon. member for Hamilton West when Bill C-27 was before the House. Prior to that particular section being amended, the discretion rested with the commission and I would expect that they secured an opinion, were satisfied that they were correct or assumed they had that authority.

* * *

POST OFFICE

SUGGESTED REDUCTION OF EMPLOYEES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Postmaster General. Can the Postmaster General confirm that substantial cutbacks in the manpower of the Post Office are now being actively implemented and that a national plan is being developed in which some 3,000 to 3,5000 man-years of work will be eliminated by the fiscal year 1981-82?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, there is no question of cut-backs of the workers in the Post Office. I am sure the hon. member is referring in his question to an article which appeared in a newspaper recently, saying that there would be a cutback of 269 employees in the Post Office. It is very wrong.

● (1122)

Of course, I cannot stop my management from supplying me with studies on ways they could maybe save some money in the Post Office, when sometimes we are accused of having large deficits and being inefficient. These cutbacks if any will be made with the collaboration of the unions and will come about mainly by attrition. There is no question of someone losing their job in the Post Office.

Mr. Rodriguez: A supplementary question. In view of the fact that I have in my hand a plan called "Ontario Postal Region Business Plan Summary 1978-1982", in view of the fact that the minister said these cutbacks will come about through attrition, and in view of the fact that in this plan it specifically states that the instructions and guidelines to management in the Post Office are to optimize use of part-time help in districts across the region, I ask the Postmaster General how he squares what he has just said with the instruction in the plan that they must maximize and optimize use of casual

help, while at the same time cutting back on full-time and part-time employees of the Post Office.

Mr. Lamontagne: Mr. Speaker, I think instead of criticizing management for such a report, I should compliment them because they are trying to find ways to be more efficient. Again I state that there is no question of some workers losing their permanent jobs. One would have to go to some of our plants to see how a Post Office operation is handled: it is not easy, and sometimes we have to pay extra time and hire casual workers because of overvolume or accumulation of mail. If we want the mail to get out, we have to get it out with casual workers and extra time. It is a planned way to be more efficient and to try to save money for the taxpayers.

Mr. Rodriguez: A final supplementary question, Mr. Speaker. Can the Postmaster General confirm that the instruction in the plan to optimize casual help is a direct attempt to undermine the Canadian Union of Postal Workers, and will he also assure the House that he is prepared to guarantee jobs for those workers presently serving on counter service and mail sortation?

Mr. Lamontagne: Mr. Speaker, no such instruction has been given in the way the hon. member mentioned. It is strictly a report given to me as suggestions.

Mr. Rodriguez: It says "must".

Mr. Lamontagne: They can say "must", but that does not mean it is going to be done. It is just a report given to management and to me to see how we perceive such suggestions. If it is done, it will be after consultation with the unions. I think it is absolutely normal that management should give me some ideas and new ways to save money.

* * *

[*Translation*]

REGIONAL ECONOMIC EXPANSION

PROGRAM TO DEVELOP TOURISM IN QUEBEC

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

Sometime in April, an agreement was signed by Quebec and the central government dealing with the development of tourism in Quebec. In the press release, a few projects are mentioned but it is also reported that there may be up to 80 of them.

Can the minister tell the House how one goes about benefiting from that program in areas where municipalities or other bodies may want to develop that industry in the interest of residents and visitors alike? I am thinking more specifically of the area south of the St. Lawrence along the American border, which Americans go through in large numbers.

[Mr. Rodriguez.]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I can say to the hon. member for Bellechasse that several parties were involved in the consultations which resulted in the signing of that agreement. There were municipalities, it goes without saying, several private and public groups involved in the promotion, development and operation of tourist complexes, with either private or multiple operations. I might suggest to the hon. member that the organizations to which he has referred might go to the department of tourism, fish and game, in this instance, as well as to the high commissioner for youth, recreation and sports; they might also go to the Quebec planning and development bureau. I would suggest that those organizations also make representations to those various provincial bodies; they might also be well advised to send me or my deputy minister in Montreal copy of the documents or projects they may want to draw to my attention.

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary question.

The minister stated in his reply that a private enterprise, an individual or a group of people could take advantage of such a program by submitting a project to whom it may concern. I should like to be understood: this will not be a profit-oriented enterprise but one which really wants to develop the industry in the area, something which would foster other developments.

Mr. Lessard: Mr. Speaker, I am in a position to confirm this, for among the projects which we have accepted to finance under the current agreement are several which will be carried out by non-profit organizations such as those mentioned by the hon. member, and of which I could name from memory at least four or five.

* * *

● (1127)

[*English*]

PIPELINES

NORTHERN PIPELINE—COMMITTEE STUDY OF FINANCIAL AND TECHNICAL DIFFICULTIES

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the Deputy Prime Minister and President of Privy Council in his capacity of having jurisdiction over the pipeline agency. Is it the government's intention, as I have previously suggested, to reactivate the standing committee dealing with this specific matter, particularly in light of the imminent recess of parliament and the obvious difficulties the companies have with financing and possible delays with respect to technical difficulties, which have been reported in the press, so that while parliament is in recess, members could address themselves to these possible problems?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I would be ready to

discuss that possibility with representatives of other parties as to whether, within the terms of reference established for the committee, it would be possible to meet. I have no objection whatsoever if it is generally agreed that the committee might perform a useful service.

Mr. Oberle: Mr. Speaker, since it is apparent that the companies are experiencing difficulty with financing, and since the bill that was passed by the House deals with that aspect, including the time-frame, in concise terms, is the government presently discussing with the government of the United States the possibility of reopening the pipeline agreement to make certain changes to the timing of the start of construction as well as to the financing formulas? Are there such discussions under way at this time?

Mr. MacEachen: Mr. Speaker, with respect to the discussions with the United States on the terms of the pipeline agreement, we have no intention of initiating such discussions in order to reopen the terms of the agreement. The hon. member has mentioned that the companies are having difficulties with respect to financing. I met with the president of Foothills earlier this week. In so far as Canadian action and performance are concerned, there are absolutely no obstacles; the Canadian operation is going as quickly as possible. What has to be determined at the present time is up to the Congress of the United States.

Mr. Oberle: Mr. Speaker, many of the areas to be traversed by the pipeline have never been subjected to any impact study in terms of the environment or socioeconomic impact, particularly areas in British Columbia and Alberta. It is the intention of the government and the pipeline commissioner to activate one or several of the advisory councils provided for in the bill, in an attempt to get them to fulfil these functions and catch up with the studies that were made in the Yukon and other parts of the pipeline area? Is it the intention to get some of these advisory councils going, as was suggested by some of the interveners before the committee?

• (1132)

Mr. MacEachen: Yes, Mr. Speaker, that is our intention. It will also be the intention of the agency to consult with the public on the social and economic terms which have been tentatively established for carrying out the project.

NORTHERN PIPELINE—PUBLIC HEARINGS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I have a question in direct line with the last comments of the House leader about consultation with the public. More than a week has gone by since the preliminary date for the submission of views on the environmental and socioeconomic impact studies asked for by the commissioner. Has the minister been in touch with the commissioner to set up a program of public hearings? If so, will the schedule be made known to all members of the House so that they can be there and hear what the public has to say about this matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have not yet received from the commissioner any schedule of meetings, but I will raise the matter with him.

Mr. Munro (Esquimalt-Saanich): In that case, will the House leader given an undertaking that when he does get the schedule arranged with the commissioner, he will communicate with the other House leaders even if the House is not in session so they may apprise members of the various parties about this particular schedule?

Mr. MacEachen: Yes, Mr. Speaker, if my colleagues are available during the recess, I will be happy to consult with them.

* * *

EXTERNAL AFFAIRS

CANADA'S PROPOSALS FOR SETTLEMENT OF SOUTH AFRICAN PROBLEMS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs, whom I welcome back to the House after his trip abroad. I have two questions concerning Canada's involvement in southern Africa. The first concerns Namibia. Canada put forward, on behalf of the five western nations, a package of proposals for a UN supervised transition for the future independence of Namibia. That package ran into trouble with the leaders of SWAPO and was followed by South Africa's raid on guerrilla units.

In light of the recent meetings in London, can the minister indicate the present status of that package, bearing in mind his previous remarks that it was not negotiable, and can he specifically tell the House what Canada's continuing role will be in the obtaining of independence for Namibia?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, the package to which the hon. member refers continues to be on the table. As the House knows, it has been accepted by South Africa. While not rejecting the package outright, SWAPO indicated some reservations concerning it. There was a period of several weeks during which no contact occurred—official contact, in any event—between the five western countries and SWAPO.

The hon. member made reference to meetings in London. Perhaps he was alluding to the meetings in Paris. In any event, we met in Paris last week. The decision was taken there that the Western Five countries would resume the initiative and would seek means of talking with SWAPO once again about keeping the initiative going and keeping the progress going. To date, those meetings have not taken place because a number of steps have to be taken with regard to consulting South Africa and also some frontline states. I am shortening, here, a very complex subject.

In so far as the package remaining the same as when it was put forward, as to its substance, the answer is yes. There are two matters on which I gather SWAPO wants further clarification, if you wish. One is the location of the residual South African troops in Namibia, where they would be stationed; the second has to do with the future of Walvis Bay. Our talks with them will be principally concerned with elaboration of these matters rather than any change in the Western Five proposals.

Mr. Roche: Second, Mr. Speaker, I wish to touch on the subject of Canada's involvement in Zaire through our participation in the new $116 million western aid package as part of the $1 billion salvage operation for that country.

I would like to know the full extent of Canada's involvement in the aid package. What monitoring devices will be set up, bearing in mind the widespread corruption in Zaire? Related to that, since economic stability is directly related to the question of security, has the minister investigated the report in the London *Sunday Times* that 11 Soviet generals have moved into Angola, a move that could presage intensified military activity in the southern regions of Africa?

Mr. Jamieson: I have no wish to short-change the hon. member on my answer, but I think it is obvious that I would not be able now to go into all the details of such a complex and multifaceted question. I would be glad to send him a written response. I simply say in passing that the reference he has made to co-operative effort with regard to assistance to Zaire predates, in terms of its starting-up time, the most recent developments in Zaire. In other words, it has been contemplated by a number of countries, particularly western countries, for some time.

The security measures to which he referred are of very great concern to all the parties. Similarly, as the hon. member will have noted, there have been a number of expressions that this kind of assistance, if it is put together, must be on condition that the present government of Zaire undertakes certain reforms and improvements in its procedures and general attitudes. I think that is as much as I can say within the constraints of the question period but, I repeat, I will provide a written answer in supplement.

* * *

TRANSPORT

GRAIN—USE OF THUNDER BAY AS EXPORT TERMINAL

Mr. Paul E. McRae (Fort William): Mr. Speaker, I have a question for the Minister of Transport regarding grain movement. Given the degree of congestion in Vancouver with the tie-up of hopper cars, and the fact that the port of Thunder Bay is under-utilized at this point, will the minister give more consideration to a study to see if it is possible to move more grain through Thunder Bay than has been done up to this time, even to the point of dealing with some of the purchasers of the grain to see whether, for example, in Russia the Baltic ports could be used as opposed to Darien?

[Mr. Jamieson.]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the Canadian Wheat Board is very conscious of the opportunities at the various ports. A certain amount of grain can be shipped from the west or east, alternately. There is this year a very heavy program of grain for movement through Thunder Bay and east coast ports. I do not think any further switching of grain at this moment would be a solution.

RECALL OF DEFECTIVE MOTOR VEHICLES

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I wish to ask a question of the Minister of Transport. In the United States, several million cars have been recalled because of unsafe construction defects in the pollution controls, steering and gasoline tanks. Although this mass of information concerning unsafe automobiles has resulted in recalls by the manufacturers, no similar recalls have occurred in Canada. What is the reason for manufacturers selling cars in Canada and not having to make similar recalls, as the same unsafe conditions exist here as in the United States?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, there are differences in law as between the two countries. That has implications as to whether there is an obligatory recall or not. However, I am not aware of the situation to which the hon. member refers. The general practice has been for recalls in Canada to occur when they occur in the United States, sometimes with a time lag although only a very short one. If the hon. member has specific examples where he thinks that is not happening, I will be glad to hear about them.

Mr. Peters: I think lack of legislation in Canada is the difference. Is the government considering legislation to provide up to date supervision of all cars licensed in Canada to guarantee the public that unsafe defects will be repaired by the manufacturer, without cost to the consumer? If not, why do we not intend to provide consumer protection for the Canadian public?

Mr. Lang: Mr. Speaker, we will indeed be looking at appropriate changes in the legislation in order to give us the necessary power if the motor company refuses to carry out what seems to be its obvious responsibility. In the meantime, however, the existing system, while lacking the legal power to require recalls, is working fairly satisfactorily in terms of companies actually responding to a need and recalling vehicles.

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● (1142)

IMMIGRATION

INTERROGATION OF TRINIDAD CITIZENS AT TORONTO AIRPORT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I feel very comfortable now that my seatmate from Calgary North is back.

Some hon. Members: Hear, hear!

Mr. Alexander: I want to address a question to the Minister of Employment and Immigration. I have heard some very disturbing news. I do not know whether the minister is aware that on Sunday last a plane coming in from Trinidad with some 86 people aboard landed in Toronto, and that some 30 of the passengers were shuttled off into a corner and subjected to intense interrogation lasting from 12 midnight until eight o'clock in the morning. We are speaking now of a visible minority.

Having given these sentiments some consideration following an exchange with the hon. member for Greenwood, will the minister look into this matter and see that a full investigation is carried out? Surely, we cannot have the world thinking that as far as this country is concerned, people of colour are undesirable.

Hon. Bud Cullen (Minister of Employment and Immigration): It is a pleasure, once again, to reply to a question by my colleague from the class of '68. On Sunday we shall be celebrating ten years of our presence in this chamber. I am not familiar with the situation to which he has referred. The fact of the matter is that visible minorities are assuredly most welcome in this country. If action of the kind the hon. member has described was taken, I am satisfied my officials had good reason. But I will check to find out why they followed the course they did and why the inquiries were so prolonged.

Mr. Alexander: I would remind the minister that there were 86 passengers aboard this plane and that those who were not bothered were white. To my mind, that raises a number of questions. I do not want to put words in the minister's mouth with respect to discrimination, but since the hon. gentleman visited the city and port of Toronto the other day to explain what our immigration policy is all about, I think it is time he went to Toronto and other ports to advise his officials what the policy really is in terms of discrimination. I think it is time he lowered the boom. This sort of thing is destroying our credibility and is affecting our relations with our Caribbean Commonwealth partners.

Mr. Cullen: Like myself, the hon. member is a lawyer and he will appreciate that I should hear both sides of the story before making the kind of judgment he seems to have made in advance.

Mr. Peters: What lawyer ever did that?

Some hon. Members: Oh, oh!

Mr. Cullen: I gather that the hon. member for Timiskaming has lost the odd case, Mr. Speaker. As far as visiting my officials is concerned, I do not think that is necessary. They do not practice discrimination and they have been advised both by myself and my deputy minister of our policy with respect to discrimination. We do not want to see any of it.

TRANSPORT

STUDY OF PASSENGER TRAFFIC IN SOUTHERN ONTARIO

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Minister of Transport. Can the minister advise us the extent of the co-ordination between VIA Rail and GO Transit in the Oshawa-Toronto-Burlington-Hamilton corridor? Is there a joint committee established comprised of representatives of the Department of Transport, VIA Rail, GO Transit and the Ontario ministry of transport and communications to look into the co-ordination of the services in this corridor?

Hon. Otto E. Lang (Minister of Transport): A joint committee comprising, particularly, representatives from the province of Ontario and the federal government has been examining passenger traffic in the whole of southern Ontario, which would include the corridor to which the hon. member has referred. The officials engaged in this work do, of course, consult widely with the interested operators including VIA Rail, GO Transit and other forms of transportation.

Mr. Kempling: Can the minister advise us whether, in particular, there has been any co-ordination in the location of station facilities in the Oakville-Burlington-Hamilton area? It would seem to make eminent good sense to combine facilities wherever possible and it appears to me this is not likely to happen, particularly in the Burlington-Hamilton area.

Mr. Lang: The general subject of the co-ordination of facilities, including train and bus transport, is of concern to this committee. If the hon. member has a specific case in mind where he thinks development is occurring contrary to this spirit, I would be glad to have the information and to look into the matter.

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MANPOWER

EMPLOYMENT OF IMMIGRANTS

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, my question is for the Minister of Employment and Immigration: it follows a question put to the minister on Wednesday by my hon. friend from Halton. It concerns a problem on the west island of Montreal; potential immigrants have been refused entry into Canada to fill positions which employers have not been able to fill with Canadian workers.

My question has to do with salary levels and a statement by the minister that there are 150 qualified physicians in Quebec who are unable to secure employment and for whom salary levels considered adequate vary from $60,000 to $80,000 per annum. Does the minister continue to insist that a company offering employment for an industrial position requiring medical expertise at a salary level of, say, $38,000 per annum should be denied access to the services of a competent potential immigrant from the United States because unemployed Canadians have expectations of a salary at twice that level?

Hon. Bud Cullen (Minister of Employment and Immigration): That is probably the best advertising in the world for those particular positions, Mr. Speaker. I would say, that, most assuredly, if there are people prepared to work in that field whose salary expectations are too high, immigrants will be welcomed. But I would wish to check the facts the hon. member has given us.

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CORPORATE AFFAIRS

INCREASED TRADING IN SHARES OF HUSKY OIL

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Minister of Consumer and Corporate Affairs. Is the minister aware of any investigation or inquiry by the federal government into the source of increased trading, at obviously increased prices, in the shares of Husky Oil of Canada prior to the initial release and publicity surrounding the original offer of Petro-Canada to purchase those shares?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, I am not aware of any such investigation. However, as the hon. member knows, the director of research under the Combines Investigation Act sometimes carries out investigations on his own initiative or at the request of six citizens. I will check with him to see whether such an investigation is under way or is proposed.

Mr. Lawrence: I understand the minister is wearing two hats this morning; that he is acting solicitor general. I ask whether he is aware of any federal investigation into this whole matter, bearing in mind that provincial investigators might not have the jurisdiction needed to seek answers from departments of the federal government? In this case, not only was the offer known to Petro-Canada but details of it were intimately known to officials right in the office of the Prime Minister, as in the Department of Energy, Mines and Resources; so there might well be a need for a federal investigation. Does the minister know of any such investigation by the law enforcement agencies?

Hon. Bud Cullen (Acting Solicitor General): Mr. Speaker, as Acting Solicitor General I have noted the hon. member's questions and representations. I will bring them to the attention of my colleague.

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PETRO-CANADA

POSSIBLE CONFLICT OF INTEREST IN CONNECTION WITH HUSKY OIL TAKEOVER

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. It relates to the disclosure that Mr. Ward C. Pitfield was, at the time of the initial negotiations, a director of Husky Oil while at the same time acting as an adviser to Petro-Can. I have a simple question for the minister. Was Petro-Can aware of this conflict of interest at the time of appointing the investment counselling firm as the agent of Petro-Can?

● (1152)

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I am not prepared to accept the allegation that there was a conflict of interest. That is something for the director himself to consider. The decision to engage the company, of which he was a member, and the other agents acting for Petro-Can was made by management and the board of directors of Petro-Can. They were seeking the best in the business.

GOVERNMENT KNOWLEDGE OF POSSIBLE CONFLICT OF INTEREST

Mr. Ray Hnatyshyn (Saskatoon-Biggar): My supplementary question is to the Prime Minister, whose office has a direct liaison with Petro-Can in the negotiations for the acquisition of Husky Oil Limited shares. In view of the fact that the Prime Minister and his office has a personal interest in the negotiations for the acquisition, did they take time out to consider what particular qualifications Mr. Ward C. Pitfield, of Pitfield, Mackay Ross Limited, had for acting as agent in this connection, and did they satisfy themselves with regard to any potential conflict of interest of this investment counselling firm when making the appointment of that firm on behalf of Petro-Can?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, on the substance of the question, I can only repeat exactly what the minister has just said. In so far as the allegation is concerned that there is a particular link between my office and Petro-Can, of course that is not true.

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EXTERNAL AFFAIRS

PARITY OF NATO AND WARSAW PACT FORCES

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is for the Secretary of State for External Affairs. There have been reports, of apparent authenticity, which indicate that the U.S.S.R. has proposed to accept parity of forces in Europe which would involve reduction in the Warsaw Pact forces to a greater extent than any NATO reduction. I should like to ask the minister, who is responsible for Canada's participation at the Vienna conference on mutual and balanced force reductions, to confirm or deny this report, if he can.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I can confirm it in general terms. There has been a proposal by the Soviet Union with regard to force reductions in the context of the MBFR discussions. It is a

welcome initiative and is being regarded by what I would describe as the allies as a genuine offer. It is being examined in detail in that light. Once that examination has been completed, a response will, of course, be made to the Soviet Union and it may be possible for me to say something more about it at that time.

Mr. Brewin: Mr. Speaker, will the minister, in light of the great importance of force reduction in the vital area of Europe, not only secure this information from his officials in Vienna or people who are connected with this reduction, but also make a statement to the House or, if the House is not sitting, make a public statement indicating what is happening, so that Canada can contribute to the fullest extent in this rather promising development?

Mr. Jamieson: Yes. Mr. Speaker, I will be very pleased to do that. I repeat that I do not know how soon an assessment and a response will be made, nor the channels that will be employed for that; but to the extent it is possible for me to do so, certainly I will make either the House or the public aware of what the developments are. I agree with the hon. member that this particular development is of very great importance.

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THE CANADIAN ECONOMY

"BUY CANADIAN" PROGRAM—LOTO CANADA PARTICIPATION

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to put a question to the Prime Minister. In view of the fact that the Government of Canada has embarked on a $1.7 million program called "Buy Canadian", and in view of the fact that the Canadian government owns 53 per cent of Consolidated Computer Incorporated which wants to bid on the Loto Canada $23 million award on computers, and considering that over 80 per cent could be manufactured in Canada if tenders had gone out to Canadian computer manufacturers, about which the Ontario government has already inquired, would the Prime Minister make an investigation to see whether or not the policy of his government and of Loto Canada cannot fall in line with the $1.7 million program to buy Canadian, rather than buy from this American shell which has been set up in Toronto?

Hon. Marc Lalonde (Acting Minister of State for Fitness and Amateur Sport): Mr. Speaker, may I say, on behalf of the minister who is absent today and whom I replace as acting minister, that the minister gave a full answer to that question. But if the hon. member wishes to ask further questions on that subject matter, I will certainly be very happy to bring such questions to the attention of the minister who will be back next week and will answer them.

Oral Questions

VETERANS AFFAIRS

REVIEW OF VETERANS PENSIONS

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, my question is for the Minister of Veterans Affairs. Could he give a report on the progress of the review being undertaken by his department with respect to changes in the War Veterans Allowance Act and war disability pensions? In answering that question, could he say whether he intends to bring forward legislation to implement the suggested changes or direct that regulations be changed so that veterans who are presently disqualified and in severe financial straits might be relieved of their financial worries?

Some hon. Members: Hear, hear!

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, in answer to the hon. member's question, let me say that the review in question has just been undertaken and is in progress. It will be a lengthy review: the act in question is 48 years old and it has been amended many times. But there is more work to be done on it. All this is done in consultation with veterans' organizations across the country. I expect only an interim report this fall.

So far as disability pensions are concerned, there is nothing under review in that respect. It would certainly be premature for me to indicate at this time that legislation will be forthcoming from that review until the studies are completed.

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AGRICULTURE

WOOL INCENTIVE PAYMENT PROGRAM—GATT NEGOTIATIONS

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is to the Minister of Agriculture. A short time ago the minister was sent a brief by the Canadian Co-operative Wool Growers Limited expressing concern about the sheep and wool industry in Canada. Has the minister had an opportunity to study this brief and is he prepared to recommend a proposal to cabinet for a wool incentive payment program?

Hon. E. F. Whelan (Minister of Agriculture): Not at this time, Mr. Speaker, because the economic conditions so far as sheep production is concerned in Canada have been very good in the last ten years. The situation has not encouraged more production. It has been a money-making venture. Less people are going into wool production and more are going out of business, but not because they are not making money on it.

Mr. Neil: I doubt very much that the minister has read the brief. I should like to ask him another question with respect to the GATT negotiations. Can the minister advise the House whether or not the Canadian negotiator has or will be discussing the tariff structures of this industry with a view to parity?

Mr. Whelan: Mr. Speaker, not only did I read the brief, I met the representatives of the sheep growers association in my

office in Ottawa approximately three weeks ago to discuss all the problems which they presented to me. Naturally, I disagreed with them on how great some of their problems are. Concerning GATT negotiations, all I can say is that we have made those representations. In answer to the hon. member's question as to what we will gain from it, that is unknown at this time.

PRICE STABILIZATION PROGRAM FOR POTATOES

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I should like to ask the Minister of Agriculture if he has reconsidered his decision with regard to the quantity of potatoes to be subsidized under the price stabilization program. Has he had representations with respect to the quantity of potatoes for which each producer may expect a payment, in view of the fact that the initial amount which he stipulated will be paid on a pro rata basis depending on the number of acres planted, rather than the number of acres produced? There are serious complaints from potato producers on that basis.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, my officials were in New Brunswick—they also met representatives of the potato industry from P.E.I.—in the area of greatest concern, about which the hon. member is speaking. I have not received a report because some of them are returning to the capital only today from their meeting in New Brunswick.

● (1202)

Mr. McCain: Mr. Speaker, in view of the severe difficulties, can the minister advise when he will be able to determine what the final payment will be? Will he take under advisement the idea of changing the regulations which are strangling the amount of the payment to farmers?

Mr. Whelan: Mr. Speaker, we have one of the fairest stabilization programs for farmers in the world. We will be reviewing it. But no matter what I offer, the hon. member will still have some criticism of it.

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

NATIONAL RESOURCES AND PUBLIC WORKS

Fourth report of Standing Committee on National Resources and Public Works—Mr. O'Connell.

[Mr. Whelan.]

[*Translation*]

PRIVILEGE

MR. LAVOIE—PROCEDURAL DIFFICULTY IN MOVING CONGRATULATORY MOTION UNDER STANDING ORDER 43

Mr. Jacques Lavoie (Hochelaga): Mr. Speaker, I rise on a question of privilege because at the beginning of the sitting of the House I moved a motion under Standing Order 43 to enable the House to send a message of congratulations to all the French Canadians who make up one of the two founding groups of the country, a French-speaking and English-speaking community. I think, Mr. Speaker, that all hon. members were surprised to see that you did not put the motion so that hon. members could vote on whether they accept it or not. I understand that later you made a remark about motions under Standing Order 43 concerning congratulations and so on, but I remember, Mr. Speaker, that motions under Standing Order 43 were introduced in the House to congratulate the Canadian hockey club, to wish prompt recovery to some hon. members and for similar reasons. I think particularly that we have come to a turning point in our history where we talk more and more about Canadian unity and by that means—

Mr. Speaker: Order, please. I must correct the hon. member. If he examines the circumstances which in the past surrounded the presentation by an hon. member of such a motion or of a motion of congratulations to a certain group in the country, he will see that they were always moved by an hon. member but never by the Chair. That is the difference. It is impossible to prevent an hon. member who wants to move such a motion under Standing Order 43, but this is something completely different from the Chair putting a motion or asking for unanimous consent. That is simply the difference I explained this morning.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, unless you consider you rendered a decision, I would like to raise under the same question of privilege as the hon. member for Hochelaga (Mr. Lavoie), if you allow me to do so—

Mr. Speaker: I said that if some members intend to discuss the difficulty of interpretation of Standing Order 43, I invite them to agree between themselves and submit their ideas later next week, but this is certainly something I will consider carefully.

Mr. Pinard: Mr. Speaker, I rise on a point of order. It is precisely on Standing Order 43 that I want to make a remark. In the past, and I recognize the procedural argument of the Chair, you have dismissed with good reason motions under Standing Order 43 because they were frivolous like the motion of the hon. member for Brome-Missisquoi (Mr. Grafftey) whom we can hear now, because preambles were too long, because motions were politically oriented, or were speeches in themselves, and I recognize that the Chair was right in dis-

missing those motions. One of the main criteria on which acceptance of a motion under Standing Order 43 must be based is the following: it must be of an urgent nature. That is what Standing Orders indicate. I want to point out, Mr. Speaker, that if you have judged today in your discretion that it was not urgent to move a motion under Standing Order 43 to pay tribute to French Canadians on June 23, on the eve of their national holiday, if you have determined that this motion is out of order, I want to take advantage of this opportunity to insist that in future motions moved under Standing Order 43 be rejected much more frequently, because very often not only are they not urgent, but frivolous, politically oriented, have long preambles and serve much more opposition members' political purposes than they emphasize an important and urgent event.

Mr. Speaker: Order, please. The hon. member may have a point to make next time a motion which he considers frivolous is presented, but for the time being, we have finished for today with motions under Standing Order 43. Next time, this may be something to discuss, but for the moment the discussion is closed.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 253, 1,161, 1,318 and 1,604.

[*Text*]

BLUE LINE TAXI

Question No. 253—**Mr. Cossitt:**

1. Does Blue Line Taxi have exclusive rights at the (a) Ottawa International Airport (b) Ottawa Railway Station (c) Chateau Laurier Hotel and, if so, in each case (i) over what period of time or times (ii) on what basis was the Company selected?

2. In each case, were tenders called and (a) if so (i) on what date (ii) what are the names and addresses of all those who tendered (b) if not, for what reason?

3. In each case, does Blue Line Taxi pay a fee to the government for the concession and, if so, what is the yearly amount?

4. In each case, what are the names and job designations of the highest ranking persons who made the decision to award the concession to Blue Line Taxi?

5. In each case, will the concession come up for review and, if so (a) on what date (b) will other taxi companies be given consideration and, if not, for what reason?

Hon. Otto E. Lang (Minister of Transport): Transport Canada advises as follows: 1. (a) Yes, Blue Line Taxi Company Limited has a licence with Transport Canada for the exclusive operation of a ground transportation system at the Ottawa International Airport. (b and c) To be answered elsewhere. (i) The licence is on a year to year basis with provisions for cancellation by either party on six months

notice. (ii) On September 1, 1952, Red Line Taxis Limited was granted a licence to operate a ground transportation system at the Ottawa International Airport. The licence was on a year to year basis with provisions for cancellation on six months notice. On October 20, 1970, Blue Line Taxi Company Limited purchased the outstanding shares of Red Line Taxis Limited and in so doing, they acquired all the interests of the company including the licence with Transport Canada.

2. Tenders were not called because Red Line Taxis Limited was considered to be the only company at the time capable of providing the required level of ground transportation service. Red Line Taxis Limited was purchased and incorporated under the name of Blue Line Taxi Company Limited on October 20, 1970.

3. Blue Line Taxi Company Limited pay Transport Canada 5 per cent of gross revenues derived from the bus service and 15 cents for each taxicab carrying passengers from the airport. The amount of gross revenue paid by Blue Line Taxi Company Limited to the Crown is considered confidential to the parties involved during the term of the agreement.

4. The official responsible for the initial issuance of the licence was the regional director, air services, Toronto.

5. (a) The operation of the ground transportation system at Ottawa International Airport is reviewed periodically to ensure that the required level of service is being provided. There are presently no plans to call tenders. (b) At such time a tender is called, it will be unrestricted public tender call affording all ground transportation companies the opportunity to bid.

The management of the Canadian National Railways advises as follows: 1. (a) To be answered elsewhere. (b and c) Yes, with respect to the provision of taxicab service and in so far as that privilege may be lawfully given; (i) for five years from October 1, 1974; (ii) tenders.

2. (a)(i) Yes, September 13, 1974. (ii) It is not the practice of Canadian National to disclose the names of persons or firms submitting tenders for the supply of services. (b) Not applicable.

3. It is not the practice of Canadian National to disclose financial details of commercial transactions between itself and persons or firms providing services.

4. The decision was taken by responsible officers of the company duly authorized to take such decisions.

5. (a) At the termination of the agreement. (b) Yes.

DREE—SCHOOLS IN NEWFOUNDLAND

Question No. 1,161—**Mr. Marshall:**

What was the final cost of the DREE (a) Stephenville High School (Schedule B Reference: 1.31) (b) Stephenville Regional High School (Schedule B Ref: 2.14) (c) Corner Brook East Junior High School (Schedule B Ref.: 2.19) (d) Port Saunders Regional High School (Schedule D Ref.: 2.21) (e) Hawke's Bay Elementary School (Schedule B Ref.: 2.22) (f) Stephenville Crossing Elementary School (Schedule B Ref.: 2.40) constructed in the Province of Newfoundland?

Order Paper Questions

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: (a) $1,962,-582.81 (b) $4,497,489.54 (c) $3,088,064.97 (d) $1,581,792.59 (e) $614,384.01 (f) $3,583,314.99

GRAIN RESERVES

Question No. 1,318—**Mr. Hnatyshyn:**

Does the government intend to take action in regard to assisting with the costs of storing and stock-piling grain and other food in regard to the establishment of an internationally coordinated system of nationally held cereal stocks adequate to provide food security and to make the grain market more stable in the future, as agreed on by the participants at the two-day meeting of agricultural ministers from the 24 member countries of the Organization for Economic Co-operation and Development in Paris last week and, if so, what is the action?

Hon. E. F. Whelan (Minister of Agriculture): The Canadian government is prepared to play a positive role in the establishment of grain reserves. Grain reserves are an important element in ongoing discussions aimed at developing a new international wheat agreement. The Canadian government has supported the principle of a world grain reserve to help overcome the problem of world food security. Support for its establishment is contingent on development of suitable arrangements for implementation including the sharing of obligations in carrying any reserve and assurances that the reserve will not interfere with commercial markets. Action which could be taken by governments to assist with the costs of storing and stockpiling grain would depend on the final form of any new agreement. The government is prepared to examine ways in which assistance might be provided when negotiations are at a more advanced stage.

B.C. FISHING FLEET

Question No. 1,604—**Mr. Clarke**

1. Is the government at present involved in reissuing licences to those vessels in the British Columbia fishing fleet, which for economic reasons were previously taken out of fisheries by the government and, if so (a) what was the original intention of the government in participating in the buy-back scheme (b) on what grounds are the vessels now being reissued licences (c) how many of the vessels with reissued licences have been resold to date and what was the resale price in each case?

2. At the time of the buy-back scheme, how many vessels were purchased by the government and at what cost?

3. Did the government later sell the boats at a public auction and, if so, what was the amount received?

4. What was the number of registered fishermen in British Columbia at the time that the buy-back scheme was inaugurated?

5. What is the present number of registered fishermen in British Columbia?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. No the government is not so involved, however, a total of seven licences were inadvertently reissued; all were subsequently recovered, and five of which were reinstated by the minister's decision based on their appeals.

2. Three hundred fifty-four vessels. Cost, $5,848,000.

3. Total revenue from sales, $2,647,000.

[Mr. Marshall.]

4. Number of registered fishermen in 1969 (based on number personal licences issued) was 10,870.

5. In 1977 there were 10,668 personal licences issued in British Columbia.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 426 and 479 could be made orders for returns, these returns would be tabled immediately.

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Shall questions Nos. 426 and 479 be deemed to have been made orders for returns?

Some hon. Members: Agreed.

[*Text*]

LAWYERS IN ALBERTA

Question No. 426—**Mr. Elzinga:**

What are the names of all lawyers in Alberta used by the government or any Crown corporation?

Return tabled.

CMHC—NEWFOUNDLAND

Question No. 479—**Mr. Crosbie:**

What law firms or individual lawyers (a) in St. John's (b) in Corner Brook (c) elsewhere in the province of Newfoundland drew up CMHC mortgages in (i) insured (ii) uninsured loans in 1974, 1975, 1976, 1977 to date and, in each case, what were the number of loans and what was the total amount of mortgage loans in each year?

Return tabled.

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

CRIMINAL CODE

MEASURE RESPECTING LANGUAGE USED IN COURT TRIALS

Hon. Allan J. MacEachen (for the Minister of Justice) moved that Bill C-42, to amend the Criminal Code as reported

(with amendments) from the Standing Committee on Justice and Legal Affairs, be concurred in.

Motion agreed to.

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

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, to facilitate the discussion on Bill C-42 by the House today, it might be useful if I briefly restate the major thrust of the legislation.

In essence, Bill C-42 attempts to set minimum standards of official language rights for accused persons in criminal proceedings everywhere in Canada. This is done by providing such persons with the right to testify in their defence in their own official language before a judge or a judge and jury who speak and understand that official language.

I am pleased to say that the Standing Committee on Justice and Legal Affairs supported the concept of the bill in a manner which was most encouraging. Members obviously devoted a great deal of thought and effort to their comments and deliberations on the legislation, since it addresses an issue which is a cornerstone of Canadian federation. Particularly I want to convey the minister's deep appreciation to the hon. member for Calgary North (Mr. Woolliams) for his most useful contributions to the discussions.

Some hon. Members: Hear, hear!

Mr. Young: Several amendments were worked out at committee stage which I feel maintain the essential spirit of the bill, while taking full cognizance of the fact that it must be administered by the provinces and implemented in the final analysis through judicial decisions of the courts. Also I wish to pay tribute to the hon. member for Ottawa-Vanier (Mr. Gauthier) and the hon. member for Madawaska-Victoria (Mr. Corbin) for their contributions, encouragement, and the leading roles they took in ensuring a full and thoughtful presentation of this matter.

Some hon. Members: Hear, hear!

Mr. Young: Of key importance are the amendments made with respect to proclamation of the provisions in each province. The committee was extremely concerned to ensure that the fullest possible consultation takes place with the provinces, and that every care is taken so that the provinces are in a position to implement the legislation in an effective manner. Thus, the original provision permitting separate proclamation of the legislation with regard to indictable and to summary offences remains. We have added to this a provision spelled out in the legislation which provides that consultation between the federal and provincial governments must take place in order to ensure orderly implementation before proclamation can take place.

Should the federal Minister of Justice (Mr. Basford) and a provincial attorney general be unable to come to an agreement on an appropriate date for implementation, after due consultation has taken place, and after the Minister of Justice has satisfied himself that implementation would be feasible in that province, the legislation would give the province an additional two years to establish appropriate facilities, and then proclamation would take place.

● (1212)

I might just add that as a result of discussions at the officials' level we are confident that Ontario would agree to implementation of these provisions within approximately one year after royal assent. As regards Quebec and New Brunswick, it is expected that the time frame for implementation would be in the area of four to six months.

We have agreed in our discussions with the provinces to give every possible assistance in facilitating implementation. The bill permits a change of venue where it is impossible to hold a trial with a minority language judge or jury in a given territorial district. Although the committee explored the possibility of transferring a trial out of province, it was generally agreed that the fundamental principle of common law should be upheld, which requires that an accused be tried as close as possible to the place where a crime was committed so the community offended may see justice done.

The legislation allows for the ordering of a bilingual trial where circumstances warrant it. Thus, in a case where a defendant wishes to be heard in his minority official language, but many of the witnesses speak only the other language, the judge may order that jurors be empanelled who are able to speak both official languages. This respects the rights of the accused and at the same time facilitates the conducting of the proceedings.

Also, it is a general fact that the bilingual population of any province is larger than the unilingual minority official language population and it is, therefore, relatively easy to constitute a bilingual jury.

The standing committee which, as we know, includes some very talented lawyers, as well as hard working lay persons, expressed concern that the provision which requires a judge to inform accused persons in criminal proceedings of their right to testify in their official language might cause delays and add an undue strain to the already overburdened court system. We have, therefore, amended the legislation to provide that where the accused is represented by counsel, counsel may, if necessary, request such a trial. Only where there is no counsel would the law oblige the judge to advise the accused of his or her right to be tried in his or her minority official language.

In closing, I just want to say that I feel the discussions which took place and the agreements which were reached in the standing committee hearings were extremely useful, both in terms of clarifying the intent of the legislation and in improving its effectiveness. Again, let me thank the Standing Committee on Justice and Legal Affairs for its hard work, and express the hope that this House will deal equally expeditiously with this very important piece of legislation today.

Some hon. Members: Hear, hear!

Criminal Code

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, in speaking to Bill C-42 today I would first like to endorse the words of the parliamentary secretary, that we did carry out a very thorough, careful, and thoughtful study in-depth at the committee stage of this bill, and came up with some pretty good answers.

In order that the House will understand the position we first took on this side, and in order that it will not ever be misunderstood at any time by anyone anywhere, let me state that when the bill was first presented to this House it said that the legislation would be deemed to have become law on proclamation of the federal government.

The second important thing it said, leading to the position we took, was that every accused person should be informed by the judge before whom he was being tried that he or she had the right to be tried in the French or English language.

During my speech at the second reading stage I took the position, on behalf of my party, that the bill required two amendments. I suggested that either there must be enabling legislation brought in by the provinces in order that there might be a joint proclamation, or the bill could be brought into effect by proclamation of the federal government after legal, and I would emphasize that word "legal", consent by the province, whether it be British Columbia, Alberta, Saskatchewan, Ontario, or even Quebec. That was our position at second reading.

At that time I made a short speech and proposed those two amendments. I do not think I am breaking any confidence with the Minister of Justice (Mr. Basford) when I say that we had several meetings during which he expressed the feeling that the amendments I suggested had merit. He saw some difficulty in the words "consent" and "joint proclamation". As a result, there was a compromise. After all, the art of politics is the art of making the impossible possible.

I did go along with the suggestion, on behalf of my party, that the federal government could proclaim the bill, but before doing so it must have consultation with the provinces, and not something wishy washy by the Minister of Justice. I make nothing more of that than to say that the minister will not soon be the Minister of Justice.

I have heard here in parliament, as have other hon. members, ministers giving their word, only to see the opposite happen. I remember the Hon. Judy LaMarsh once saying that social security numbers would never be used by members of parliament. Before the ink used to write that statement was dry that practice became part of what we were obliged to do in the House. I have always taken the view that the greatest protection human beings have is the protection of the law.

I told the Minister of Justice I would accept that suggestion on one ground, namely, that consultation had to be consultation by law, and that consultation had to take place before the bill could be proclaimed in Alberta, British Columbia, New Brunswick, Prince Edward Island or any other province. In other words, the federal government had to consult in a serious and meaningful manner with provincial governments, that consultations had to take place by law, and until that process had been completed the bill could not be proclaimed in any province.

The reason for this is very simple. In some provinces there are areas with very few French-speaking people. There would not be a sufficient number to make up a jury or to provide the necessary court reporters and registrars. In fact the minister admitted that in at least one province, even considering all the judges in that province, he could not find one that was bilingual. We must have a practical approach.

The first amendment I proposed, and which has now been put forward by the parliamentary secretary, is that consultation must be by law, and not just at the convenience of the Minister of Justice or his officials.

● (1222)

The second amendment was with regard to the date of implementation. Some of my French Canadian colleagues took great exception to this and wanted to stipulate a time limit of two years. However, they themselves were voted down by their own members. I can appreciate their position and that they do not want to wait forever, because Christmas must come some day. I was not in any way unfair, nor was I inflexible in any way, but I pointed out that we should leave it open because any government, whoever the minister of justice may be, is responsible to the people, to his cabinet and, above all, to his leader.

If the Minister of Justice fails to fulfil the responsibility he has to Canadian law, then public opinion would soon take a course whereby he or she would have to change their ways. According to this section amendment the government could move a proclamation exclusive of the time of negotiation, even if it takes three years. I am thinking now of Prince Edward Island where it would have taken three or four years just to get them to phase in this bill once the federal government decided to proclaim it, exclusive of the time of consultation. Under the amendment, it would be two years before it would become law. This seemed to be a very fair approach and is almost the proposal I put forth on second reading.

There is a third catch which the Minister of Justice and I discussed, and I just wish that he were here. I am not breaking confidence with him, because it is a question of law. It dealt with the qualification of a jury, which would be a matter for the provinces to decide. For example, if I was holding a trial in Calgary and the sheriff brought together 60 German-speaking people—and considering our whip, I had better put some Poles in there—and some Poles and some others who could not speak English—I am not suggesting that our whip cannot speak English—the defence attorney would challenge the whole panel on a motion to the judge and say that those people were not qualified because they could not speak English and therefore were unable to comprehend what they would hear in evidence. Thus, the question of qualification is very important, and I wanted to review it thoroughly so there would be no misunderstanding.

It would have been very easy for me or for anyone from western Canada to vote against a bill of this nature, and maybe as politicians we would get some votes. That, however, is not what I came to parliament for 20 years ago, to show how many votes I could get from people who for some reason have prejudices and who may be bigots in Quebec or bigots in western Canada. I came to parliament to try to create laws that would work for Canadian people and keep this country together in a unified way to enable Canada to survive as a great nation.

Some hon. Members: Hear, hear!

Mr. Woolliams: I would take great exception to anyone who says, "I stood alone". There is a time to stand alone and there is a time to go to work. If the man who says he stood alone was so worked up about the situation and so sincere with regard to what was going to happen, why did he not do something? I understand the problems, and I have read some of the speeches the hon. member has made, and some of the points he has made are correct. Why did he not come to committee? It is true that he is an independent now, but he could have called me up and I would have said, "Look, we cannot put you on the committee but I'll speak to the hon. member for Windsor-Walkerville (Mr. MacGuigan), the chairman of the committee, and I will suggest that you move a motion and we will move it with you."

If he had ideas on this bill and they were reasonable, I am sure we would have backed him and invited him to come to committee and interrogate the witnesses and work with the people. That, to me, is what a member of parliament is here for, not just to stand alone, to build a field of politics for political votes and vote buying at the polls.

Having dealt with those two amendments, I would like now to deal with the third. The idea I think was in the draft, and I do not think that the government did anything it thought would work against the functions of the courts. It was in the draft that says that every judge would have to read, "You have a right to be tried in French or English". We have thousands of people living in our cities for whom this would be totally unnecessary.

When I see how hard in my lifetime the magistrates, who are now called provincial judges, work, they have no time to be reading out a lot of rhetoric which means nothing. They work far harder than county or appellate court judges. Some of those men sit on 50 trials a day and have to make 50 decisions which in some cases call for lengthy sentences. So, I suggested to my Liberal friends and to the hon. member for New Westminster (Mr. Leggatt), who went along with me, that we make an amendment to the effect the judge would have to read it out only if the person was not represented by counsel. This seemed fair, because in this day of legal aid there are few people who are not represented by counsel. It even goes further to say, "if he has not been represented by counsel on that charge".

We were able to streamline a bill and put it into effect, that, if it had gone through in its original form, might not have been done fairly or for the right purpose. It may have been done because some people do not understand the regional make-up of the provinces and the difficulty a person faces when he or she is bilingual on 8th Avenue in Calgary, and not considering that it is easier to be bilingual on St. James Street in Montreal. I say that to you fairly. I am sure that if I had been raised in Montreal I would have been pushed around at the old baseball game in French and known what it meant. In Calgary I was pushed around with some obscenities, but mostly in English. I am saying that that is what the spirit of the bill is about.

I have one thought that I would like to leave with hon. members. It refers to two decisions which have to be made by the Supreme Court of Canada, and they bother me somewhat. I will always remember an incident which occurred to me as a second-year law student, and which exemplifies exactly what I am about to say. We had Dean Cronkite from New Brunswick. He was a fine dean with a tremendous sense of decency and a sense of the social life of man, and particularly a sense of Canada. He knew the difficulties because he came from New Brunswick. A student said to him, "Mr. Cronkite, I am in trouble. I have found two cases, with the same facts, and the decisions are different." The dean said, "I want you to go to your desk immediately and make a note of that, because if it ever happens again I will have to do something with this library."

• (1232)

That is what I say to the Supreme Court of Canada now. In a case which I have mentioned before, the question was whether Quebec could have an investigation in that province. I never understood why the federal government challenged Quebec on that. I suppose there was some jealousy about guarding their jurisdiction. Sometimes you have to be jealous about guarding jurisdiction when it comes to things like this becase a province never knows when the federal government is going into the provincial house to change things around.

There are two sections of the BNA Act which are relevant. Under powers delegated by the BNA Act, criminal law falls directly under the federal government. The penalty for murder in Quebec is the same as it is in Vancouver; it is the same for rape and for robbery; the criminal law is the same. In that, I think the Fathers of Confederation had great foresight. They saw farther than the founders of the United States where there are different criminal laws in each state and there has to be extradition from one state to another. We do not have that problem. It was spelled out very carefully that the administration of justice within the province, including the constitution, the maintenance and organization of provincial courts both civil and criminal, and including procedure in civil matters in those courts, falls directly under the jurisdiction of the provinces. That is why they ruled that Quebec could even have witnesses come from other areas.

I should like to quote now from Canada Supreme Court Reports, Part 1, 1978, Vol. 1, page 156, where the Chief Justice said:

Although it is recognized that s.92(14) of the BNA Act gives the provinces a source of authority that enables them to blend with exercises of federal power when the latter is used to invest provincially-established courts with jurisdiction in matters within exclusive federal competence, federal overriding authority is always in reserve. Thus, although the Parliament of Canada has designated the provincial courts to administer criminal law, they have to do so according to procedures which under s. 91(27) of the BNA Act, are within exclusive federal competence.

There is one exception—the administration of justice.

Then there is the famous Jones case which went to the Supreme Court of Canada. The question was whether language is a matter of criminal law or a matter of the administration of justice. I say it is a very fine point.

We often hear media commentators say something to the effect that they are now going to introduce Senator "X", a great expert in constitutional law. The only experts that I ever knew in constitutional law sit in the Supreme Court of Canada. They can weigh and interpet the law to suit the social-political situation as it exists. All courts have done that. Maybe it is one of the things that has to be done. We have only to look at the tremendous decisions made in the United States in the last ten years to see how very political they are.

In many cases jurisdictions overlap, and I have dealt with this before. For instance, there is a federal Minister of Agriculture who has certain duties and a provincial minister of agriculture who has certain duties, and the duties overlap. The administration of justice overlaps, and trade and commerce overlaps—trade within a province is a provincial right, and trade outside a province is a federal right, and there is often a conflict. I should like to bring to your attention, Mr. Speaker, the case of *Nicola Di Iorio* and *Gérard Fontaine,* appellants; and *The Warden of the Common Jail of the City of Montreal,* respondent; and *Rhéal Brunet, et al. Mis en cause;* and *The Attorney General for Canada, The Attorney General for Quebec, The Attorney General for Ontario, The Attorney General for Alberta, The Attorney General for British Columbia and The Attorney General for New Brunswick,* intervenors, which is reported at page 152 of Canada Supreme Court Reports, Part 1, 1978, Vol. 1. There seems to be a conflict between what Justice Martland said in this case and what other judges said in the Jones case.

I want to say here, Mr. Speaker, that I am glad the government made the amendments to this bill. I do not know where we would stand today if it had not. It was a pretty brash kind of thing if you said you were going to take it like the cod liver oil treatment, but at least members of the government were flexible and they gave in. They knew that if they were to get a bill through that would work in Canada, there had to be some sort of flexibility. Once again I congratulate them.

I want to come back to my earlier point. The hon. member for Palliser (Mr. Schumacher) is a great friend of mine. I never thought I would read a speech of his and find fault with it. I thought I taught him well when he was a student, but it seems I have strayed in my ways. Let me give a little bit of history, Mr. Speaker. In 1968 it was suggested that I should run in the new Calgary North constituency, the university area, and that somebody else should run in Bow River. My friend got the riding of Bow River. He inherited Bow River with every poll that was won for the Tory party, so he started off pretty well.

Mr. Rodriguez: The silver spoon.

Mr. Woolliams: I would have said golden.

When the hon. member for Palliser spoke in the debate on Bill C-42 on May 4 this year he said, as reported at page 5153 of *Hansard*:

—from the official opposition because the spokesman for that party said he wished to see the bill amended in such a way that the provision would not be imposed in any province without some sort of positive action being taken on the part of that province.

The experience we have had with amendments is another matter which bears consideration.

He had better attend a committee and find out if that is correct. He continued:

I, for one, do not feel the hon. member's suggestion will receive very real consideration from the Minister of Justice because the Conservatives have 'cried wolf' before in this regard.

He implied that we had cried wolf and lost. I know that I have moved amendments that probably should have been passed. I have moved amendments that I know I probably should have won. I moved amendment on the gun control bill, and Bill C-83 died because of our amendments. The government brought in a new bill and it went through. Then the hon. member for Palliser goes on to say as recorded in *Hansard* at page 5154:

● (1242)

My understanding was that we did not have to worry about that and that the minister would see what the situation was. Perhaps he is correct in saying that he should be able to rely on the attorney general for Alberta. I have a different opinion, and if I were the hon. member for Calgary North (Mr. Woolliams) I would not want to support the proclamation of this particular bill if I had to rely on the attorney general of the province of Alberta, because sometimes I think he is completely out of touch with what he is doing.

Then he goes on to challenge him that he had broken his promise for which the Minister of Justice took him to task.

I will say this once again about voting. Once or twice in my lifetime I have voted against my party. I remember once, and Stanley will like this,—I never knew whether Mr. Stanfield did, and excuse me for calling you by name—but it was a question concerning the minimum wage. I forget the amount involved. I know at that time we were trying to cut back, but it seemed to me it was pretty small potatoes, that we had to raise the minimum wage, and I voted to increase it. Looking back, I might have been wrong.

The point I want to make, and which I want to re-emphasize is that it is easy now for a member to go to western Canada, especially if he has written all these letters and said in them, "Do you want a French trial in Acme?"—or somewhere else,—the answer will be no. If I wrote to Quebec and in my letter asked, "Do you want to have an English trial in Quebec?" Naturally it will be interpreted that there will be no French at all, we will have English. But if the polls report 88 per cent, his polls are the greatest polls. If we had a Gallup

poll like that and they came in for the Tory party that they were right and justified, I am sorry for what would happen to the Liberals; they would look worse than they did in 1958.

Some hon. Members: Hear, hear!

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I will be extremely brief. No doubt the parliamentary secretary will be pleased to hear that.

However, I would like to open by saying how pleased we all are in this House to have with us once again the hon. member for Calgary North (Mr. Woolliams) and to hear him in such excellent form as he has displayed this morning.

Some hon. Members: Hear, hear!

Mr. Brewin: I wanted to speak on third reading because I had hoped to speak on second reading, but I was indisposed at the time and was unable to be present in the House. I do want to take the opportunity on this third reading debate to express my wholehearted approval of Bill C-42 with the amendments in it which have been introduced by the committee. It seems to me to represent what has been long overdue, a measure of recognition of justice toward minority groups.

As some of you may know I have had something to do with the courts of law. There is nothing much more pathetic than a person who is in the unfamiliar circumstances of being charged and tried on a criminal offence. Such a person is deemed to be innocent, of course. But there he is in unfamiliar surroundings. Add to that the difficulty that the matter may be entirely conducted in a language which he does not comprehend. Denying him the right of the use of one of the official languages in that trial, in my judgment is a serious interference not only with the rights of minority groups but a serious interference with a person's individual right.

I think this act does justice to both of those things. It is 110 years or more since Confederation and it is high time that we established beyond doubt this right of a person, no matter to which official language group he may belong, should that person be in court tried or charged with a criminal offence he should be able to have part of those proceedings at least in a language that he can comprehend. Therefore I welcome this bill.

I understand why it is necessary that the bill should not come into effect without a proclamation which involves the approval of the province in which the bill is to be administered. Normally speaking I am not sure that I would be in favour of that, but in this particular case it is necessary. As the hon. member for Calgary North has pointed out so clearly, the administration of justice is a provincial right even though criminal law is a federal subject matter. However, may I be permitted to say that I hope the various provinces of Canada will give hasty consideration to agreeing to a proclamation so that throughout all of Canada people will have this right to a criminal trial, partly at least, in the language of the person charged.

Most of the members of this House know by now that I have indicated my intention not to be a candidate again. Therefore I will not be able to address this House too often in the future. I believe, as I think all members do, most sincerely and wholeheartedly in Canada and our federation. I want to add to that statement of conviction that part of my feelings on the matter is based on my experience of 16 years in this House, which is not very long compared to some hon. members, but it is still a fair chunk out of one's life. My experience during that time has been one of warm, close, and friendly association with people whose original language is different from my own.

I have had the experience of travelling across Canada with hon. members. As well, I have recently been on a trip to South America with the hon. member for Montmorency (Mr. Duclos), and a trip across Canada with the hon. member for Sherbrooke (Mr. Pelletier). I have had the closest co-operation with various people on the Standing Committee on External Affairs and National Defence, including the present chairman, the hon. member for Saint-Denis (Mr. Prud'homme). I am sure other members can give similar examples. With that co-operation, working across party lines and working for the constructive benefit of Canada, we can maintain, improve, and expand the welfare of Canada and the strength of this country.

Some hon. Members: Hear, hear!

● (1252)

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to take part briefly in this debate on Bill C-42. Since Fridays seem to be great days for understanding in the House, and this one being no exception, we are looking forward to such an experience. I listened with much attention to the hon. member for Calgary North (Mr. Woolliams) who made a fine speech, evoked heart warming memories which are likely to bring us all close together, create a better atmosphere and better feelings between Canadians from various provinces.

Mr. Speaker, during the debate on second reading, I indicated how pleased I was finally to see a bill being introduced to make sure that Canadians living in other provinces would be tried in their own language. I am aware of the fact that this bill may prove difficult to apply at first, but with consultations and good will, this bill may certainly become a fact of life. Of course, there will have to be consultations, but with the communication such as those we have today, I think we have much more chance than, say 40 or 50 years ago, of reaching our goal more quickly.

Because of this, Mr. Speaker, it is a fact, as I indicated early in my remarks, that I fully supported Bill C-42 and that I shall continue to do so. I am sure that if my colleagues were called upon to speak today, their comments would be in a similar vein. Therefore, if there is a vote, I shall certainly support this bill.

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

Mr. Deputy Speaker: Does the House agree to call it one o'clock?

The hon. member for Bellechasse (Mr. Lambert) on a point of order.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I had hoped that we could go on to other things, but I have a suggestion to make. Since consideration of Bill C-42 went very quickly and since tomorrow, June 24, is the national holiday of French Canadians, and to enable hon. members who live far away to get to the celebrations tomorrow somewhat refreshed after having rested a bit, I suggest that the House adjourn now until Monday afternoon at two o'clock.

Mr. Deputy Speaker: The intention of the hon. member is very valid. He has moved a motion in good faith which is certainly appreciated by everyone, but this motion is not quite regular. First of all, there is no one to second it. Perhaps hon. members can think about this during the lunch break because the motion of the hon. member is related to certain conditions. He made a few comments, but he could have simply suggested the adjournment of the debate, and then, the House could have met in an hour and hon. members could have been called in for a vote. I believe this would meet the same objective. There could be consultation during the lunch break.

Mr. Ian Watson (Laprairie): I am prepared to second the motion of the hon. member for Bellechasse.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I believe that when we come back at two o'clock for the report stage of the bill on the Export Development Corporation, we could consider the possibility of disposing very quickly of that bill, and if we can do so, we could leave much earlier than usual this afternoon. I would personally favour this procedure.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, indeed I believe it would be acceptable to us if we were to consult the House leaders and use the next hour to discuss the possibility of acceding to the wishes of the spokesman for the Social Credit Party of Canada.

Mr. Deputy Speaker: In view of all this show of good will, I am sure that hon. members will allow me to leave the chair and call it one o'clock. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

[Mr. Lambert (Bellechasse).]

[*Translation*]

BUSINESS OF THE HOUSE

SAINT-JEAN-BAPTISTE DAY

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

Mr. Deputy Speaker: The hon. Parliamentary Secretary to President of Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, I rise on a point of order with respect to the business of the House today, June 23.

Although Standing Order 2(3) of the House provides that the House shall not sit on New Year's Day, Good Friday, and so on, and Saint-Jean-Baptiste day is also in there, although that part of Standing Order 2 does not specify the day on which Saint-Jean-Baptiste day is to be celebrated but rather Saint-Jean-Baptiste day itself, which is tomorrow, June 24, and I know that our hon. colleague from Winnipeg North Centre (Mr. Knowles) participated in the drafting of that order and the interpretation that must be given is that indeed the House is not required to sit only on Saint-Jean-Baptiste day, and not the day before that, in spite of that standing order, Mr. Speaker, in the present circumstance I suggest that we in Canada urgently need to change our attitudes and take every available opportunity to show that we have that great state of mind that is required to promote a true coexistence of our two major French-speaking and English-speaking communities in an atmosphere of mutual generosity and full equality. I believe that to underscore the anniversary of all French Canadians by giving unanimous consent to adjourn the House at this time of the day would really be showing a favourable attitude toward that true coexistence that is desirable in Canada.

So, Mr. Speaker, it is perhaps a happy coincidence that this morning all parties co-operated to give third reading to a bill to allow Canadians to be tried in their language all across Canada. On the eve of the anniversary of French Canadians I think it is a fortunate coincidence and I think the event should be celebrated by allowing all members present here this afternoon at two o'clock to give their unanimous consent to adjourn the House until next Monday and pay tribute in this way to all French Canadians. So I ask for the unanimous consent of the House to adjourn until next Monday, Mr. Speaker.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with great care and, indeed, with great sympathy to the words of the parliamentary secretary. Although the hon. member for Winnipeg North Centre (Mr. Knowles) and I have some doubts as to the interpretation of the standing order, one which the hon. member for Winnipeg North Centre participated in drafting, I want to say I have no doubt at all that the hon. member did not participate in the drafting of the British North America Act.

An hon. Member: Prove it!

Mr. Baker (Grenville-Carleton): However, I think the suggestion is an appropriate one and therefore, on behalf of my party, I can see that we consent.

The matter was originally raised by the hon. member for Bellechasse (Mr. Lambert) in another way, but there have now been consultations with respect to it and I think the course suggested is quite appropiate. It may be we should take a look at the standing order if there is any reasonable doubt about it so that no misunderstanding could arise in future. Not only because of the interpretation the hon. member has placed upon it but from strong personal feelings I think it is important that in this place particularly we should recognize events which are of major interest to all people in Canada, and one of those occasions is, of course, the feast day of Saint-Jean-Baptiste.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I thank the hon. member for Grenville-Carleton (Mr. Baker) for making it clear I did not participate in drafting the British North America Act. I can tell him that in 1949 I did move certain amendments to section 91(1) which were accepted, so some of my language is in the British North America Act.

Mr. Lefebvre: How about Magna Carta?

An hon. Member: How about the Ten Commandments?

Mr. Knowles (Winnipeg North Centre): It sounds to me as though it is time for us to adjourn. I am glad the parliamentary secretary did not try to found the proposal to adjourn this afternoon on the wording of the standing order because I happen to think it is quite clear what is meant under that standing order. In any case, I think it is better we should decide to take the afternoon off by unanimous consent rather than under the terms of a standing order. Therefore, on behalf of my party I am in favour of this House adjourning now in recognition of the feast day of Saint-Jean-Baptiste.

[*Translation*]

Mr. Deputy Speaker: Order. Co-operating with the goodwill of hon. members, I am pleased to recognize the unanimous consent for adjournment. However, it has been suggested to me that, from the point of view of procedure, it would be advisable to present a motion for adjournment of the House until Monday.

Mr. Pinard: Mr. Speaker, seconded by the hon. member for Grenville-Carleton (Mr. Baker), I move that this House adjourn until 2 p.m. Monday next.

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

Some hon. Members: Agreed.

Mr. Deputy Speaker: This House therefore stands adjourned until 2 p.m. next Monday.

The House adjourned at 2:13 p.m.

HOUSE OF COMMONS

Monday, June 26, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

WILDLIFE

HUMANE TRAPPING—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion is urgent and pressing because of the decisions likely to be taken today and tomorrow in Quebec city at the federal-provincial wildlife conference affecting the federal-provincial committee on humane trapping whose mandate could end next year, and also because of the unanimous report on humane trapping tabled in this House on Monday, April 24. I move, therefore, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

The conference in Quebec be informed of the view of this House to the effect that research and field testing of humane trapping devices be continued and be co-ordinated by the federal-provincial committee on humane trapping for at least a further two years beyond its present mandate in an effort to develop humane trapping methods and a code of humane trapping ethics, and that provincial governments and the industry be urged to collaborate with this committee in this worthy endeavour.

Mr. Speaker: The presentation of such a motion for debate at this time, pursuant to Standing Order 43, can be done only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

CANADA-U.S. AUTO PACT—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity arising out of the news that the federal government has become involved in a bidding war to attract auto plant investment to Canada, and specifically arising from the news that as a result of his failure to convince Ford Motor Company of Canada Limited to live up to its obligations under the auto pact, in spite of having profits in Canada during the 1971-75 period which were more than double their profits elsewhere in the world, the Minister of Industry, Trade and Commerce has offered Ford Motor Company a subsidy of $37.5 million to locate a new engine plant in Canada.

In light of the fact that the auto pact between Canada and the United States obligates the auto makers to allocate investment in our country in order to ensure that we get our fair share of growth in this industry, and considering that this obligation commits the auto makers in principle to invest several hundred million dollars a year in Canada for the foreseeable future, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns the government's failure to force the auto makers to meet their investment obligations under the auto pact and that, moreover, it condemns the government's attempt to cover up this failure by offering taxpayers' money as subsidies to entice them to do what they ought to have done without subsidy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ANNIVERSARIES

CELEBRATION OF ST. JOHN'S DAY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that Saturday, June 24, marked the four hundred and eighty-first year since the discovery of Newfoundland by John Cabot on June 24, 1497, and that the discovery is celebrated as St. John's Day and is marked by a public holiday in St. John's, Newfoundland, today, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House join all Newfoundlanders in celebrating St. John's Day and the anniversary of the discovery of their native isle 481 years ago, after the Vikings but before the Canadians, and looks forward to a happy and enduring union for at least another 481 years.

S.O. 43

LOTO CANADA

"BUY CANADIAN" POLICY—MOTION UNDER S.O. 43

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise, pursuant to Standing Order 43, on a matter of urgent and pressing necessity. In view of the fact that the Ontario Lottery Corporation and Loto Quebec have asked for proposals from electronic terminal and computing firms, which manufacture here in Canada, as of early June, 1978, and subsequently have had public bidders' conferences to give representatives of these firms more specific information, these conferences attracting some 125 representatives in Toronto and 95 in Montreal, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House condemns Loto Canada for sole-sourcing its lottery gaming contract to an American firm which will result in less Canadian content than other Canadian manufacturers could have guaranteed, thus ignoring the federal government's announced "Buy Canadian" policy and in effect exporting what would otherwise be Canadian jobs to the United States, and that this House instructs the Crown corporation, Loto Canada, to withdraw from any agreement with General Instrument of Canada Ltd. and to seek applications from the Canadian industry through public tenders for the large, $23 million contract.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

CAR RENTALS AT AIRPORTS—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to Standing Order 43. In view of difficulties and law suits involving the Minister of Transport and his department because of policies, rules and regulations respecting car rental concessions and counter space at nine major Canadian airports, I move, seconded by the hon. member for Lisgar (Mr. Murta):

That the minister make a statement on motions this week dealing with some of the following points: complaints on file from major car rental companies that Host Rent-A-Car has not met the strict requirements of articles 4 and 5 of its agreement with the Crown re non-payment of fees and guarantees; what if any action he has taken pursuant to article 27 respecting default of the agreement between Host and the Crown relating to the non-payment of fees and guarantees; whether interest on such moneys is being claimed pursuant to article 6 of the agreement; and, finally, in view of the substantial problems recently encountered, whether the minister intends to change tendering procedures which up to now have encouraged unrealistic projections.

Mr. Speaker: Presentation of such a motion for debate, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Crosbie.]

• (1412)

ORAL QUESTION PERIOD

[*English*]

CONFLICT OF INTEREST

POSITION TAKEN BY EX-CHAIRMAN OF NATIONAL ENERGY BOARD

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Prime Minister. It relates to the former chairman of the National Energy Board, Mr. Crowe, who was in that position until December 31 last and has now accepted a position on the board of directors of Sulpetro of Canada Limited which currently has an application for gas exports before the National Energy Board. I have in mind the letter sent by the Prime Minister to senior office holders on October 18, 1976, which states:

A former office holder must not, within the relevant time period accept appointments to the board of directors of a commercial corporation which was, as a matter of course, in a special relationship with the department or agency with which he was last employed, where "special relationship" means regulation of the corporation by the department or agency.

I ask the Prime Minister whether it is his view that Mr. Crowe was in violation of these guidelines in accepting that specific directorship.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, without wishing to comment on this particular case, I remind the hon. member that the guidelines we issued did not apply to judicial or quasi-judicial officers. We published guidelines concerning ministers and members of parliament which were then studied by a committee of the House. We also published guidelines concerning former civil servants. Although we did look at the matter of holders of judicial or quasi-judicial offices, it was our feeling at the time that we should not publish guidelines in that area, certainly not without further discussions with the courts. I think the House will understand that the government was somewhat reluctant to go from the executive or legislative branches into the judicial branch. That is why we have not published guidelines.

I am not commenting on the particular case. It may or may not be a conflict of interest situation. But I can tell the House that on the basis of the public guidelines, there were none for holders of quasi-judicial offices.

Mr. Jarvis: Mr. Speaker, without entering into a debate with the Prime Minister on the nat. .e of that specific office, may I ask him whether the advisory committee would have advised this specific former chairman, Mr. Crowe, as to the applicability of the guidelines to his particular case when he left the National Energy Board last December 31?

Mr. Trudeau: Mr. Speaker, the advisory board applied to those who are covered by the guidelines, not other persons. I repeat, it is a delicate matter for the government to publish guidelines to holders of judicial or quasi-judicial offices. I think that particularly the parties on the other side of the House which were critical of the government when it took

action which might be interpreted as intervening in the judicial process would understand that reluctance.

Mr. Jarvis: Mr. Speaker, the Prime Minister still has not said, in relation to this specific case, whether he regards it as being exempt from the guidelines. I ask him this specific question: To his knowledge, was the superior—in this case, the Minister of Energy, Mines and Resources—consulted pursuant to the guidelines which provide specifically for disclosure to a superior when one has received or intends to accept an offer in the private sector which may be offensive to the guidelines? Does the Prime Minister know whether the Minister of Energy, Mines and Resources was consulted by Mr. Crowe pursuant to those provisions and, if so, what advice was given to Mr. Crowe by the minister?

Mr. Trudeau: Mr. Speaker, after two answers I am afraid the hon. member still has not understood. There are no guidelines concerning holders or former holders of judicial or quasi-judicial offices. The National Energy Board is a quasi-judicial office. If the House in some way wants the government to publish guidelines in that area, we will consider the matter.

● (1417)

LEGISLATION COVERING PUBLIC SERVANTS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, it is perhaps ironic that today, when the government House leader is scheduled to introduce conflict of interest legislation for members of parliament, we should discover how weak the guidelines are for public servants. I ask the government House leader whether it is the intention of the government to bring to parliament comprehensive and explicit conflict of interest legislation which will apply to public servants who will be leaving office and seeking outside employment.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as the House knows, there is on the order paper notice of a bill called the independence of parliament act which will establish rules and regulations for members of parliament and members of the Senate. It is not the intention, nor does the bill cover, quasi-judicial offices. But if it is the wish of the House that we move in that direction, of course it will be a matter that we would want to consider, as the Prime Minister has suggested.

Mr. Beatty: Mr. Speaker, the amended guidelines which involve, among other things, public appointees who are appointed by the governor in council, contain the following statement:

> The policy will apply to all persons appointed to new positions within the government and its agencies who will be expected to conform to it as a matter of honour and of personal choice.

Is it the intention of the government to introduce legislation before parliament or to take some action with these guidelines to ensure that sanctions are put in place so that people who decide to violate the guidelines out of choice can have sanctions applied against them?

Mr. MacEachen: There is no intention to bring in legislation to that effect, Mr. Speaker.

APPOINTMENTS ACCEPTED BY EX-CHAIRMAN OF NATIONAL ENERGY BOARD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister on the same subject matter. Is he aware that Mr. Crowe, in addition to his new position on the board of Sulpetro of Canada Ltd., was also appointed just last month director of Energy Ventures Company Limited, of the United States, which, together with Alberta Gas Trunk Line Company has purchased 4 per cent of Husky Oil shares and, furthermore, that Energy Ventures is controlled by Northwest Pipeline Limited, the U.S. partner of Foothills, in the building of the Alcan pipeline?

I submit to the Prime Minister that this is factual information, and I ask whether he is aware of it and, more specifically, considering that the National Energy Board must give its final approval on major details pertaining to the construction of the pipeline, involving the expenditure of millions of dollars, does he not think that in the spirit of the guidelines he should recommend to Mr. Crowe that he not accept these positions?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in answer to the first part of the question, yes, I have been so informed in the last few minutes. With regard to the second part of the question about my informing Mr. Crowe, I will put the question back to the whole House. Do hon. members want the government to communicate with judges, former judges, quasi-judges, or not? Until now, because of the delicacy of the administration, the government commanding judges or quasi-judges to perform in any particular way, we have not covered them with new guidelines. Whether or not we should do so is a matter for debate in the House. We are very anxious to hear whether members of the opposition think that henceforth, before appointing judges or quasi-judges, we should impose certain conditions on their post-employment.

Mr. Broadbent: The Prime Minister cannot shift the responsibility of his government to the opposition. I point out to the Prime Minister, who is a lawyer, which I am not, that it seems to me he is playing pretty loose with the term "quasi-judicial bodies" when he is talking about the National Energy Board which makes major policy decisions and major recommendations to the government involving the spending of millions of dollars. Speaking for my party, I can tell him unequivocally that, yes, we are in favour of the guidelines being applied to such positions.

Mr. Speaker: Order, please. Will the hon. member put his supplementary question.

Mr. Broadbent: Yes, Mr. Speaker, I am coming to my specific question. Given the spirit of the guidelines, will the Prime Minister deal with them in the spirit as they pertain to

Mr. Crowe who has now involved himself in major corporate positions involving submissions to the NEB which he headed a few months ago? Does he not think, as Prime Minister, that he should have a chat with Mr. Crowe urging him to step down in the public interest from the positions he has accepted?

Mr. Trudeau: Not so many months ago hon. members on the other side of the House generally were arguing that we should not have chats with people who held judicial or quasi-judicial positions.

Some hon. Members: Oh, oh!

• (1422)

Mr. Trudeau: If the opposition wants to be fair at all on this, they will recall that following certain events concerning the judiciary we published guidelines for ourselves indicating in what way the ministry should be entitled to communicate with the judiciary, and that included the quasi-judiciary. At that time we made it quite clear that quasi-judicial officers were in a particular situation vis-à-vis the administration. Now we hear the opposition telling us this is only a fiction, that they are not quasi-judicial officers, that in some way they are the instrument of government policy. I tell the leader of the New Democratic Party that the consequences of this new policy of his is a very strange one indeed if he thinks that the National Energy Board is an emanation of government policy. He should revise his views on that.

Some hon. Members: Hear, hear!

Mr. Clark: Read the act.

Mr. Broadbent: The Prime Minister has made his usual equation in carrying a logical point all the way to an absurd conclusion. It is not at all warranted by the facts. Would he answer the question? I put it to him for the third time. In the interests of the spirit of the guidelines, with specific reference to the National Energy Board—no other body in this instance—would he not think it appropriate, as Prime Minister, to recommend to Mr. Crowe that he step back from the positions he has accepted, which put him in my mind, unequivocally, in a conflict of interest position?

Mr. Trudeau: Mr. Speaker, that is the third time the same question has been asked. The answer is that the spirit of the guidelines and the letter of the guidelines does not apply to quasi-judicial officers. The government is prepared to advance in this field. As a matter of fact, we did look into it before publishing the guidelines, but then we thought it would be more compatible with the division of powers and the non-interference by the executive into the quasi-judicial branches that we not publish guidelines. I note the House now is taking the position that we should have. That is natural. They always take the counterposition to whatever the government does.

Some hon. Members: Oh, oh!

[Mr. Broadbent.]

[*Translation*]

AIR CANADA

REQUEST FOR DETAILS OF ACCIDENT AT TORONTO INTERNATIONAL AIRPORT

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Transport.

At about 8:15 a.m. at a Toronto airport, an Air Canada DC-9 aircraft made an unfortunate crash which resulted in injuries to several passengers and the death of a few others. Is the minister in a position to tell the House whether he has been officially advised of the number of losses of life and also the main cause of that accident.

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have, of course, received preliminary reports about the incident and our investigating team is on the site. I hesitate to use specific figures until I have a further report both with regard to the causes of the accident and also with regard to the exact number of persons killed or injured. However, the report at this point does tend to indicate there were three persons killed and 43 injured.

[*Translation*]

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

According to the news service, the aircraft had left the Ottawa airport for Winnipeg via Toronto. Was the minister told whether there were federal civil servants or parliamentary officials because another source, another radio station, suggested that among the victims there were parliamentary officials on the aircraft. Can the minister tell the House whether this is true?

[*English*]

Mr. Lang: Mr. Speaker, I do not have full information about passengers boarding in Toronto, but I am informed that only two of the passengers on the aircraft had boarded in Ottawa. They were not connected with parliament or the government in any direct employment capacity.

• (1427)

[*Translation*]

Mr. Lambert (Bellechasse): I have a supplementary question, Mr. Speaker.

Given the gravity of the situation and also given the fact that in 1970, if I remember correctly, another Air Canada aircraft was involved in an accident which cause the death of over 100 persons, can the Minister tell the House, in order to reassure Canadians about the safety of Air Canada aircraft, whether he will order an inquiry to identify the real causes of these two accidents? The causes of the first one may be known, but they were not reported, at least not in this morning's news. Can he do that to reassure Canadians about the safety of this

Crown corporation so that it is demonstrated that the situation is not worse with this company than with others and that we can go on travelling safely on the aircraft of Air Canada?

[*English*]

Mr. Lang: Mr. Speaker, I certainly do not think the two incidents should be connected at all, since they involve different aircraft and, very clearly, different causes, quite apart from what those causes might be. It is important, even while we regret any particular incident and extend sympathy to those who have lost friends and relatives in a crash like this, to recognize that Air Canada's record of safety is very, very good. Indeed, I think it's very close to being among the best in the world.

* * *

INDUSTRY

LOCATION OF FORD MOTOR COMPANY PLANT IN ONTARIO

Mr. James Gillies (Don Valley): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce and the acting minister, I will go to the second minister, the Minister of Employment and Immigration. Can he tell us why the Minister of Industry, Trade and Commerce reneged on the offer he made to the province of Ontario through the minister of industry and tourism of that province to share in the subsidy that was about to be offered to Ford Motor Company to locate their plant in Windsor, Ontario?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, my colleague, the Minister of Industry, Trade and Commerce, indicated there was no reneging nor was there any commitment made to the 75-25. If this plant were built in Ontario in a DREE area, there would be some basis for making that particular allegation. The Minister of Industry, Trade and Commerce is, I believe, in Toronto today discussing this very matter.

Mr. Gillies: Can the Minister of Employment and Immigration tell us whether the government has a set policy with regard to this type of operation, because it seems clear that the degree of subsidy offered in a variety of areas is considerably different? For example, General Motors has apparently been offered an 80 per cent subsidy if it locates in or just outside Montreal. What is the policy of the government on this? Is there an established policy of providing significant aid through the provinces to these locations which is the same throughout the country, or does it vary according to the circumstances?

Mr. Cullen: Mr. Speaker, the government's policy under the Department of Regional Economic Expansion is well known. It is a consistent policy and it is applicable right across the country. Therefore, there is no conflict in that area at all.

Mr. Gillies: If I might go back, Mr. Speaker, it seems there is a conflict. It is quite clear that the offer made to General Motors is different from the offer that was made to Ford with regard to the percentage of the subsidy. All reports suggest this is the situation. I again ask the minister, why was the offer of support 80 per cent in the case of General Motors and only 50 per cent in the case of Ford?

Mr. Cullen: Mr. Speaker, that sounds to me like the wildest kind of speculation in which the hon. member is engaging. I do not think that question should be answered.

[*Translation*]

REASONS BEHIND ALLEGED POLICY TO REDUCE JOBS IN QUEBEC

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to ask the right hon. Prime Minister a question which concerns at least 150,000 workers in the province of Quebec.

In view of the fact that over 30,000 jobs have been lost in the province of Quebec during the past few months in the traditional sectors of the clothing, textile, footwear and furniture industries, and that the unemployment there, which averages over 11 per cent, reaches some 15 per cent in a number of cities, I should like to know why, in an official document entitled "Briefing Notes for Consultative Task Forces" and dealing with tariff bargaining, the Department of Industry, Trade and Commerce indicated the following objectives as government policies for these sectors, and I quote:

> The objective of the policy should be to reduce gradually the number of jobs by increasing rationalization with a necessary minimum of protection during the trasition period.

Given those facts, I ask the right hon. Prime Minister why the government supports such a policy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I do not know what documents the hon. member has in his hand, but perhaps he could table them and I could discuss his question.

Mr. Grafftey: Mr. Speaker, I would like to know from the right hon. Prime Minister whether the ministers from Quebec intend, during parliamentary recess, to visit the Quebec localities where the textile, clothing, footwear and furniture industries are located to explain why it is the policy of the government to cause those industries to disappear, and to inform—

● (1432)

[*English*]

Mr. Speaker: Order, please. I am sure the hon. member will recognize the argumentative line of his questions.

Oral Questions

NATIONAL DEFENCE

PURCHASE OF FIGHTER AIRCRAFT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, in the absence of the Minister of National Defence I will direct my question to the Prime Miniser. Can the right hon. gentleman confirm that the new fighter project management office has recommended that a short list of three planes be considered for the impending fighter contract—the F-16, the F-18A and the F-18L?

Right Hon. P. E. Trudeau (Prime Minister): I am not sure what the hon. member is quoting from. It is certainly not government policy.

Mr. McKinnon: I was not quoting from anything at that point except my own question, Mr. Speaker. Perhaps the Prime Minister has noted the following quotation from a Canadian Press release:

"One of the options the cabinet is considering is a so-called short list dropping some of the competing firms", Danson said.

Could the Prime Minister tell the House whether the choice is being dictated entirely by the fact that these three planes are the cheapest of those under consideration and that since only a fixed sum of money is available—$2.3 billion in 1977 dollars—other important factors such as air superiority qualities, range, and target acquisition capability all have to be sacrificed in favour of financial considerations?

Mr. Trudeau: The question is purely hypothetical. However, I can tell the hon. member that we want to try to get the best plane for the least money.

* * *

CANADA WEEK

OFFICIAL SCARF MADE IN JAPAN

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Prime Minister. Given the depressed state of the textile industry in Canada and the amount of public money which has gone into the promotion and celebration of Canada Week activities, I should like to ask the right hon. gentleman why the official scarf for the celebrations bears the label "Made in Japan"?

Some hon. Members: Oh!

Right Hon. P. E. Trudeau (Prime Minister): I did not order that scarf myself. I will take notice of the question.

* * *

AGRICULTURE

FARMING METHODS—BEEF IMPORT QUOTAS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, the largest show of its kind in the world, the International Plowing Match and Farm Machinery Show, will be held in Huron county this year from September 26 to September 30. This event features new and old methods of plowing and over 400 exhibits including the latest in farm machinery and new technology and will be held just outside Wingham, Ontario.

I would like to ask the Minister of Agriculture whether, when he receives his invitation to attend, he will reply in the affirmative so that he can be brought up to date in the latest farming methods. Further, since Huron is a large beef producing country, I suggest he should not allow the government to increase the import quotas on the entry of beef into Canada or he might not be very welcome at the event.

Hon. E. F. Whelan (Minister of Agriculture): I will take the hon. member's representations under consideration.

* * *

MANPOWER

RESTRICTION ON ONTARIANS WORKING IN QUEBEC

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Minister of Employment and Immigration: it concerns the impending application by the province of Quebec of restrictive labour regulations preventing, as of July 1, many Canadian tradesmen from working in Quebec. Is the hon. gentleman consulting with his colleague, the Minister of Labour, with a view to supplying this House with statistics showing the effect of this move on, for example, mobility grants which constitute an important program in his department, and will he tell us what decision he has taken to ensure interprovincial mobility in light of the socioeconomic impact the regulations may have on border communities?

Hon. Bud Cullen (Minister of Employment and Immigration): This issue has also been raised by the Parliamentary Secretary to the Minister of Finance since the proposal would have a particularly detrimental effect on people who live in Cornwall and along the border. It would certainly have a negative impact. I believe the Prime Minister indicated on Friday that we are opposed to action of this kind being taken, and I believe he also said he was awaiting an opinion from the Department of Justice. We do make mobility grants available to workers moving both ways. I will get the figures for the hon. member.

* * *

PETRO-CANADA

TAKEOVER OF HUSKY OIL

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is for the Prime Minister. It arises from the statement made by the premier of Saskatchewan indicating the support of that province for the Petro-Canada proposal rather than that of the Occidental Petroleum Corporation on the grounds, and I quote, that "it would serve the public interest better". In

view, also, of Alberta's lack of interest in operations outside that province, may I ask the right hon. gentleman whether the government still supports the Petro-Canada proposal and will so indicate to FIRA?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, Petro-Canada is a Crown corporation which is operating at arm's length from the government, and the role of the government thus far has been to change the speed of cash flow in order that Petro-Canada could make the offer it did. Petro-Canada is operating in the marketplace and I am happy to learn that the premier of Saskatchewan has supported its action.

Mr. Orlikow: Would the Prime Minister tell us whether the cabinet has approved the capital budget of Petro-Canada in an amount sufficient to acquire Husky Oil and, if so, can he tell us why the government is not expressing in more direct terms its approval of the principle that the heavy oil resources of Saskatchewan should be developed by Canadian rather than United States interests?

Mr. Trudeau: It was made quite clear by the Minister of Energy, Mines and Resources and by myself the other day in replying to a question from the leader of the New Democratic Party that we wanted Canadian resources to be exploited by companies which were 50 per cent to 60 per cent owned by Canadians. That is still our policy. As for the first part of the question, arrangements were made to permit Petro-Canada to get into the market and make this bid.

* * *

AIR TRANSPORT

CRASH AT ST. JOHN'S, NEWFOUNDLAND

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Transport. It concerns the tragic crash on Friday in St. John's, Newfoundland, of a chartered aircraft resulting in the death of ten people including the chairman of the National Historic Sites and Monuments Board, three members and two senior employees of the board. I know all hon. members will identify with me in extending sympathy to the families of these public service people. Can the minister tell us whether there is an investigation under way and whether the Minister of Transport has been able to determine the cause of this crash?

Hon. Otto E. Lang (Minister of Transport): Certainly, we all join in expressing sympathy to those who were bereaved as a result of this crash, including the families of the pilot and co-pilot of the aircraft. An investigation team arrived on the site the same afternoon, I am informed, and an investigation is going forward. It would be premature for me to attempt to say anything further.

ROYAL CANADIAN MOUNTED POLICE

EVIDENCE BEFORE McDONALD COMMISSION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is intended for either the Minister of Employment and Immigration or the Solicitor General. What representations, if any, have been made to date to expedite the return to Canada of Warren Hart to testify before the McDonald royal commission further to the meeting which took place in Washington between Mr. Hart and his counsel and the chief counsel and an investigator from the commission? I should like to know when his return is likely so that we can get to the bottom of matters directed by the RCMP involving this former FBI agent.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have received no representations from the inquiry for the return or presence of Mr. Hart to appear before the commission.

Mr. MacKay: A brief supplementary question concerning the royal commission. Could one of the ministers—I suppose it should be the Solicitor General—tell me whether, when ministers and deputy ministers are testifying before the McDonald commission, they will be cross-examined by the same counsel who are seized of specific areas in the inquiry such as National Revenue, the Post Office, and so forth, in order to ensure that various counsel will have an opportunity to cross-examine on the various aspects implicit in ministerial responsibility?

● (1442)

Mr. Blais: Mr. Speaker, I will inquire and advise the hon. gentleman.

* * *

IMMIGRATION

ALIENS SMUGGLED INTO U.S. FROM CANADA

Mr. Jake Epp (Provencher): Mr. Speaker, I would like to direct my question to the Minister of Employment and Immigration. It concerns the derailing of an underground railway which operates between Toronto, Montreal and the United States. Illegal aliens were smuggled into the United States from Canada. How long did the minister know about this operation, how many Canadians were involved, and how many illegal aliens have been taken to the United States by the principals involved in this operation?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I do not have all the facts. I know that seven of the nine adults arrested have been deported from Canada. I believe that was the total number of the group in this particular investigation.

Mr. Epp: On April 18, and again on April 25, I pointed out to the minister that his own officials in Toronto had documented 100 cases of marriages of convenience and that departmental documents indicated that this was but the tip of the

iceberg. In view of further revelations that Canada is a base of operations in the exploitation of humans in the most repugnant manner, I would like to ask the minister whether charges have been laid in connection with both cases I brought to his attention. Especially in this latest case, has he laid charges and, if not, why not?

Mr. Cullen: Mr. Speaker, thankfully, we have one of the best federal police forces in the world and I think it has done a commendable job in this regard. The whistle had to be blown a little earlier here, again, I think, in a humanitarian way because of the two children involved and the somewhat intemperate weather.

As I indicated to the hon. member during the study of estimates and here in the House, the marriage of convenience question is very difficult. It is a judgment call which has to be made. When a lady swears undying love for a gentleman and says this is what she has been waiting for all her life, it is a pretty tough call for someone to make.

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FEDERAL-PROVINCIAL RELATIONS

CONSTITUTIONALITY OF RESTRICTION ON ONTARIANS WORKING IN QUEBEC

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is supplementary to the one asked by my colleague, the hon. member for Ottawa-Vanier, and I direct it to the Prime Minister. In view of the policy of the elitist government of Quebec to eliminate freedom of movement not only interprovincially but also within the boundaries of Quebec, can the Prime Minister advise the House whether he has decided to have this arbitrary and unCanadian law referred to the supreme court to determine its constitutionality? This law could have serious effects on workers in Quebec as well as in several other provinces.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I share the concern of the hon. member but I am afraid I cannot add much to what I said late last week in answer to a question. The matter is being looked at by the Department of Justice and we will get advice from that department on the matter of a reference.

In the meantime, I repeat that this is a matter which we hope will be solved between the two provinces mainly concerned. I understand that Premier Davis and Premier Lévesque have been in communication on this matter. It is the general desire of the provinces that we not intervene in matters of provincial jurisdiction. I hope the premiers themselves will be able to settle this matter, but if they want our help and if it is possible, we will gladly give it to them.

[Mr. Epp.]

MULTICULTURALISM

FUNDING OF FRENCH-SPEAKING GROUPS OUTSIDE QUEBEC

Mr. Stan Schumacher (Palliser): Mr. Speaker, my question is for the President of the Treasury Board. In view of the minister's desire to cut government expenditures which effort, he says, is restricted by obligations imposed by statutory transfer payments to the provinces, can the minister say whether he considers it proper for the province of Quebec to fund the activities of French-speaking groups outside Quebec, as has been recently described by the Hon. Claude Morin, who in turn has been described by Premier Lévesque as his foreign minister?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I suppose the key question would be with whose funds such activities are being financed. I am not aware that any federal funds transferred to the province of Quebec are being so used.

Mr. Schumacher: Mr. Speaker, can the minister assure us that activities funded by the province of Quebec are not of this nature, and is there any monitoring device to make sure that federal funds which are paid by way of transfer are not used in this way? Are the activities involved in any way similar to those previously carried on by the Parizeau spy network?

Mr. Andras: Mr. Speaker, I will have to examine that question carefully. I will take it as notice. I am not aware of any such trend, but I will investigate.

* * *

CONFLICT OF INTEREST

EFFECT OF GOVERNMENT GUIDELINES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I would like to bring the Prime Minister back to the question regarding the National Energy Board. The Prime Minister indicates it is his view that the National Energy Board is exclusively a quasi-judicial body and consequently exempt from conflict of interest guidelines. On consulting the act setting up the National Energy Board, he will find that section 22 vests clear advisory functions. I quote the relevant section as follows:

> —shall recommend to the minister such measures within the jurisdiction of the Parliament of Canada as it considers necessary—

Consequently, it is very clear that the National Energy Board is not exclusively a regulatory body. I should say, in passing, that the Prime Minister is trying to draw a red herring across this debate when he suggests that quasi-judicial bodies are in exactly the same position as judicial bodies. Let us put that to one side for the moment. Given the advisory nature set out in the statute of the National Energy Board, is it the intention of the Prime Minister to continue to exempt people associated with the National Energy Board from the conflict of interest guidelines?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Leader of the Opposition introduced the word "exclusive", which I never used. He obviously used it for a very good reason. He seems to have been shown what the act says, but if he had not read selectively only one paragraph of the act, he would have seen that section 10(3) describes the powers of the board and says:

—all such powers, rights and privileges as are vested in a superior court of record.

It seems to me that this makes it quite clear that the National Energy Board has the powers of a court of record, and that makes it a quasi-judicial body.

Mr. Gillies: Preposterous.

Mr. Trudeau: This does not alter the substance of what I said earlier, that the government studied the possibility of regulating post-employment conditions for members of judicial or quasi-judicial offices. It might apply *a fortiori* when these quasi-judicial offices also have advisory functions, as the Leader of the Opposition said, and I indicated that the government had considered such guidelines and would be prepared—possibly to follow up the bill which will be given first reading today and which I am sure will be studied by all members of the House—to go one step further. I indicated that we had some hesitancy in doing so, but I am glad that the opposition parties seem united in stating that the government should extend its guidelines to holders of judicial or quasi-judicial offices.

The Leader of the Opposition shakes his head. Now he has a new position. I really would like to know the position of the Leader of the Opposition and his party. However, as far as we are concerned, we will continue with our work and probably publish such guidelines. I think when that is done, even the opposition will recognize that a holder of such office could certainly be asked to abide by the spirit of the guidelines, but he certainly could not be held retroactively to abide by guidelines which have not yet been published.

Mr. Clark: Mr. Speaker, I shake my head in wonder at the attempts by the Prime Minister to work his way around the failure—and I take it the Prime Minister is now admitting it is a deliberate failure—to apply the conflict of interest guidelines to an advisory agency such as the National Energy Board which, by statute, it is. I asked the Prime Minister a question. He did not answer it, although I can assume from his long evasion that his answer is that he intends to continue to exempt agencies like the National Energy Board with statutory advisory functions as long as he can find any way at all by which they can be called quasi-judicial agencies.

The Prime Minister has by his answers today drawn the attention of the Canadian people to a very large loophole which he and his colleagues have drawn into the conflict of interest guidelines. Just so he can confirm things, are we then to understand that these guidelines do not apply, for example, to members of the CRTC, the Canadian Transport Commission, FIRA, the Canadian Dairy Commission, Canadian Patents and Development Limited, the Canadian Pension Commission, the Northern Pipeline Commission and at least 15 to 20 other major administrative tribunals in the country? Is that the policy of the government?

• (1452)

Mr. Trudeau: Well, Mr. Speaker, the conclusion the hon. member reached in the first part of his question is exactly contrary to what I just said. If the hon. member would listen to my answers rather than preparing his next question, he might be able to dispense with some of his questions. He said that I was prepared to continue to exempt. On the contrary, I said that we had studied these guidelines, that we were hesitant to put them into effect, and that I was encouraged to see, until opposition members shook their heads, that the opposition was encouraging us to go ahead with such guidelines. This does not apply to the bill which will be introduced in the House today: it is on conflict of guidelines—conflict of interest guidelines.

Mr. Paproski: Your first comment was correct.

Mr. Trudeau: It is on conflict of interest guidelines for members of parliament. The House will recall that all this business of publishing conflict of interest guidelines went through several stages. We started with ministers, then we went to members of parliament and then to officials. I indicated that we had not yet gone to holders of judicial or quasi-judicial offices. That will be the next step. What I am indicating is that if we take that step, of course these members will be covered, but they will be covered for the future and not for the past.

Mr. Clark: Mr. Speaker, the one absolutely unquestionably true statement the Prime Minister just made is that he and his colleagues are hesitant to put guidelines into effect. There can be no doubt about that.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister has drawn our attention to this very large loophole which he and his colleagues deliberately wrote into the conflict of interest guidelines as they affect public servants; this "out" by use of the regulatory or quasi-judicial cover. In the interests of giving some direction to people who might be associated with these agencies and might be contemplating leaving them, and indeed so there can be some standards set by the government, will he and his colleagues consider immediately this week in cabinet, today or tomorrow, some recommendation which they can bring before the House of Commons and the public so there will not be the kind of odour of evasion which is very clear about the National Energy Board case before us now?

Mr. Trudeau: Mr. Speaker, the words "odour of evasion" are quite unfair. I am absolutely convinced that Mr. Marshall Crowe, since we are talking about him, had no intention of evading guidelines.

Mr. Clark: We are talking about you.

Mr. Trudeau: When the hon. member talks about loopholes, there are no loopholes when the guidelines themselves indicate that they apply to certain persons and not others. If the hon. member had made himself familiar with the guidelines, he would have seen that indeed we proceeded through several stages and covered an increasing number of people. The people who hold judicial or quasi-judicial offices have not been included. I understand the House would like to see them included. I am indicating that the government is prepared to go that route. We thought it would be nice to have the opposition debate the bill which will be given first reading today, to give their opinions on it, and then we would know how far they are prepared to go regarding guidelines for members of parliament themselves.

Some hon. Members: Hear, hear!

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TRADE

GATT NEGOTIATIONS ON AGRICULTURAL ISSUES

Mr. Jack Murta (Lisgar) Mr. Speaker, my question is directed to the Deputy Prime Minister and President of Privy Council in his capacity to answer questions respecting our trade negotiations. Mr. Robert Strauss, the United States negotiator to the GATT negotiations now taking place in Geneva, has said there will be no agreement at the talks unless considerable movement on farm issue comes into being in the next few weeks. As far as the minister knows, have there been any improvements or movement on farm issues in terms of the main negotiating countries? If there has been movement, what implications do they hold for Canadian agriculture?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, despite what Mr. Strauss has stated, I believe it is premature to forecast the pattern of proposals and counterproposals. There is dissatisfaction not only with the agricultural offers which have been made; there is dissatisfaction in fisheries and other related fields. In a sense, we are at a prenegotiating state. Recently at the meeting in Washington there was an understanding and the timetable was agreed to during which the period of June 30 to July 10 would be used intensively by the participants in order to develop a negotiating framework which might be put to the summit in Bonn later in the month.

Mr. Murta: Mr. Speaker, perhaps the Deputy Prime Minister can be more specific on this question. One very important farm commodity is pork. Pork producers and their associations want greater access to international markets, especially the Japanese market. Since Japan tabled its offer list some time ago, can the minister inform the House if pork is on that list?

Mr. MacEachen: Mr. Speaker, I do not have the list, but I can tell the hon. member that there has been considerable dissatisfaction expressed by quite a number of participants in the negotiations at the Japanese offer. Certainly, in the case of Canada, it is not expected that we would be able to maintain our offer list to Japan or our offer list generally unless Japan improved its performance, which we hope will take place.

* * *

POST OFFICE

PROPOSED CLOSURE OF POST OFFICE IN NORTHWEST TERRITORIES

Mr. Wally Firth (Northwest Territories): Mr. Speaker, my question is directed to the Postmaster General. It concerns the likely closure of the post office on Vale Island at Hay River in the Northwest Territories. The previous Postmaster General made some effort to prevent the closing of this post office. Can the Postmaster General report anything on this matter to the House? Specifically, will he do whatever he can to keep this post office open? It is an essential service to a few hundred people on Vale Island, including two or three government departments and a Crown corporation, namely, the Northern Transportation Company, Limited.

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, the question of keeping that post office open is still under consideration. In a way, we agree with the hon. member from the opposition that this is an essential service in Vale Island, and we are doing our best to try to maintain an adequate mail service.

* * *

[*English*]

TRANSPORT

SHORTAGE OF RAIL CARS IN INTERIOR OF B.C.

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, my question is directed to the Minister of Transport. In view of the fact that there is a shortage of rail cars in the forest industry in the interior of British Columbia, that out of 786 cars which were ordered only 335 were received, and that this results in 100 per cent more lumber awaiting shipment from this very important industry of British Columbia, can the minister tell the House what he has done in reply to an appeal by the Interior Lumber Manufacturers Association to him and to the railways for more boxcars?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I met with representatives of the forest industry in Vancouver several weeks ago to discuss this entire question. The existing situation is a difficult one in terms of numbers of cars. Even though, in the particular case of Canadian National, more products are being moved than last year, the waiting time for cars to be returned from the United States has increased very rapidly. This is largely because of changes in the situation in the United States. I discussed this matter with the railway presidents at a meeting last week looking into the question of whether more cars ought to be obtained immediately, in light

of the possibility that the American situation would be prolonged. They are looking at this question together with certain alternatives including the creation of lumber distribution centres in certain places in the United States. Perhaps that will allow the unloading of lumber and the return of cars to be handled in a much more expeditious manner.

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AIRPORTS

RADAR SYSTEM AT VICTORIA, B.C.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the Minister of Transport. Can he bring us up to date on the plans of his department to instal radar at the only international airport in Canada which does not have radar, namely, the Victoria international airport? Can he give us some idea of the timing of the installation of that equipment?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I have had no report of any change since the last time we discussed this matter. There are other airports where the numbers of landings and complications in terms of terrain and traffic are greater than at Victoria. Therefore, at this moment it is not at the top of our list.

● (1502)

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, is the minister aware that there has been an additional responsibility imposed upon air traffic controllers in Vancouver in that they are obliged, in addition to bringing aircraft into the Vancouver airport, to take aircraft to within the area of visual controllers in Victoria; and is he prepared to admit that this elevates unduly the fatigue threshold of controllers in Vancouver and thereby increases the risk in respect of security in that general area?

Mr. Lang: Mr. Speaker, the air administration at all times tries to take the workload of controllers into account in arranging the circumstances under which they work. I think the hon. member would have to agree that the workload situation in Vancouver, even with this additional responsibility, is not as great, for instance, as that of those who work in Toronto.

[*English*]

ROUTINE PROCEEDINGS

THE PARLIAMENT OF CANADA

PROPOSED NEW STANDING ORDERS

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, later today we will be giving first reading to the bill entituled the Independence

of Parliament Act. I should like to table, in English and in French, the proposed new Standing Orders of the House and Rules of the Senate relating to various aspects of conflict of interest of members of parliament.

* * *

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORT

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to sub-section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of a report sent to the administrator by the Anti-Inflation Board.

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KOREAN ARMISTICE AGREEMENT

TWENTY-FIFTH ANNIVERSARY

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I am pleased to have this opportunity to inform hon. members that July 27 of this year will mark the twenty-fifth anniversary of the signing of the Korean Armistice Agreement.

This agreement was concluded between the United Nations Command, in which the Canadian forces participated, and North Korea and the Peoples' Republic of China. Canada participated directly in the Korean operations from June, 1950 until the final cease-fire in July of 1953. During this time Canada sent more than 22,000 troops to that Far Eastern theatre. A further 7,000 served there between the cease-fire and the end of 1955.

Of these brave Canadians who volunteered to serve half way round the world, 516 never returned. These men rest today in the soil of Korea and Japan, and are remembered here at home as their names are perpetuated in Canada's Korea Book of Remembrance.

As Minister of Veterans Affairs I am honoured to be able to lead a delegation of veterans of this conflict to the scence of their heroic actions. In July of this year this delegation will travel to the United Nations Memorial Cemetery at Pusan, Korea, to honour the memory of our dead in the presence of their comrades and their allies who fought by their side.

We are proud of our heritage and the sacrifice of our sons and daughters, and are always prepared to stand firmly in the company of other peace-loving nations for the preservation of international law and order.

Those we will commemorate gave their lives in the service of the first international police force. They did so that never again would another generation be called up to redeem their ideals and principles at so terrible a price.

Some hon. Members: Hear, hear!

Korean Armistice

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, a few moments ago the statement just made by the minister was delivered to me. I find it fit and proper that the Minister of Veterans Affairs (Mr. MacDonald) should be leading a delegation of veterans to the scene of their former conflicts. I join with the minister in paying tribute to those valiant Canadians who lie in graves far beyond our borders. We pay tribute not only to the glorious dead but also to their fellow soldiers who returned home as members of our Armed Forces.

I think this points out and is further proof that Canada is willing to shoulder its share of the responsibility for maintaining world peace and in promoting world peace wherever there is potential trouble.

I trust that the minister will find that cemetery at Pusan, Korea, maintained in the same high degree of perfection that we found at the cemeteries in Italy, where I was privileged to travel with the minister a few years back. If that is not the case, I trust he will see that Canada makes every effort to have this cemetery looked after as it should be. Again, we in the official opposition join in paying tribute to our glorious dead who lie beyond our borders.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, it is an honour as a veteran of one war to pay tribute to the veterans of another war. Although only five years separated the signing of peace following the Second World War and the beginning of the Korean War, those wars were worlds apart in many ways. In some ways the Korean War was an indication that total war is impossible. That war, in which Canadians fought under the auspices and direction of the United Nations, could probably have been ended more quickly with the dropping of a nuclear bomb.

What is significant about that war is the fact that the nations of the world realized that the use of nuclear weapons was no way to end a war. This was recognition of the fact that it is no longer possible to have total war. That war dragged on, and there were many more casualties. Many of the sacrifices represented a double sacrifice. Many lives were lost during the course of the war, and many additional lives were lost because of our determination to avoid a nuclear holocaust. In that sense the Korean War was a watershed.

When peace finally came it was not total peace, just as it had not been total war. The lesson was quite clear. It is no longer possible in a world so interconnected to have total war or attain total peace. At some point nations have to come together.

It is a great honour for me to pay tribute to those who participated in the Korean War, and to wish the minister and his delegation well on their trip to the scene of these soldiers' heroism.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to thank the minister who sent me copy of the statement he has just made to the House recalling to memory the participation of Canada in the Korean war during the '50s. In his statement, the minister mentioned that 516 Canadian troops died on the battlefield who are today buried in a cemetery the minister himself will visit sometime in July with a small delegation.

It is always with deep emotion that we evoke the memory of those Canadians who went away to fight on battlefields outside our land and who gave their lives to ensure the survival of the freedom we now enjoy. I think it is well to think of that occasionally, and to remember the participation of Canadians in the fight for our freedoms; to evoke it not so much for the people of our age but more specifically for the young who enjoy that freedom, and who at times abuse it, unaware, unfortunately, that those who came before them, some of whom were loved dearly, gave of themselves intellectually, financially and physically to guarantee that freedom.

I therefore take this opportunity to assure the minister of our co-operation on the occasion of this trip to Korea. I ask him to give a special thought to those Canadians. I know at least two whose names I remember, I can assure him that when he visits that cemetery our hearts will go with him remembering the fallen while at the same time asking Divine Providence, if it is not already so, to grant them real rest that is well deserved.

* * *

• (1512)

[*English*]

INDEPENDENCE OF PARLIAMENT ACT

MEASURE TO OBVIATE CONFLICTS OF INTEREST

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council) moved for leave to introduce Bill C-62, respecting the independence of parliament and conflicts of interest of Senators and members of the House of Commons and to amend certain other acts in relation thereto or in consequence thereof.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I realize that we do not often ask for an explanation of a bill on its introduction into the House by a minister, but I point out that Standing Order 68(2) provides for such a situation, as does citation 356 of Beauchesne's fourth edition. In view of the importance of this bill and the interest in the subject today, I believe the minister should be given an opportunity to give the House a brief explanation.

Mr. MacEachen: Mr. Speaker, I appreciate the suggestion made by the hon. member, but unfortunately the bill is so comprehensive in its nature that it would require more than a brief explanation. Therefore, and not to do an injustice to this work, I would like to suggest to the hon. member that he read the supporting material, which I will make available to him just as soon as the bill is given first reading.

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

* * *

THE CANADIAN CONSTITUTION

APPOINTMENT OF SPECIAL JOINT COMMITTEE

On the order: Government notices of motion:

June 22—The Prime Minister—That a special joint committee of the Senate and the House of Commons be appointed to examine and report upon proposals that have been and in the future are from time to time made public by the Government of Canada, on subjects related to the Constitution of Canada;

That twenty members of the House of Commons, to be designated by the House at a later date, be members of the said committee on the part of this House;

That the committee have power to examine and enquire into all such matters as may be referred to them by the House, and, to report from time to time, and, except when the House otherwise orders, to send for persons, papers and records, to sit while the House is sitting, to sit during periods when the House stands adjourned, to print from day to day such papers and evidence as may be ordered by them, and to delegate to subcommittees all or any of their powers except the power to report direct to the House;

That the committee have power to adjourn from place to place within Canada; and

That a message be sent to the Senate requesting Their Honours to unite with this House for the above purpose, and to select, if the Senate deems so advisable, some of its members to act on the proposed special joint committee.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this government notice of motion stands transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 1,144, 1,513, 1,593, 1,621, 1,680 and 1,718.

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

[*Text*]

Order Paper Questions

SECOND LANGUAGES

Question No. 1,144—**Mr. Herbert:**

Does the government consider that it has a direct financial interest in the agreement for the federal funding for minority and second language instruction and, if so, does this interest include a responsibility to (a) explain the intent of the agreement (b) obtain an accounting of the spending of such funds and make it public?

Hon. John Roberts (Secretary of State): Yes. The hon. member is referred to the copies tabled in this House on April 7, 1978, of the letters exchanged between the federal and provincial governments regarding the federal-provincial program of bilingualism in education for the period from April 1, 1974, to March 31, 1979, (Notice of Motion for the Production of Paper No. 49—Sessional Paper No. 303-3/149). Reference is made in the letters to the provinces of the direct financial interest of the federal government in the funding of these programs. (a) Yes. The hon. member is referred to the documents tabled in this House noted above. (b) Yes. The hon. member is referred to the documents noted above, and in particular to the sixth paragraph of the letter to the province of Quebec, and the fifth paragraph of of the letter to the nine other provinces, stating the federal concern that there be full accounting of federal funds provided to the provinces under this program.

ST. LAWRENCE SEAWAY AUTHORITY

Question No. 1,513—**Mr. Forrestall:**

In light of recent announcements that the St. Lawrence Seaway Authority will proceed with studies on extending the St. Lawrence Seaway season to eleven months, will the government give iron-clad guarantees to the taxpayers of Atlantic Canada that all costs of operating the Seaway for an eleven month season will be fully recovered from users as a precondition to proceeding with such a project and, if not, for what reason?

Hon. Otto E. Lang (Minister of Transport): The St. Lawrence Seaway Authority advises as follows: the seaway authority will award a contract shortly for a study of the benefits that would accrue from a navigation season extended in stages to eleven months. So little is known presently about the relationship of benefits and costs that it is premature to anticipate any decision to extend the seaway season. The government is not in a position at this time to give the guarantees requested.

ORFORD ARTS CENTRE

Question No. 1,593—**Mr. Beaudoin:**

Did the government pay any grants to the Orford Arts Centre in the eastern townships and, if so (a) what was the total amount (b) in what years were they paid?

Hon. John Roberts (Secretary of State): Department of the Secretary of State: Grants totalling $254,000 were made to the Orford Arts Centre as follows:

	Amount	Year
Jeunesses musicales du Canada (through the Centennial Commission)	$ 4,000	1972
Federal contribution to the development of the "Man and Music" pavilion	$250,000	1972

Canada Council: The Canada Council has awarded the following grants to the Orford Arts Centre: For Canadian guest artists and teachers: 1976: $6,000; 1977: $9,934. For guest artists and teachers from other countries, under the Cultural Exchanges program administered by the Council for External Affairs: 1969: $15,700; 1970: $10,542; 1971: $11,290; 1972:

$9,955; 1973: $5,313; 1974: $6,674; 1975: $9,925; 1976: $10,682; 1977: $4,480; 1978: $5,777.

CBC—MULTICULTURALISM

Question No. 1,621—**Mr. Mitges:**

What is the policy of the CBC with respect to (a) multicultural programming (b) broadcasting in languages other than English or French?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: (a), (b) The CBC's policy on multicultural and multilingual broadcasting, dated September, 1973, reads as follows: "Canada comprises on the one hand two large linguistic and cultural communities, one of British origin and the other French, which give rise to the bilingual character of the country at the official level, and on the other hand a native population of Indian and Eskimo origin, plus first and second-generation Canadians and recent immigrants from many lands. While the presence of such diverse groups gives a multicultural character to the country, it also generates tensions and creates problems of integration, adaptation and understanding between the different communities. During the sixties when these problems became acute, the Royal Commission on B & B was assigned the task of examining the question and recommending solutions. In its report the commission put forward a series of measures designed to preserve and extend the presence of the French language and culture in many aspects of Canadian life. Volume IV of the report also examined the contribution to the Canadian mosaic of groups who are neither British nor French in origin and urged that steps be taken to preserve their heritage. In response to the recommendations contained in volume IV, the government announced in the fall of 1971 a policy of multiculturalism within a bilingual framework and stressed the importance of the ethnic groups and the quality of their contribution to the social and cultural life of the country. The Canadian Broadcasting Corporation, one of whose priorities is to contribute to the development of national unity, shares this general concern and recognizes the need to strengthen the ties between the various regions and between the different linguistic and cultural communities in those regions. By virtue of the policies arising from the directives in the Broadcasting Act and by reason of the ethnic diversity of its audience, the CBC has long practised a policy of cultural pluralism in its programming. It intends to continue to affirm and reflect in its programs the multicultural riches and multiracial characteristics of Canadian society in keeping with the corporation's obligation to "contribute to the development of national unity and provide for a continuing expression of Canadian identity". Schedule planners and program staff are expected to demonstrate continuing awareness of and sensitivity to this aspect of the CBC role. The corporation believes that recognition of the ethnic fact in its programs, by regular and frequent appearances by members of ethnic groups, by the inclusion of subjects in which they are keenly interested, by the systematic examination of prejudice, negative attitudes and even manifestations of hostility towards them, by an honest appreciation of the cultural values they bring to society and by an explanation of their contributions to Canadian life, will reduce the feeling of alienation among these groups. However, the CBC will not engage in multilingual broadcasting on existing stations and networks, because in so doing it would be departing from the express priorities laid down in the Broadcasting Act to provide complete services in both official languages. The CBC makes an exception only for the original inhabitants of the country, the Indians and Eskimos, to whom the northern service broadcasts in several languages and dialects."

[Mr. Roberts.]

NATIONAL MUSEUMS—KOOTENAY WEST

Question No. 1,680—**Mr. Brisco:**

What is the best estimate of the amount spent by the National Museums Corporation in the constituency of Kootenay West from July 22, 1977 to date?

Hon. John Roberts (Secretary of State): In so far as the National Museums are concerned: National Museums expended approximately $24,000 in the constituency of Kootenay West from July 22, 1977, to date.

AGRICULTURE—TAX WRITE-OFFS

Question No. 1,718—**Mr. Brisco:**

Are the same tax write-offs allowed for greenhouse agricultural projects, such as the growing of tomatoes, as are allowed for field grown products outside of a greenhouse environment?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Different types of expenses are incurred in different types of farming businesses but, generally speaking, there is no distinction made between the tax treatment of write-offs and expenses incurred in growing products in a greenhouse and the tax treatment of write-offs and expenses incurred in growing products in the field.

[*English*]

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

* * *

POINTS OF ORDER

MR. FRIESEN—DELAY IN ANSWERING QUESTION NO. 1,306

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, again I would refer the parliamentary secretary to question No. 1,306 which I submitted in February. I have asked on two different occasions if he could expedite the answering of this question and the sub-questions under No. 1,306. I cannot imagine why he would hesitate to have them answered, but I urge him since, presumably, this is the last week that the House will be sitting, the he provide an answer for me this week.

MR. BEATTY—DELAY IN ANSWERING QUESTIONS NOS. 1,233, 1,236 AND 1,237

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I would like to invite the parliamentary secretary to join with me in celebrating the six months' anniversary today of three questions which I placed on the order paper on January 26. I refer to questions Nos. 1,233, 1,236 and 1,237. I suggest to the parliamentary secretary that a good way of making the celebration much happier would be for him to answer the questions.

MR. McKENZIE—DELAY IN ANSWERING QUESTION NO. 895

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I too have a complaint for the parliamentary secretary about a question I placed on the order paper on December 7, 1977. This is the fourth time I have requested an answer for this question, which refers to the number of government members allowed to use the MOT telex to send political messages. It does not take seven months to compile that information, and it is becoming quite obvious that this is some kind of cover-up on the part of the government, and particularly on the part of the Minister of Transport (Mr. Lang), who seems reluctant to reveal this information. Nevertheless the question has been accepted, and it is ridiculous to wait for so long to have a question of this type answered.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, concerning the three remarks which have just been made, I would like to tell the House that I shall consider them very seriously and check the progress in our research work to give as usual the most accurate, detailed and acceptable answers possible. I want to take the opportunity to underline that we have an excellent average of answers with regard to the question rate, and that this week, we are going to make a particular effort to improve this average.

[*English*]

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

Some hon. Members: Agreed.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

INDUSTRY

CANADA-U.S. AUTOMOTIVE AGREEMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a

specific and important matter requiring urgent consideration, namely, the crisis in the implementation of the Canada-U.S. Automotive Agreement as reflected in the cumulative trade deficit for Canada of $7.5 billion since 1965, which has resulted in the net loss to Canada of 25,000 jobs, and to which the Government of Canada has responded by making an offer of $37.5 million to induce Ford of Canada to expand in this country, such action being revealed in the legislature of the province of Ontario on Friday, June 23, 1978.

Mr. Speaker: The hon. member, pursuant to the terms of Standing Order 26, gave the Chair appropriate notice of his intention to make this application at this time. Without going into elaborate reasons, I want to indicate to the hon. member that I will not be granting the application for consideration pursuant to Standing Order 26.

The hon. member has spoken in his motion of the crisis in the implementation of the Canada-U.S. Automotive Agreement and goes on to indicate that they are developments which have occurred in a gradual way over the 13 years since 1965, the beginning of the effect of that agreement. There is also the allegation of the loss of jobs, and that is one area I certainly think is a chronic and continuing problem and not the proper subject matter for the provisions of Standing Order 26. In the latter part of his motion the hon. member refers to an offer of $37.5 million to induce Ford to come to Canada, that offer having become known in the Ontario legislature last Friday. At the moment the circumstances surrounding the last part of the hon. member's motion seem to be a matter of dispute, and somewhat uncertain.

I do not think that the rule is meant to apply to areas in which the centre of the matter is one which in itself is a matter of dispute, but I do not want to eliminate for all time that possibility. It seems to me that the rule is intended to apply to circumstances which are in themselves not subject to interpretation. Whether or not parliament is responsible for them or can do anything about them, I do not think we ought to use this rule to apply to circumstances where the crisis in itself is subject to argument or disagreement. Certainly, in answers given in the question period today, there seemed to be disagreement on the very circumstances which would form the core of this motion.

It may be that further facts and later exploration through the week and days to come will indicate that, indeed, the hon. member has a legitimate case, and I would not rule out the possibility of a new application under those circumstances. But I certainly think that it would be very premature for the Chair to come down on one side or another on an item which remains in some considerable dispute. Therefore at this moment I set aside this application under Standing Order 26.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House proceeded to the consideration of Bill C-36, to amend the Export Development Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Speaker: Before calling the first motion to be considered among the six motions that appear on the order paper at this report stage of Bill C-36, I do want to indicate that both in respect to the report stage of this bill and also the oil and gas measure which has been reported out of committee, we find a similar report stage motion. It is motion No. 5 standing in the name of the hon. member for York-Simcoe (Mr. Stevens). In the other case, the oil and gas measure to which I will refer in more precise detail in a moment, the amendment was in fact made in the standing committee and has been reported, not in the name of any individual member, but as an amended part of the bill. In both cases the attempt is the same, that is, to bind future parliaments to make an automatic order of reference, in this case of a report, and in the other measure, of the act itself.

● (1522)

I invite hon. members to examine these provisions and, when we come to them, to be prepared to argue whether parliament can go further than ordering, in proper procedural terms, a re-examination by parliament or, in the case of a report, order that the report be filed with parliament, and whether an amendment to a particular statute can go further than that and indicate what will happen to a report when it is in the hands of parliament at a future time. It seems to me that in this case there might be an argument that the Standing Orders of this parliament can be amended to accomplish the purpose which the hon. member for York-Simcoe has in mind.

In respect of the other measure, which I only mention peripherally now—we will obviously have the same problem before us more than once and therefore I mention the same argument in respect of the other matter—it is not even a question of a report, it is the referral of the entire statute to a committee which might or might not be in existence, and which is not accurately described. Similar language is used in motion No. 5. The committee is referred to as the committee to which ordinarily things on this subject matter are referred.

When we get to motion No. 5 and think it should be subject to argument, I hope that argument will be helpful to me in making a decision. But I question whether, by amendment to a statute, we can affect the operation of future parliaments, not in having the matter reported to parliament but in having parliament carry on further with it in an automatic way and make an order of reference of that material to a committee, when in fact the committee is not even named. I do not say in an absolute way at this time that it cannot be done, but it seems to me to be a very dangerous practice to attempt to describe it in a motion.

[Mr. Speaker.]

I do not see any difficulty in the motions that have been introduced in the past where an automatic process of review is proposed. What comes to my mind, for example, is the anti-inflation legislation where, by way of amendment, a review process was introduced so that a report had to be made to parliament; or parliament, as a result of the action of a certain number of members, was able to call into review the operation of the statute. That seems to be a provision which has been accepted in the past.

Certainly there is no argument about statutes which call for a report to be made to parliament, or a report, having been made public, to be filed with parliament. There is nothing the matter with that, but I question whether or not a motion can go one step further and say that when parliament gets it, it must automatically do something with it. In the first place it seems to me that if that can be done it will have to be very specific, and second, if it can be done it would have to be done by an amendment to the Standing Orders, which are what govern our process of reference to standing committees.

Therefore, I invite the hon. member who has sponsored motion No. 5, who is here in the House now, as well as other hon. members, to examine this matter and to give it some thought to see if, when we come to motion No. 5, some argument can be advanced which would dispel my fears that the matter cannot go ahead on procedural grounds.

With respect to the other five motions, I have no difficulty with them from the procedural point of view. Motions Nos. 1 and 3, in the name of the hon. member for St. John's West (Mr. Crosbie), seem to me to have a similar intention and therefore should be grouped for discussion, and the vote on motion No. 1 should also dispose of motion No. 3. Similarly, motions Nos. 2 and 4 should be grouped for debate, and the vote on motion No. 2 will dispose of the vote on motion No. 4. Motion No. 6 in the name of the hon. member for Nickel Belt (Mr. Rodriguez) should be debated and voted on separately. Again these are the suggestions of the Chair for the disposition of the report stage of the bill. If there is any disagreement with those suggestions, I would be glad to hear it.

Now we can proceed to motions Nos. 1 and 3.

Mr. Stevens: Certainly, Mr. Speaker, I will be preparing further comments in anticipation of us reaching motion No. 5, but I would call Your Honour's attention to the Air Canada bill which was recently passed because it has an identical provision to the provision we are proposing in motion No. 5 with respect to the Export Development Corporation, and in fact the wording we have used in motion No. 5 was plagiarized, if you like, from the wording which apparently was approved with respect to Air Canada. In that case there was a permanent reference to a committee of the House considering transportation matters, so I would ask Your Honour to consider in the interim the arguments that were raised at the time of the Air Canada amendment which, as I said, was passed by the House.

Mr. Speaker: The hon. member for York-Simcoe has raised a valid point. We are aware of the Air Canada example and of the occasions on which attempts of this sort have been made with respect to a particular statute. However, that does not eliminate the concern that I have about it. I recognize the precedent which the hon. member for York-Simcoe has cited. However, I do want to sound a note of caution with regard to what we are attempting to do. It seems to me that we are regularly attempting to amend the Standing Orders of the House by virtue of an amendment to a statute, and I have some misgiving as to its validity and, in any case, to its procedural regularity. But we can discuss that again when motion No. 5 is reached.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, like the hon. member for York-Simcoe (Mr. Stevens), I accept the arrangements you have made regarding the six report stage motions, in particular the groupings you have made which seem to be appropriate. I am glad you have left until later a discussion of the procedural admissibility of motion No. 5. I have sent to the Library for the Statutory Instruments Act. It seems to me there is something in that act which says that certain items stand referred automatically to a certain committee. However, we can deal with that when we get to the point later on.

Mr. Speaker: Hon. members will understand that the reason I sounded a note of caution with respect to this motion, despite its similarity with the other two examples that have been cited, and others, is that the trend has already become more severe, and with respect to the other measure there is now a reference not of a report but in fact of the statute, the act itself. It seems to me that has gone one step further, and therefore I am beginning to question the validity of the process, both from the procedural point of view—which is of course my only concern—and because I would like hon. members to re-examine it to see if we are heading in the right direction. In any case, we should now consider motion No. 1, which is in the name of the hon. member for St. John's West, and which should be taken together with motion No. 3 for discussion and for a vote.

Mr. John C. Crosbie (St. John's West) moved:

Motion No. 1.

That Bill C-36, an act to amend the Export Development Act, be amended in clause 3 by striking out line 24 at page 2 and substituting the following therefor:

"equal to six times the authorized capital of"

Motion No. 3.

That Bill C-36, an act to amend the Export Development Act, be amended in clause 4 by striking out line 21 at page 4 and substituting the following therefor:

"equal to six times the authorized capital of"

He said: Mr. Speaker, the two motions that are now being discussed together would have the effect of amending the bill now before us so that the expanded limits which the government is suggesting for the Export Development Corporation to grant credit, to make loans or to give guarantees, would be less than the government has sought.

Motion No. 1 deals with the question of the authority of the EDC to establish a ceiling for its contingent liabilities and corporate account, its own account. Until this legislation passes the House, whenever it does pass the House, the limit on the contingent liability which the EDC can incur is $2.5 billion. The government is suggesting that this be increased to $10 billion, a fourfold increase. My amendment suggests that the limit be set at $6 billion, that is over double what the present limitation is now. We are suggesting an increase from $2.5 billion to $6 billion, which gives enough leeway and discretion to the corporation.

● (1532)

The second motion we are dealing with at this time would have the same effect as the amendment proposed by the government. They want to remove guarantees from the ceiling on loans made by the EDC on its own account at the present time without any legislation or any bill amending the act passed. The limit is $4,250 million. The government is suggesting that the EDC should be given the right to loan up to $10 billion without coming back to this House. We are suggesting that the limit should be set at $6 billion, which would be a considerable advance on the present limit. There are two other motions to the same effect, Mr. Speaker.

Why do we do this? Why are we suggesting this? It is because this is a government agency that has considerable power and is exhibiting the fact that it is not prepared to exercise that power with moderation. We all know that Canada has to have an export financing agency, that we have to assist financially in Canada exports to other countries in the world, that we have to meet the competition. Therefore, an Export Development Corporation is needed. We all know that the United Kingdom has an export credit guarantee department, and France and the other countries of the world have their various export financing agencies. Canada has to have one too. But, Mr. Speaker, there are many reasons why we believe that this agency has to be kept under closer scrutiny by this House of Commons and this parliament.

Some of those reasons were expressed by our leader in a speech on second reading of this bill on April 27. What I want to do is refer to the points made then by the Leader of the Opposition (Mr. Clark) on behalf of the official opposition and show what has happened since to bear out the points made by him when this bill went to a committee of the whole House, and therefore to advance the reasons why we believe these limitations—the limits on lending authority and guarantee authority—should be more restrictive than the government proposes.

Let me just say this that when the Minister of Industry, Trade and Commerce (Mr. Horner) was in committee—he is not here today, I suppose he is on other business, but it is a coincidence that he was on other business when second reading of this bill was going ahead and I spoke in the House, and he is not here again this afternoon, I understand he is in Toronto on some other kind of government business, I suppose he will be back before the debate is finished—he said that if this legislation was passed in the form it now is, the EDC will have sufficient lending and guaranteeing authority to operate until

1983. Nineteen eighty-three, of course, is five years from now. It does not have to come back to us in the estimates if it gets its funding from non-government sources.

It means it would not have to come back to us until 1983 to get these limits established or expanded again. We believe that that is far too long a period.

It was suggested by the president of the corporation that they might have to come back in three and a half years' time. Even a three and a half year period, in our view, is too long. We need some assurance that this corporation is going to come under the scrutiny of this House of Commons or its committee every year. The people who are running this corporation have amply demonstrated the fact that they need to be under someone's scrutiny. They suffer, according to the evidence that came before our committee, from what the Greeks call "hubris", insolent pride or over-weaning pride, and it is going to lead to their nemesis unless they come under closer scrutiny by this House.

We know that the financing and the gaining of exports are only part of what we need here in Canada to overcome our economic problems. The problem is that the government has no over-all policy. The only policy that the government seems to have is to have EDC finance exports madly and competitively, and try to get all the exports we can without worrying about the type of exports. Manufactured end products are not being exported in any great quantity, it is mostly raw materials and semi-processed goods, and 70 per cent of our exports are to the U.S. anyway.

The government has overlooked the fact that in addition to increasing our exports we need to be more competitive so we can decrease our imports, Mr. Speaker, and that we can exercise import substitution so that we can see Canadian manufacturing industry produces more of the manufactured end products in order that we do not have to be importing huge volumes of manufactured and products, which caused a deficit in that area of $11.5 million last year. There is no over-all strategy.

I want to refer to some of the points that were made on second reading of this bill, particularly by our leader when he spoke on April 27, and then to see where some of these points were borne out in the evidence that came before the Finance, Trade and Economic Affairs Committee of this House.

The first point that our leader made in his remarks on April 27, is reported in *Hansard* at page 4925, and reads:

> I personally have been alarmed at the performance of information officers of the Export Development Corporation, which very much borders on the partisan—

That was a matter well borne out in the committee in the way that the EDC has conducted itself in its public relations in recent years, its political partisanship. For example, in the January-February 1978 issue of *EDC News*—here is a Crown corporation putting out a bulletin paid for indirectly by the taxpayer—on the second page of that bulletin practically the whole page is taken up with an article entitled "EDC Answers MP's Charges," They go on to cite the hon. member for Victoria-Haliburton (Mr. Scott) who had had an article in some local newspapers calling for the abolition of the EDC, and answering points they said he made, and identifying how they thought he was in error.

That matter also came up in committee, the matter of the EDC taking it upon itself to involve itself in the political in-fighting that goes on, and must go on in our system. That, Mr. Speaker, was something that should have been left to their minister to do if he thought it worth doing. If he thought the EDC needed to be defended politically, it was for the minister to do that, not for a Crown corporation to undertake that job itself through its public relations officers.

When the minister was before the committee and he was questioned on that and or other incidents such as the public relations officer for EDC actually writing to a newspaper out in the district of the hon. member for Kootenay West (Mr. Brisco), actually writing letters to the editor replying to some statements that the member for Kootenay West made in this House—they had actually sent letters to the paper repudiating or answering arguments that he had made. It was put to the minister when he was before the committee that this corporation was dangerously involving itself in the political sphere. The minister was good enough to admit that perhaps he should have authorized the letters, and signed them. He gave an indication that my criticism was accepted and that the chairman was there and had heard the criticism. It would be taken note of that the political affiliation of anyone misconstruing, he said, the department's good work would not be mentioned from here on in. That is found in Issue 28 of the committee at page 28:9.

Later in the proceedings of this committee the president of the corporation himself, the man who exhibits dangerous signs of arrogance, did not appear prepared to take the advice of his minister in this direction. He felt there might be certain occasions when he would have to defend the EDC that could not be left up to politicians I suppose such as the minister, who might not able to do a capable enough job defending them—that was the implication. He seemed to be taking the position that it still might be in order for them to engage in this kind of partisan debate. That is one of the reasons why this agency needs to be closely watched by this House—the kind of article which we saw in the January-February *EDC News* that I hope we will not see again.

Along the same lines we have certain political advertisements that have been appearing, on the Export Development Corporation. I would like to refer to Issue 29 of the committee where that is also mentioned. The EDC has had quite an ad campaign under way in recent months in this country. It is peculiar that the timing coincides with the fact that the legislation was coming before this House.

Questions were asked as to what was the advertising budget for the Export Development Corporation. It is quite interesting to see what happened. In 1973 this Crown corporation spent $1,500 on advertising. In 1974 that jumped to $12,100. In 1975 they went berserk and went to $161,000. In 1976 there was a slight reduction; they spent $128,000. Perhaps the

political pressure was off. In 1977 their advertising budget went to $240,000.

● (1542)

In 1978 this Crown corporation, this servent of the people, spent $177,000 in the first five months of the year, up to the end of May, on advertising. Therefore I would guess that this year they are going to spend well in excess of $300,000.

Why is that money spent? Everyone in business in this country knows that we have an Export Development Corporation and that, if they want to export, they can get financial help from the EDC. If they do not know that, the EDC has easy methods of letting them know, going through the classified business directories and sending out information and notices. They do not need to have ads in the daily newspapers to make their activities familiar to businessmen.

What do we have? We have a press campaign across this country. I have here an ad from the Ottawa *Journal*, Thursday, June 8. Every paper in this country has this kind of propaganda exercise by the Export Development Corporation, exporting its jobs for people like you and me. That is the name of the campaign. It is on a par with the Liberal party propaganda. I quote:

That's right, Dan Siminiuh, millions of Canadian jobs depend on exports. And it's Export Development Corporation's job to finance and ensure export sales that help generate employment at home.

It goes on to say some of the things they do. This is to give the impression that millions of Canadian jobs depend on the EDC and therefore depend on the government which controls the EDC. That is what that ad is supposed to create in the minds of the Canadian people.

I have other examples here. There is a hole supplement in the *Financial Post* of April 29, 1978. I just happened to coincide with a second reading debate in this House when the minister had us under pressure to pass the legislation before we even had a good chance to look at it. There is a whole supplement in the *Financial Post*. "EDC predicts 1978 banner export year." Do you know what that supplement cost, Mr. Speaker? That supplement in the *Financial Post* cost—

An hon. Member: How much?

Mr. Crosbie: That is what I am looking up now. The hon. member wants to know how much. He is going to find out how much. He will get the information here today. He will not get it from the minister because he won't ask the minister. We are going to tell it as it is. He wants the *Financial Post* so we will look it up for him. Page 31(4).

The cost of the *EDC News*, by the way, was $5,500 for the last six issues. That is the average. The cost of the *Financial Post* advertisement was $20,872.54. That is what the cost of that was. Therefore, we have this kind of malarkey, this kind of political puffery, advertising across the country to coincide with the hoped-for election this year. At least we all thought there was going to be an election until the Prime Minister (Mr. Trudeau) got his feet so cold that his toes curled up and disappeared.

Here is another ad which they had in the paper:

Julia Noël works for Canada Wire and Cable Ltd. in Toronto. Julia and 2,600 other people across Canada turn out products sold to about 65 countries and supported by EDC insurance and other financial services.

That's their calculated design. That is there to give the impression that all 2,600 people who work for Canada Wire and Cable Limited are dependent on EDC for the work they do. In other words everything that Canada Wire and Cable sells around the world is financed through EDC. If EDC was not there, those 2,600 people would be out of their jobs.

That is the kind of secular advertising that this Crown corporation is doing. It is exporting its jobs for people like you and me. That's right, Julia Noël. Don't tell Julia because you won't fool her.

That's right, Julia Noël, millions of Canadian jobs depend on exports. And it's Export Development Corporation's job to finance and ensure export sales that help generate employment at home.

That is to give the idea that all of our exports are financed through EDC.

You may not work for a company that exports directly. But chances are some of your company's products or services are used by others who do.

I do not have the time today to delve into all the iniquitous phrasing and wording in this iniquitous ad, which has been paid for by the taxpayers' money, while trying to put pressure on us when we are considering this legislation.

Here we have a Crown corporation suffering from a rush of arrogance and pride to the head, which spent $12,000 on advertising in 1974, spent $240,000 last year, and $177,000 in the first five months of this year. Is it any wonder we want them to come under our scrutiny and control? Is it any wonder we consider them the agency of the Liberal Party of Canada? We will change that after the next election. They will find out what party they are agents for.

That is ample support in these hearings and ads which I produced to the House today for the fact that this corporation is not acting as a Crown corporation should. It is too partisan, has been too partisan, is misusing advertising funds, and is spending too much on advertising. It is trying to cod and fool the public into believing that it finances all Canada's exports and you have to thank EDC if you work for a company or in a job that is connected with advertising. That is one point made by our leader amply borne out.

The second point he made was with regard to financing of EDC. The government has been boasting that it does not have to finance EDC, that it does not have any money in the estimates for EDC. This wonderful EDC finances itself. It can go to the bond markets and borrow money. They say it is not on the taxpayers' back at all.

I say it is like a monkey on the taxpayers' back. Every taxpayer in this country has a little EDC monkey on his back. That is where they are. Never mind that it can borrow from sources other than the government. It can borrow from sources other than the government, but why?

Our leader pointed out that the government says that loans to the EDC are not direct obligations to the taxpayers of

Canada. We agree they are not. If the EDC borrows money from some source not involving the government or direct government guarantee, that is not a direct obligation of the government. However, as our leader pointed out, it is incorrect not to reflect their borrowing in our national accounts.

Let us check and see if our leader is correct. If he is not, we on this side are willing to admit it. We are very willing to admit it. We have never come across an instance yet but, if we do, we will admit it.

Let us look at issue No. 29 of the Finance committee, page 29:18. Here we have the president of the corporation, Mr. MacDonald, answering questions. I am questioning him on borrowing and so on and so forth, borrowing short term and long term. I quote:

Are they lending the money just to you, EDC, or is there any government involvement in the guarantee of repayment of that money?

MR. MACDONALD: There is no guarantee, Mr. Crosbie, but we are clearly looked upon as a Canada credit, and we benefit from that.

EDC borrows the money because they are looked on as a Canada credit. I quote from further down that same page:

THE CHAIRMAN: Did you say you had the backing of the Consolidated Revenue Fund?

MR. MACDONALD: We have a legal opinion that says the corporation is an agent of Her Majesty, and that, in effect, makes us a Canada credit. But it is not a formal guarantee.

That is the president of the corporation stating he has a legal opinion that EDC is a legal agent of Her Majesty. When the EDC borrows money, it is the same as the Government of Canada borrowing money. It is the same as taxpayers borrowing money. If EDC does not repay the money, the Government of Canada will have to repay the money. We, the taxpayers, will have to repay the money.

The government is trying to pull the wool over the eyes of the taxpayers of Canada when it does not show the loans to EDC in the national accounts because the government has not formally guaranteed those loans. It does not matter where EDC borrows the money, it is borrowing it for you and me. We do not see that in their ads, Mr. Speaker. We do not see them putting that in the *Financial Post*. We do not see this statement in the *Financial Post*, exporting its debts to people like you and me. We are going to have to repay them. We do not see the EDC advertising that fact.

Once again, right from the horse's mouth, the mouth of the president of the corporation, we find confirmed that the corporation is an agency of Her Majesty, and that when the corporation borrows money it is the same thing as the government borrowing money. The government stands responsible for it. Again, the second point made by our leader in his speech of April 27 is borne out by what went on in committee.

Our leader made a third point, a point that many of us on this side have made, including members of the NDP, the unofficial opposition, or whatever they are. Our leader pointed out that we are realizing some short-term gains for Canada in terms of encouraging exports, but we are also gathering for this country very serious long-term harm. He said:

[Mr. Crosbie.]

● (1552)

What is happening is that Canadian money is being used to build plants abroad which will compete with plants which are already operating in Canada. Canadian money is being used now to build plants abroad whose existence outside this country may very well prevent the development and construction of plants and provision of jobs right here in Canada. In other words, we have a situation where we may be spending Canadian money now to create Canadian unemployment later.

In other words, Mr. Speaker, the EDC, with glee and wholesale abandon, is financing pulp and paper mills and mines and the like about the world, using Canadian credit and money, without a thought of any kind to the long term consequence for this country. Every time we make this point to the government, or the hon. member for Nickel Belt (Mr. Rodriguez) makes this point—and he is much exercised about it—the only answer given is: "If we don't finance it some other nation will." That is no answer.

Why should we use Canadian money and Canadian credit to help build abroad pulp and paper mills which will perhaps put our own pulp and paper mills in Canada out of work? Even while the committee was sitting we saw a fantastic example of this very thing. This is how arrogant that group over there is, Mr. Speaker. Even while we were considering this very issue, the government made a $47 million loan agreement to support construction of a newsprint mill in Virginia. It was signed in the third week of May. The money will support the sale of Canadian equipment and construction services in Quebec and Ontario. It is being loaned to Bear Island Paper Company, a limited partnership which includes the Washington *Post*. In other words, people who now buy Canadian paper and pulp and paper products will no longer buy it because we are helping them to finance and produce pulp and paper in their own country. Is that short-sighted or is it not, Mr. Speaker? We say it is.

When Mr. MacDonald and the minister and his officials are asked about these things, all we meet is the same tired old refrain: "If we don't finance it, if we don't do it, some other country will." Well, I say let some other country do it. Why use our money? Let us use our money here in Canada.

Just let us see the confirmation of what I say in the committee hearings. At page 31 of issue No. 29 we discover that EDC has never turned down any loans or deals. Here is the statement:

MR. CROSBIE: Have you turned down any loans or deals at any time because you thought that in the long run it is not in Canada's interest?

MR. MACDONALD: No, because we judged it would be in Canada's interest to export rather than cut our nose off because we could not prevent them having the project anyway.

Never had EDC turned down any deals because the corporation thought it would be in our long term interest to do it. In other words, they are short term thinkers. They are short-sighted. They do not consider the long term. It is fantastic, Mr. Speaker. They do not even consider the long-term future of Canadian industry when they are making these loans. I nearly dropped from my seat when Mr. MacDonald said they had never turned down a deal because in the long run it might not be in Canada's interest.

In issue 36 we see the same kind of answer in connection with the Virginia mill I mentioned a few minutes ago. This is my question as reported at page four of issue 36:

My first question to Mr. Horner or Mr. MacDonald is that before this agreement was entered into, was any examination made of what effect this has on the long-term prospects for Canadian newsprint sales in the United States, or was any consideration given to that at all?

Mr. MacDonald replied:

Mr. Crosbie, naturally these questions arise but I think the fundamental point you have to understand, as we do, is that that mill is going to be built by the Washington *Post* and Dow Jones enterprise in Virginia no matter what we say.

That was his answer. Then Mr. Summer said, as reported at page 36:5:

Thus you could say that, through increase of competition, it will in fact compete with Canadian sourced newsprint.

The EDC admits that this new mill will compete with our newsprint. Consolidated Bathurst came in to discuss the issue with them and got the same flapdoodle, the same old bafflegaff, the same old twitter-twatter that we all get: "If we don't do it somebody else will."

Mr. Paproski: And Lalonde just laughs.

Mr. Crosbie: I don't mind that. I like to see the minister laugh. He is normally of somewhat sober visage. I like to see him get a chuckle out of this while our jobs and future industry go down the coal scuttle. There is ample confirmation, Mr. Speaker, of EDC using billions of our money and credit while not giving a thought to our long term future at all. They never consider whether what they do outside may compete with Canada inside. Can you imagine what would happen if the people in the pulp and paper industry and in the mining industry got that through their heads? They would be storming the EDC's gorgeous offices. They would storm those glass towers over there which the minister occupies, that emporium, that beautorium. It is futuristic. The elevators are all glass so you can see who is coming after you and get out some other door. I assume that's the reason, Mr. Speaker.

Well, sir, there is no wonder we are moving these amendments. It is surprising that our amendments are not stricter.

Another point our leader made was that every year we should examine, through parliamentary committees, how EDC is fulfilling its mandate. Our leader said we need a full-scale, thorough, and calm review of all activities of the Export Development Corporation. Well, the committee meetings we held were not all that thorough, full-scale or calm. We did our best, but we were harried and harassed every step of the way by an obdurate government with a big majority trying to crush the thing through the committee. The hon. member for York-Simcoe (Mr. Stevens) one evening held off 12 Liberals by himself and saved the day for us.

Some hon. Members: Hear, hear!

Mr. Crosbie: They tried to rush everything through. Imagine, 12 to one. But one Tory equals 12 Liberals any day, Mr. Speaker, except that we would like a few more in this House.

Our leader in his speech on second reading also pointed out that we propose lowering of the ceiling. When he first came to our committee, the minister said he would consider that. It appeared to be something of a miracle—the Minister of Industry, Trade and Commerce was going to be reasonable for a change, that he would not continue exhibiting the stubbornness he has shown ever since he crossed the House last year. It appeared he would be reasonable and consider our amendments. But he came back full of hubris—if that's the word. He told us later: "No, I am not going to consider any of your amendments. We are putting it through the House." He had to have it. Closure! By God, he was going to do everything to get it through the House. Thank God we only have the rest of the week, Mr. Speaker. I wouldn't want him after me in his cowboy boots all summer if we don't get this through for him. So his reasonableness disappeared very quickly. I don't know why. We are hoping he is going to swing around and support these amendments today.

I would like to refer to something said by my hon. friend from York-Simcoe. I am perhaps treading on his ground here but it was so extraordinary that I hope he will touch on it too. I want to refer to Issue 37 of the finance committee hearings, at page eight. The government is proposing a huge increase in the limits of the corporation now, but we really need to place limits on it, Mr. Speaker. Just listen to this. Mr. Stevens was speaking:

I noticed that you said this power project may be $500 to a billion dollars. Is there some level beyond which you say you cannot go?

● (1602)

They are into the billion dollar deals now, but there is no level beyond which they say they cannot go on the lending side or whatever side, and I am sure that the hon. member for York-Simcoe will develop that a bit further. So that is another reason why we are suggesting stricter control over this corporation, Mr. Speaker, and any corporation of the Crown led by somebody who thinks there is no level beyond which they cannot go has got to be put under some kind of restraint. I would say anticipatory arrest would be the proper step to take so that this corporation does not continue thinking that there is no level beyond which it might not go.

Well, then, we get to another point that our leader made in his same speech on the second reading, and that was a point about the number of jobs created. I think that was mentioned by our leader. I just cannot find it. He mentioned sunset laws and so on. One of the points he made, or that we make, is the question of how many jobs this corporation is really creating because, Mr. Speaker, in its pride and in its political puffery, and in its political advertising and in its efforts to help the government in a partisan sense, this corporation claims that it is creating over 200,000 jobs a year.

That is what it says in its advertising, that it is creating 200,000 jobs a year. It is contributing to Canada. When that was challenged in the committee by the hon. member for Vancouver Quadra (Mr. Clarke), who I am sure will go into this a bit more, when he wanted to find out more about this, how they made these estimates, the minister said, "Well, what

they always said was there are 200,000 jobs created or maintained". Not 200,000 new jobs, 200,000 created or maintained. He whacked in a few weasel words because he knew he could not support the 200,000 jobs. They said that they used to say "about", that they never claimed 200,000. This is the defence you will find in the evidence of our committee because we say we have no way of showing they created 200,000 jobs. So then their defence was, "Well, what we say is about 200,000".

Now, Mr. Speaker, I have in my hand here a document which gives the lie to that statement in the committee. Here is an advertisement that appeared in the Ottawa *Journal* on Thursday, June 8, 1978: "Exporting . . . it's jobs for people like you and me". Down in the second paragraph it says:

> Last year EDC financial support for Canadian export sales totalled $2.6 billion, which sustained or created work for at least 200,000 Canadians across the nation.

There is no "about" there. There is no shilly-shallying. They sustained and created work for at least 200,000, not about 200,000 or approximately 200,000. "For at least"—in other words, more than 200,000.

The hon. member for Vancouver Quadra, who is a chartered accountant, I believe, among his many other accomplishments, inveigled the president, Mr. MacDonald, to give us a document to show how they arrived at their calculation of jobs. Well, it wasn't jobs anyway, Mr. Speaker, it was man-years. It was 200,000 man-years they were talking about. Two hundred thousand man-years is not jobs. A job might last six months or 12 months and the man may be out of work again, but man-years is a different concept. It is like the Minister of Energy, Mines and Resources (Mr. Gillespie) who got up in the famous conference, the first ministers' con job conference, in February, and he said, "There is going to be one million jobs created in big energy projects". Eighty billion dollars, and there has not been one job created yet. He wasn't talking about jobs either. He was talking about man-years. He was talking about con jobs. Those are the kinds of jobs these people are talking about, con jobs. There are about 200,000 con jobs created by their advertising each year.

So they were asked to put in their calculations and show how they arrived at it. And, Mr. Speaker, it was laughable. It was tragic in the committee, the piffling nonsense that went as an exhibit to the committee to show how they arrived at the 200,000 jobs. I am going to leave the hon. member for Vancouver Quadra to deal with that in his bright, no-nonsense, chartered accountant manner that will show there is nothing like 200,000. That is a pure work of fiction. It is completely fictional, this 200,000 that is being advertised all across Canada. The Minister of Employment and Immigration (Mr. Cullen) would not have to worry about his department. He could close his department down if EDC were being truthful and correct. There would be 200,000 new jobs every year. He could shut her down, and we would save billions on the unemployment.

In issue 36, just to give you my evidence, at page 22 there is some discussion of the whole business here, and as the hon. member for Vancouver Quadra pointed out, there was no method of arriving at the figure. Mr. MacDonald said:

> —the breakdown, as I think that memorandum endeavours to explain, is the utilization of rules of thumb—

Perhaps it was 200,000 thumbs it was talking about, not 200,000 jobs. Have you ever heard such foolish baffle-gab in your life, Mr. Speaker? I will just read it again:

> Mr. Clarke, the breakdown, as I think that memorandum endeavours to explain, is the utilization of rules of thumb, which are reasonably widely accepted, based on the work-generative effect of a million dollars of expenditure per industry.

Pure and simple Ottawa baffle-gab, but we are not fooled by baffle-gab, Mr. Speaker. We can see that that is meaningless nonsense and that they have no way of showing. Then he went on further down to say:

> That is why we use the expression "about". I do not think we purport it to be a statistical head count; we said about 200,000.

In other words, it is pure fiction. Edgar Rice Burroughs, when he was thinking of Tarzan swinging through the trees, could just as easily have thought up this kind of baffle-gab "about 200,000". It was about 200,000 times Tarzan swung through the trees. "A statistical head count" of the minds. Did you ever hear anything like that, "rules of thumb"?

"Utilization of rules of thumb". Any time anybody tries to trap me into an answer when I don't know what I am talking about, I am going to get up and say, "Gentlemen, really we have to depend on rules of thumb here, and the statistical rules of thumb show that this, that and the other is correct". This man should be in politics, Mr. Speaker. It is easy to see where he is going when he leaves the Export Development Corporation. So that is the number of jobs created. One hundred seventy seven thousand dollars was spent this year on false and misleading advertising across Canada by this Crown corporation. It is a wonder we are not so nauseated that we are going to vote against this bill at third reading. I am hoping that the ministers here today will persuade their colleague to accept our amendment so that we can be sure this corporation will be back before our committee again before three and a half to five years is up so we can keep a check on them. We need a tight check rein kept on them.

We had heard that the Canadian Bankers' Association had written the Minister of Finance (Mr. Chrétien) with a copy to the Minister of Industry, Trade and Commerce, making a submission as to how things might be changed with respect to EDC. We had understood that it contained some criticism and some suggestions for change, so we asked, "Can we see the submission?" Here was a committee of your House, Mr. Speaker, considering this bill, so we asked, "Could we see the submission from the Canadian Bankers' Association?" Well, the Minister of Industry, Trade and Commerce hopped from toe to toe and foot to foot and heel to heel, he hemmed and he hawed and he hoed, and he said he would take it under consideration. Two weeks later he took it under further consideration, and two weeks later he took it under more consideration, and he was worried what the Canadian Bankers' Association would think about it. Then he was worried what the

Minister of Finance would think about it. Then he was worried what his colleagues would think about it. Then he worried what he thought about it himself, and we went through eight weeks of committee hearings, and we never did see the Canadian Bankers' Association submission.

The Canadian Bankers' Association agreed for us to see it. They said, "If the government agrees for you to see it, it is fine with us." But then the minister said no, he didn't think the Canadian Bankers' Association did agree for us to see it, and he had not had time to call Mr. Frazee to see if Mr. Frazee agreed that we could see he. He didn't even believe that, and he never did get around to checking it, so we haven't seen it.

Now, Mr. Speaker, the bankers of this country made a submission to the government about the EDC, and we are considering legislation about the EDC, with a gigantic increase in its loan limits and guarantee limits, and no member of this House except maybe somebody in the cabinet—there might be one or two of them interested, or the Minister of Finance or the Minister of IT and C has seen what the Canadian Bankers' Association have suggested, so we are being asked to approve these huge increases in ignorance of that.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but I must inform him that his time has expired. Nevertheless, he may continue if there is unanimous consent.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Crosbie: I will be only a minute.

The Acting Speaker (Mr. Ethier): I heard some hon. members say no.

Mr. Crosbie: We have a lot of motions coming up, and we have lots of time to speak.

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

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I think it is significant that the first speaker on this side has been the hon. member for St. John's West (Mr. Crosbie) and the second will be myself. I am from Vancouver Quadra, and that indicates the Canada-wide concern which we think is being shown about this bill.

I think it would be useful on motions Nos. 1 and 3 to go through some of the history of the limits which have been set for the Export Development Corporation. This corporation is not even as old as the present administration under the present Prime Minister (Mr. Trudeau). The Export Development Corporation was established by an act of parliament on October 1, 1969. In less than nine years the corporation has shown the voracious appetite of the government for increasing figures. During this fiscal year the government will produce a larger deficit than the total budget for 1968, which was the first year the Prime Minister was in office.

• (1612)

When the cautious little corporation, EDC, was set up in 1969, the authorized capital was $25 million. At this point that capital has been increased to $400 million. Now the government is proposing to increase that authorized capital from $400 million to $1 billion, which is more than double. I mention only the authorized capital because the proposal of the government, and therefore the amendments proposed, are named as multipliers of the authorized capital of the corporation. Similar increases are proposed in the insurance limits. They will be increased approximately four times, from $2,500 million to $10,000 million. The initial limits set in 1969 were $250 million. From 1969 to 1977 the initial limits were increased ten times, and now they are requesting an increase which would amount to another four times. Thus, 40 times the initial limits are being sought at this time. There has been a similar increase in the insurance on the government sector. The loans in the corporate sector have increased from $600 million in 1969 to the proposed $10,000 million, or ten times the $1 billion shared capital.

Why do we need these changes? I should like to refer hon. members to the list presented before the committee. It indicates the insured volume, and it is detailed by country. I will not bore the House with the list, but it is an impressive one. It consists of approximately five pages of countries, and the present insurance volume. During 1977 the total insurance in force was $1.445 billion, which is less than $1.5 billion. At that point the Export Development Corporation had a limit of $2.5 billion which was passed in 1977. Now they want us to increase that to $10 billion. It has taken all this time for them to reach $1.5 billion. Why do they now need to increase the limit from $2.5 billion to $10 billion? No evidence was adduced in the House or before the committee to justify that huge increase.

The other motion deals with the loans balances. I refer hon. members to page 30 of the Annual Report of the Export Development Corporation. It lists all of the export financing agreements signed from 1969 to 1977 under the authority of the board of directors. The signed agreements for those years total $4.3 billion. Only $2.5 billion has been paid out, and there have been repayments of approximately $700 million. The balance outstanding on these agreements and guarantees, at the end of 1977, was $1.8 billion. We are being asked to increase that limit. The existing limit is $4,250 million, but that is not adequate. With $1.8 billion outstanding, the increase being requested is up to $10 billion. So that anyone reading the motions will not be disturbed, the $10 billion is not referred to—it refers only to ten times the authorized capital, which is a nice way of soft-pedalling the enormity of the figures.

Repeatedly in committee the officials, the government and the minister were asked why the government, which is the sole shareholder, did not take up more of its shareholders' equity. Why does the government not buy some more shares, in other words? The current authorized capital is $400 million. According to the current annual report, the capital stock, of which

four million shares are authorized, consists of one million issued shares which have a par value of $100 each. Simply that totals $100 million. Why does the owner of this corporation not subscribe the other $300 million? Why should it expect to increase its financing or request increases in other limits when the owner of this business is not willing to put forth the rest of the money it promised to invest?

The committee received some very fancy explanations, none of which made any sense to me as an accountant and businessman. For example, one explanation was that the government, under the rules of its association with EDC, was allowed only to make certain purchases in relation to a certain formula. It would be easier to change the formula. The government should show faith in this corporation and its business by increasing its shares and its investment.

I should like to deal with the value of EDC as far as jobs are concerned. The hon. member for St. John's West told the House a few minutes ago that the government continually referred to this 200,000 job figure. We asked and asked, but could not find out how the government justified the 200,000 jobs. Finally, the government produced a two page document entitled "The Method of Estimating the Number of Man-Years of Employment Maintained and Created, Directly and Indirectly as a Result of EDC Support". Apparently this document was drawn up on the spur of the moment. It bears no authentication of having been produced by the corporation or any of its members or employees.

I should like to refer to some of the terms used by the government in arriving at the 200,000 figure. How does the government justify its claim that 200,000 jobs are created in Canada by EDC? The introduction of this paper refers to 200,000 man-years of employment. There is a definition of "man-year" which reads as follows:

> A man-year is a measure of employment which is the equivalent of one person working for one calendar year.

The hon. member for St. John's West pointed out that man-years does not necessarily equal jobs. At times there can be more jobs than there are man-years. If a man receives a job for less than a year, it is not that much good to him. The pièce de résistance of this document is the method of calculation, which reads:

> The total number of man-years is determined as follows: the initial analysis is based upon labour generation shown by the exporter in the loan or insurance application.

Anyone requesting financing from EDC is bound to err on the generous side in order to make his application more acceptable to the government which hands over the goodies.

● (1622)

The next paragraph states:

> The subsuppliers' contribution is based on the value of Canadian goods and services reported as part of the Canadian content assessment conducted by EDC staff prior to consideration of the particular transaction by the board of directors. In cases when information is not readily available from sub-suppliers, a factor involving various industrial indices is estimated on the basis of the professional judgment of the Engineering Advisory staff of the corporation. This in turn is founded upon experience and knowledge of the particular sectors involved. The factor can vary, of course, by province, region and company. A further estimate is made of the indirect employment (measured in man-years) that is created by the transaction. The method employed is to multiply the value of the exporter's commercial contract by a job factor. These factors are obtained from a report prepared by the Government of Canada "Employment and Occupational Impacts Using the Version III Interprovincial Input-Output Model". These in turn are tested against other information provided.

I hope the House has some better success than I did in trying to figure out what that paragraph says. I want to point out to members opposite, in case they thought they understood what was said, that there are so many indefinites and so many variables included in this paragraph that reliance on the figures produced by these arithmatic gymnastics would be questionable, indeed.

Here are some of the words I read a minute ago, and I will just repeat them to indicate the variables the government is relying on in coming up with this 200,000 figure which we question. First of all it says it "is based on the value ... reported as part of the Canadian content". It states that if "information is not readily available ... a factor involving various industrial indices is estimated on the basis of the professional judgment". That is another indefinite. Then it says "This in turn is founded upon experience and knowledge of the particular sectors involved. The factor can vary, of course, by province, region and company". There are three variables in the one sentence there. It goes on to state that "A further estimate is made of the indirect employment", and then they "multiply the value of the ... contract by a job factor".

I suggest to the House that with all of those variables we come out with a complete guess. The witnesses at the committee were unable, anywhere along the line, to say they could put a hard line in respect of the 200,000 jobs claimed. When the minister, who used to be a reasonable man, in my view, was questioned about this, and he had not been there when it was first presented, and when I pointed out to him all the problems there were with this method of calculation, he said that no further information would be coming forward and that we, as the opposition, were free to draw our own conclusions from the information tabled. The conclusion we draw on this side is that there will be nothing like 200,000 jobs created by the gymnastics going on over there in the building of this monstrosity of a government-owned corporation.

I know we are going to have other motions and other debates. There are other factors which properly belong to other portions of the debate, so at this time I will let the debate on Motions Nos. 1 and 3 be continued by other members of the House.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I listened with a great deal of attention and concern to the figures produced by the speaker who proceeded me, the hon. member for Vancouver Quadra (Mr. Clarke). He outlined the degree to which the Export Development Corporation has been expanding over the years from 1971; in the last seven or eight years. I was not making notes of the actual figures, so I would not dare quote them. I recall one being the increase from 1971 to 1978 as 1,600 per cent. Whether that had reference to

insurance coverage or capitalization, I do not know. I will leave that for the moment. However, it is symptomatic of the degree to which this corporation has decided to balloon its hold over industry.

It has been said, for example, that a very high percentage of Canada's exports of manufactured products is financed by the EDC. I suppose this is true in respect of other countries as well, but I wonder why there is not some attention being paid by the EDC, or some comparable agency in Canada, to increasing the manufacturing capacity of our industries in respect of our internal needs.

My comments during the short time available to me will be directed toward one particular sector of interest to me. This is a sector in which I have been interested for a long time. When I first came to this House my maiden speech was about maritime problems in this country and the lack of a merchant marine. It might be of interest to put on the record the extent to which this Crown corporation has been financing merchant marines of other countries around the world, even those merchant marines which carry our goods to markets around the world.

We might ask ourselves where is our merchant marine? The answer is, of course, that we have no deep sea merchant marine. We do have an inland merchant marine, but our deep sea merchant marine has been allowed to wither and die under the direction of this government, and there is no sign whatsoever that I can see of it being revived.

Let me place on the record the degree to which ships have been built in Canadian shipyards over the last seven or eight years for foreign merchant marines. These ships have been built in Canadian shipyards and man-years of employment have been provided, particularly in riveting plates and in the producing of some steel, but not in respect of design, and I will have something to say about that later if time permits.

I looked through the reports in respect of the shipbuilding industry and could find no trace of any assistance by EDC in the building of foreign ships in the years 1969 and 1970. However, 1971 was a cracker-jack year. There were twelve vessels built for France. They were 15,600 ton container ships, financed by the Export Development Corporation. They were built in two shipyards on the St. Lawrence, and the extent of the financial assistance was $83 million. In addition, there were three 80,000-ton tankers built for Greece, financed by the EDC to the extent of $43.5 million gross. At the same time there were two dry cargo vessels of 20,000 tons each, partially financed for the United Kingdom.

● (1632)

When all these vessels were completed—twelve for France, three for Greece, and two for the United Kingdom—they were rolled off the stocks and registered in the country which had ordered them. Presumably they are now plying the North Atlantic carrying Canadian goods to France, Greece, the U.K. and other parts of the world. This covers only 1971.

In 1972 there was nothing. Perhaps some of those vessels were being built at that time. In 1973 the enterprise was resumed and there were six vessels constructed for Panama; 16,500-ton deadweight dry cargo vessels financed or insured—I am not sure which—under the EDC to the tune of $65 million. Once again there were two more for the United Kingdom. These were 39,000-ton tankers financed to the extent of $30.4 million.

The year 1974 was another good year for what is known as the man-year operation. There was one vessel financed which was destined for the Bahamas. Bahamian registry is also a registry of convenience. It was a 37,500-ton—I suspect it was a tanker, but I did not note it—vessel financed to the extent of $14.4 million. There were also two Liberian tankers weighing 39,000 tons and financed in the amount of $16 million. Once again we are in the flags of convenience. The United Kingdom received two 39,000-ton tankers financed up to $16 million as well.

In 1975 two 17,000-ton general purpose vessels were built for Algeria and financed in the amount of $30.1 million. There were six more vessels built for Bermuda. You will note again, Mr. Speaker, a flag of convenience country. These were 31,250-ton vessels financed to the tune of $110.9 million, and there were 10 more vessels for Panama which were classified as 17,000-ton multi-purpose vessels financed to the extent of $154.9 million.

In 1976 I suppose those 18 or 20 vessels which were in two yards on the St. Lawrence seaway were working their way through the system. By 1977 there were three more vessels, this time designated for Cuba. They were 10,160-ton deadweight tankers financed to the tune of $3 million. The next situation, Mr. Speaker, is interesting. In 1977 there was one or several—I cannot quite make it out from the way it is described in the report—vessels for Senegal described as fisheries surveillance vessels financed in the amount of $4.7 million. To my knowledge, aside from the icebreakers that are under construction in Vancouver, there have been no fisheries surveillance vessels produced within the last four or five years.

What does this all add up to? How much Canadian funding has gone into the financing of ships for foreign merchant marines? If you add all those items up, there were 51 vessels produced with total financing by the EDC amounting to $592.3 million—half a billion dollars. There ought to have been some means, and I would have thought that some of our members in shipbuilding areas would have been interested in this, of getting ships of this sort built for a Canadian merchant marine to carry our goods across the oceans. We hear of all the vessels sitting in Vancouver harbour waiting to be loaded with wheat. It is not because they are waiting, but why are those vessels not Canadian owned?

What does that figure of $592.3 million in financing operations, producing 51 ships for foreign countries, mean in terms of an increase in the shipbuilding industry in Canada? It is a tragic record. In 1975 the employment in those shipyards, including the building of all those vessels I have mentioned, was something in the order of 12,800 employees. In May, 1977, it was approximately 11,800 employees. There has been a drop of 1,000 employees in the shipbuilding industry, in spite

of the fact Canada built 51 ships and financed them to the point of half a billion dollars.

I realize that I am referring only to the shipbuilding industry, but where does 200,000 jobs come out of that? It is a mathematical conundrum which I cannot solve. I am not saying that all those jobs were in the shipbuilding industry, but surely, having committed $500 million to building ships for foreign merchant marines, you would think that at least the employment level would be maintained. Surely there would have been something left over in Canada in the way of permanent employment. No, the figures we are given—and I have reason to believe that they are drawn from the statistics produced by the Department of Industry, Trade and Commerce to which EDC reports—demonstrate that as a result of this expenditure there was a drop of 1,000 jobs in the shipbuilding industry in Canada. How can we justify that sort of operation?

● (1642)

I would like to refine this a little bit more, but in doing so I am afraid I will have to introduce some confusion into the picture, confusion which I am not able to explain. I hope that one day the minister will be able to explain it. I would like to refer to the record so far as it relates to the contracts signed with France in the shipbuilding industry. This is drawn from the reports for 1971 to 1977, which contain a list of the contracts signed each year and the disbursements made each year. I find it totally confusing, but I think it is worth putting on the record. These are contracts for the building of vessels for France. It will be possible to correlate the dates with the figures which I gave earlier.

In 1971 contracts were signed with France for $88.71 million, and in that year, since the contracts were just beginning to work themselves out, only $1.53 million was disbursed. The next year contracts were signed for $55.61 million, and in that year only $2.28 million was disbursed. In 1973 contracts were signed for $40.74 million, and $11.67 million was disbursed. In 1974 contracts were signed for $60.896 million, and $34.510 was disbursed. What I cannot understand is that there seems to be some difference from year to year in the contracts in effect between France and Canada for the construction of these vessels. Now I come to the year 1975 when figures for the contracts signed and disbursements happen to coincide. In 1975 contracts were signed for $60.248 million, and the disbursements were $60.248. That works out, and the same occurred in 1976 when the contracts signed were for $60.230 million and the disbursements were also $60.230 million.

I think I mentioned in my earlier figures the number of vessels that were built for France in this program. I am glad that the people in the shipyards had these jobs, and I am not complaining about that. My argument is that these vessels should have been built for the Canadian merchant marine, and that the assistance which was granted to overseas purchasers should have been and should be available to Canadian enterprises if they are inclined to use it. The same number of ships, 51 ships, could quite as easily be flying the Canadian flag around the world, carrying Canadian goods from Canada and bringing imports back into the country. What does this mean in terms of our Canadian merchant shipping? I think the answer is obvious.

The following question also arises in my mind: what does it mean in terms of the Canadian maritime design capacity, or naval design capacity? What we have been doing—and I think this is the message we should extract from the figures that I have put on the record and the EDC's performance—is using Canadian welding techniques in Canadian shipyards, but we are contributing nothing to the technology that should be there and that was there, and that is part of Canada's tradition in shipbuilding. We are contributing nothing, and the EDC is contributing nothing to that distressing situation.

The Canadian naval maritime shipbuilding industry had been known for centuries until after the Second World War when it began to decline, and we are suffering as a consequence. Our shipbuilding and design capacities have withered and are in the process of disappearing as a result of the policies of this government to encourage the welding and putting together of a vessel according to someone else's design. What I fear is that this will be the history of our naval program: that we will go offshore to buy a design, to have it made up in a Canadian shipyard because it would be cheaper. Perhaps it would be cheaper in simple dollar terms in getting that hull on the waters and floating it, but would it be cheaper—and I insist that it would not—in terms of the development of the technology we should retain in this country?

I see, Mr. Speaker, that you are stirring uneasily in your seat. Perhaps I could come back to this later to develop this very important notion of the loss to Canada of the technology of marine design for civil and naval purposes.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment are as follows: the hon. member for Laval (Mr. Roy)—Canadian Broadcasting Corporation—Celebration of Canada Week; the hon. member for Capilano (Mr. Huntington)—Finance—Dumping duty on wide-flange steel beams; the hon. member for Surrey-White Rock (Mr. Friesen)—Finance—Dumping duty on wide-flange steel beams.

GOVERNMENT ORDERS

[*English*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed consideration of Bill C-36, to amend the Export Development Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs.

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, thank you for permitting me to take part briefly in this debate. This bill authorizes the Export Development Corporation to raise $26 billion.

Since its inception in 1969 the EDC has had its authorized capital for corporate lending increased from $600 million to $10 billion. In corporation insurance, its authorization has increased from $250 million to $10 billion.

I am going to suggest to the House that, by effecting greater selectivity in the projects being supported, the corporation can have a greater impact on national and regional development. An industrial development strategy for Canada with ancillary strategies for regional growth can make the EDC a more valuable and viable instrument for economic growth. At the present time, like a man jumping on a horse and driving off in all directions, the corporation has funded industries for short-term gain, with disastrous long-range implications.

The EDC is lending $47 million to a newsprint mill in Virginia to buy Canadian-made equipment and engineering services. A coated paper mill in Kimberley, Wisconsin, is arranging a similar deal. Canadian tax dollars are funding future competitors of our pulp and paper industries. Aurele Ferlatte, Atlantic regional vice-president of the Canadian Paperworkers Union, was recently quoted in the New Brunswick press as indicating this policy could lead to the eventual unemployment of several hundred workers in the maritime region. In addition, the advanced technology used in a new mill gives it a further competitive edge.

Canada currently exports 65 per cent of its newsprint to the United States. The capacity of the new mill in Virginia will be 175,000 tons of newsprint annually, about the same as produced by the Rothesay-MacMillan mill in New Brunswick.

The EDC has lent something like $350 million to finance competing pulp and paper mills in Poland, Peru, Romania, Argentina and Iran. These mills were built with money in some cases borrowed from Canadian taxpayers, including owners and workers in the Canadian pulp and paper industry, who are, in many cases, struggling very hard to keep their doors open.

The EDC has also financed projects in a number of countries with state-planned economies such as Russia, Poland, Yugoslavia, Czechoslovakia, Hungary, Romania, Bulgaria, and Cuba. In these countries, because of the nature of their national economies, our competitors can enjoy an unfair advantage, aided by Canadian dollars.

EDC has financed a mini steel mill in New Jersey, and other steel operations in Texas, Minnesota, and Great Britain, with Canadian tax dollars.

In 1975 the EDC provided $30.6 million to Ireland for an aluminum development, $3 million to Peru for a copper development, $55 million to Poland for forest products development, $2 million to the United States for a steel mill, and $8 million for a lead-zinc development in Turkey. These are all sectors of development providing unhealthy competition for Canada.

I do not have to underscore the drastic erosion of our manufacturing industry in Canada and the fact that the last thing it needs is competition from beyond our borders with tax dollars supplied in part by these very same Canadian industries. We have to consider the need to enable Canadian manufacturing industries to use the Export Development Bank as a vehicle to reach foreign markets without, at the same time, financing our competitors abroad and defeating our ultimate purpose of creating good jobs for Canadians at home.

Clearly, we have to be more selective in determining the areas of natural advantage we wish to exploit so that, in the long run, our policies are not self-defeating. An industrial development strategy is urgently needed in Canada if we are to pursue our areas of natural advantage, build on our successes, and develop all regions of our country. I question whether the EDC can continue to take a shotgun approach and fund export development in every industry that comes along and in every segment of our economy. I believe that in a country with our population, wealth, and resources, we have to be more selective.

● (1652)

My suggestion is that we should consider as one element in an industrial development strategy making Canada self-sufficient in food and energy.

I believe, too, that by fixing the ceilings asked for in this bill at lower levels we could save an expenditure of between $8 billion and $10 billion and, if we invest a fraction of this amount in the Atlantic provinces in badly needed infrastructures, including the greater infrastructures that cry out to be done, we could enable that area of Canada to move forward on its own initiative without the handouts and subsidies that have, unfortunately, become a trademark of repeated governments of Canada. Where millions of dollars have been spent, billions are needed, not in handouts, but as an investment in an area that can pay great dividends.

The development of the ports of Halifax and Saint John, the shipbuilding industries, the Chignecto Canal, and the Fundy tidal development, together with modern highways, rail and bus lines, air service and all-weather roads, can allow this neglected region of Canada to develop a regional industrial strategy in concert with a national development strategy, and move forward on its own.

If, for example, this government used a portion of this money to build the Fundy tidal project for the maritimes, the resultant energy cost—where the fuel is free—would be the

lowest in the nation, and its use in the more expensive energy mix would be a beneficial reduction in electric energy costs. At present Nova Scotia and Prince Edward Island lead the nation in high energy costs.

The Department of Industry, Trade and Commerce is about to embark on a $1.7 million advertising program to encourage Canadians to buy Canadian. Does it make sense at the same time to spend billions of dollars building foreign plants for competitors? And right under our noses we have in our own department of Supply and Services 44 per cent of $1.9 billion spent for science and engineering going to the United States and only 2 per cent of the budget spent in the four Atlantic provinces. Clearly, our government must understand it is Canadian industries that it is supposed to help.

With the riches of the three oceans washing our shores, largely unexplored and unexploited, and the tremendous potential of fish farming and fish ranching, to say nothing of the oil that remains unexplored along our continental shelves, our own national oil company, Petro-Canada, is making token efforts in the Atlantic Ocean and is busily engaged in the exploration of oil in Pakistan, financed, of course, by Canadian dollars. The Petro-Canada and CIDA operation involves some $70 million. No wonder the EDC thinks it is proper to finance foreign competitors!

Recently in California the people gave a message to their government which was, in effect, that they are fed up with the inefficiency of government and its involvement in areas that are best left to those who wish to take the risks and receive the profits in the private sector. We must cut the cost of government, and do it now.

On two occasions I have proposed the use of a commission to blueprint areas in which the government should not be involved, and to promote greater efficiency in our administration.

The Auditor General repeatedly fingers operations where corrections are required. My suggestion to parliament today is that at this moment we have an excellent opportunity to move in that very direction. I suggest, Mr. Speaker, that the corporation has not justified the expansion represented by this bill.

The EDC can become an excellent vehicle for development of our foreign trade, but I believe it lacks direction and proper guidelines, and that it is trying to do too much for too many, and consuming an inappropriate percentage of our gross national product. The sum of $26 billion is equivalent to 10 per cent of the current domestic gross national product. The EDC can be made to work for Canada and Canadians, as well as for foreign interests. We know what the priorities should be. Let us get them in perspective.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I have a few remarks to make on this motion before we dispose of it.

I suppose there is no piece of legislation before this House, indeed before this parliament, which will be more regretted by future parliaments and certainly by the people of Canada than the passage of the Export Development Corporation legislation

[Mr. Howie.]

that is now before us, if the irresponsible lending activity that this government has engaged in is allowed to continue.

The concept of supporting export as far as our exporters are concerned was conceived with good intentions. It is a good idea to support those who are trading on behalf of Canada. It is certainly a good idea to support our exporters if they in turn are having to meet competition from other countries whose governments give financing support to those exporters. Unfortunately, Mr. Speaker, we find in the case of EDC that a government starting without any industrial strategy whatsoever has allowed itself to become more and more dependent on a system whereby our manufacturers increasingly find that they have to sell financing instead of the goods themselves which we hope to export. That is the tragedy before us.

To hear the president of EDC, when he appeared before a committee, tell us in a rather boastful way that 40 per cent of the capital goods exported offshore as they call it—that is other than to the United States—is now financed by EDC, this is a sad testimony with respect to the state of our manufacturing industry and its competitiveness as far as world markets are concerned.

In considering the two motions of my hon. colleague I would ask hon. members to simply ask themselves this: Are they prepared either to acquiesce or possibly even vote with the government later today or tomorrow? Are they prepared to accept the consequences of the eventual write-offs that will occur with respect to the billions of dollars that this government, through EDC, is determined to make in support of the exporters who in turn are demanding this type of financing because they are no longer competitive in world markets? These are simple questions.

When we ask that these authorizations be lowered we are simply saying, "Bring in some sanity and, bring in some perspective" so that the Export Development Corporation, instead of loaning money virtually with no security and no limit in mind, will be brought down to the reality of saying, "We have to operate within a limit." The limit we are suggesting is $16 billion. Surely a $16 billion limit is not unreasonable when it is borne in mind that the total lending activity of the EDC at the present time is approximately one quarter of that amount.

● (1702)

What we are saying, and I emphasize this with every ounce of conviction that I can, is that we in this House are going to become party to, either today or tomorrow, should this bill ever pass, a system where almost unlimited, uncontrolled financing is going to be poured through the Export Development Corporation to foreign governments, many of which will never pay that money back to Canada in future years.

Put any figure on it you like. We are now talking in terms of $10 billion or $15 billion. I would guarantee that within five to ten years, certainly within 15 years, 25 per cent of that money will never be repaid to the Canadian public.

The most shocking thing about this is the utter deceit and misrepresentation this government is guilty of, concerning this

financing. Incidentally, there is one minister in the chamber at the present time. That shows the concern they have for the Canadian public. Here we have $26 billion of authorization being requested to go to a Crown corporation, and the minister in charge, the Minister of Industry, Trade and Commerce (Mr. Horner), has not even appeared in the House today, let alone spoken on the bill. None of his acting ministers are in the House. How shocking!

Mr. Young: Play to the galleries.

Mr. Stevens: Let me make this clear. When I refer to this authorization and the fact that probably within a 15-year period we or some other government will learn that 25 per cent of the amounts involved as far as the lending activity is concerned will have to be written off, the most deceitful thing this government has done with regard to the Export Development Corporation is the pretext that the money is not an obligation of Canada.

Just look at what they have done. It used to be, in budgets that were submitted to this House, that it was very clearly set out that included under financial requirements was any financing required by Crown corporations. For example, if Petro-Canada needed money, that was included as a financial requirement of the Government of Canada. If the Export Development Corporation needed money, that was included as well. However, we now find that any reference to that type of financing has been conveniently shuffled off in our budgetary papers, to a note to the budgetary papers.

In that connection let me refer hon. members to the last budget of the Minister of Finance (Mr. Chrétien) delivered in this House on April 10, 1978. Various financial requirements for Canada are set out. It is pointed out that the total national accounts expenditures are $49,775 million. They point out, for example, that the financial requirements, depending on whether you take a budgetary basis or a national accounts basis, are as high as $11½ billion.

Here is where the deceit comes in. It is not until you turn to page 27 of the notes of the Minister of Finance that you find he deals with the question of direct borrowing by Crown or government agencies. Here is what he says:

> In the projection of financial requirements for 1978-79, it is envisaged that such direct borrowings by agent corporations will continue, and that in particular the Export Development Corporation will raise the bulk of its requirements through direct borrowing.

In short, Crown corporations last year are recorded in this note as borrowing, in the case of Petro-Canada, Export Development Corporation, and Eldorado Nuclear, $350 million, and $463 million the year before. They now say that those requirements are not now being reflected in the general financial requirements of the government. I call that deceitful. It is misrepresenting the facts.

They have taken a base year which included such Petro-Canada and Export Development Corporation borrowings, included that as their inflated base year figure, and compared current expenditure and financial requirement figures against that base without making it clear on the face of their statement that the Petro-Canada and Export Development Corporation type of borrowing is not now being included in the gross figures. That is a serious misrepresentation of the facts. Unfortunately, future generations of Canada will have to pay the penalty that this government is now putting on their backs.

It has become very popular for some of the Grit supporters, who I notice are not speaking today, to say, why would you ask us to include the borrowings of Crown agencies when in fact they are borrowing the money on their own account? The inference is that somehow the covenant of Canada, the people of Canada, does not go with that borrowing. However, as so often happens in the secrecy that shrouds this government, it is on the American side that we learn the facts. It is not within this House, and certainly not general as far as Canadian information is concerned.

A very elaborate presentation was made to the Standing Committee on Finance, Trade and Economic Affairs. Various schedules are set out in that, including a schedule which is simply a reproduction of the Export Development Corporation's type of prospectus which was filed in Washington concerning the Export Development Corporation raising funds in the United States.

I find this interesting. The one I have before me is dated June, 1977. The two parties involved are Salomon Brothers and Wood Gundy Incorporated. The amount being raised by the Export Development Corporation in the United States is $50 million U.S., due August 1982. On page 12 of this circular we find the following very interesting comment. Under "Description of the notes", it states:

> The notes will be direct, unsecured general obligations of EDC and as such will constitute obligations of Her Majesty in Right of Canada. Payment of principal of and interest on the notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada. The issuance of the notes is subject to the approval of the Minister of Finance of Canada and the notes will be created pursuant to resolutions of EDC's board of directors.

That is what this government is telling the Americans who are loaning Export Development Corporation the funds. They are boldly stating that any money loaned to Export Development Corporation, to use their words:

> —will constitute obligations of Her Majesty in Right of Canada. Payment of principal of and interest on the notes will be a charge on and payable out of the Consolidated Revenue Fund of Canada.

Imagine the utter deceit of this government, knowing that is the legal statement they are making in Washington when they file that clearance of these notes, turning around and in their budgetary presentation saying there is no need to refer to any borrowings as far as the Export Development Corporation is concerned because they are doing that in their own name. It is not true. The fact is, year in and year out, there will be added to the direct obligation of Canada billions of dollars in the name of the EDC, with no budgetary reference being made to them, until the day comes when massive write-offs will need to be made with respect to those borrowings. There is going to be a build-up year after year.

• (1712)

On the one hand, the EDC is binding the people of Canada; on the other hand it is making loans under questionable convenants around the world. How fast does the minister see the volume of lending activity rising? It is estimated that by 1981 the corporation will have $12,300 million outstanding. The corporation will have more than $12 billion of exposure under some type of convenant around the world, and I am saying that of this amount about 25 per cent will be non-collectible between five and 15 years from now. We are playing a game for the sake of supporting an exporter for a year or two, lending money to other countries and hoping to be repaid in five to 15 years' time.

In our questioning of Mr. MacDonald we naturally asked whether there had been any write-offs already—had there been any cash drains as a result of loans coming a cropper. First of all, Mr. MacDonald said, "No, no, we are really clean; we have never experienced a default." But here again we come up against the utter deceit practised by the government in power, because different facts emerged from the American documentation. I invite hon. members to look at the circular to which I have referred. On page six, we find this interesting revelation. The Americans were told that since the inception of the program loan payments totalling $61.2 million had been rescheduled of which $15.9 million had been repaid by December 31, 1976. The statement continued:

Interest rates on rescheduled loans have been generally at the same or higher rates. On other loans, principal installments totalling $1.8 million were overdue at December 31, 1976. No loans have been written off since inception of the international lending program but one loan was cancelled at no loss to EDC under an arrangement with the Government of Canada to cancel a corresponding amount due from EDC.

I call particular attention to that last sentence. How clever this artful dodger of a Prime Minister (Mr. Trudeau) is. The truth is that when we pressed this point we found the corporation to be in unbelievable trouble with the Bangla Desh loan. What happened? Rather than accept the loss through EDC the government lent the money to Bangla Desh on the understanding Bangla Desh would repay the money to the corporation.

Mr. Speaker, every phoney finance company in the world has played the game EDC is trying to play when they get into trouble with loans. That is the cop-out. Reschedule the loan, charge a new interest rate, get the other party to sign, and forget about it. And if you really reach the point at which the debt must be written off, call somebody else in to give the cash to the defaulter, thus putting him in the clear. Mr. Speaker, that is no way in which a Crown corporation should be operating. It only emphasizes the precarious position in which we find ourselves when the Minister of Finance lacks the courage to reflect this enormous borrowing in its own budget, and when the Minister of Industry, Trade and Commerce does not even have the courage to come into the House and respond to criticism of his own bill requesting authorization for $26 billion.

Mr. Speaker, I want to tell you what is happening down in Peru with respect to some of these lending activities.

[Mr. Stevens.]

Mr. Deputy Speaker: Order, please. The hon. member will need unanimous consent to do so, because his time has now expired.

An hon. Member: No!

Mr. Deputy Speaker: I am not clear whether there is unanimous consent or not.

Some hon. Members: No!

Mr. Deputy Speaker: It appears there is no consent.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise to take part in this debate—

Mr. Knowles (Winnipeg North Centre): I rise on a point of order, Mr. Speaker. I hope the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) will forgive me for raising a point of order before he begins, but in view of the importance of these two amendments I wonder whether there is to be some sort of response from the government side. We have not heard a word from the government side this afternoon. We have been listening only to Tories.

Mr. Deputy Speaker: The hon. member is asking the Chair to answer a question with regard to which the Chair has no influence. I am just here to apply the rules of the House.

Mr. Hnatyshyn: I do not object at all to the comments made by the hon. member for Winnipeg North Centre (Mr. Knowles). We are dealing with amendments which involve millions upon millions of dollars and I find it almost unbelievable that the minister who is principally involved, the minister who is piloting the measure through the House, should not be here to give some answers to the pointed questions which are being raised concerning the operations of the EDC.

The average citizen cannot comprehend the magnitude of the amounts involved. The average citizen can relate, for example, to the expenditure of $180 by the Prime Minister (Mr. Trudeau) for ash trays in his office. He can understand, for example, the expenditure of $8,000 for a sofa in the Prime Minister's office. But he cannot comprehend the size of the amounts we are talking about under this proposal to extend the financial limits under which the EDC is allowed to operate. With scarcely any information being given us on this subject it is no wonder parliament and the country's institutions in general are falling into disrepute.

It is difficult to understand why no one on the government side is willing to stand up and at least attempt to give some justification for what is being proposed. I want to give an example of the kind of secrecy which shrouds the operation of this corporation. There are considerations here about which, for the life of me, I cannot understand why we are not receiving more information. Is there something we should read into the failure on the part of government spokesmen to bring forward this information?

● (1722)

Just recently much attention has been given to the Bell Canada contract with Saudi Arabia. I suppose it is appropriate that we talk about Saudi Arabia. The Saudi Arabian oil minister is here visiting our Minister of Energy, Mines and Resources (Mr. Gillespie). They are in Alberta now. I do not know what the Saudi Arabian minister is here for. Perhaps he is going to buy the Alberta tar sands, for all we know. We get no information from this government. It is a closed shop. We have absolutely no information with respect to the operation of Bell's contract with Saudi Arabia. We have been denied access to the contract, even though it has been called for by an independent commission set up by this parliament for the people of Canada. The Human Rights Commission has asked for access to that contract, but that request was denied. An application to the CRTC was also denied.

This contract has been the subject of much public attention regarding boycott provisions and an apparent undertaking by Bell that it has no existing or outstanding contracts with the Israelis. The contract is also interesting because of other provisions which have come to light, not through any disclosure on the part of the Government of Canada or EDC which is, in effect, providing insurance, and not through any disclosure by the CRTC, which is a regulatory agency now considering an application by Bell for a substantial rate increase which will bring something in the vicinity of $171 million to the company in revenue this year, and another $398 million next year.

The information we get about this contract comes through the securities and exchange commission of the United States. What information do we get about this contract, which is being insured by the EDC? We find that Bell Canada, through this contract, is paying $88 million to Saudi Arabian business interests. Let us do some simple mathematics. I believe $88 million is about 8 per cent of the total contract. That is a round figure, but it amounts to about one half what Bell Canada is asking for in increased fees. It is a little less than one half the $171 million. We find this out, not through any of our own government agencies and not through disclosure requested by as important a body as the Human Rights Commission, but through the American Securities and Exchange Commission.

What is the next step? Mr. Ben Tierney of Southam News in Washington thought this was rather vague. We are paying $88 million to Saudi Arabian business interests. The president of Bell Canada was asked what this is all about. The response was a flat no, that there would be no information forthcoming as to the nature of the payments, nor to whom these payments will be made. The point here is that the EDC is involved, and the whole question of accountability is very much on the minds of parliamentarians who are participating in this debate, and of Canadians generally. We are not talking about an $8,000 sofa, as expensive as that may be, in the Prime Minister's office. We are talking about $88 million. Perhaps that does not impress hon. members opposite. Perhaps they would ask, "What's $88 million", to paraphrase a famous statement made by one of their predecessors. However, I find this to be endemic of the attitude which this government takes with respect to disclosure. It is also endemic of the attitude the government takes with respect to the operation of the EDC.

The chairman of the EDC was questioned in committee with respect to the Bell contract. He gave general responses with respect to the boycott provision, but what about this $88 million? Are we to assume that these are payments similar to the payments which have been made by AECL and which have come under some criticism by thoughtful people, and certainly by taxpayers who wonder what is happening to their money?

What kind of system are we living in when the EDC can take the attitude, as has been outlined by my colleagues, the hon. member for St. John's West (Mr. Crosbie), the hon. member for York-Simcoe (Mr. Stevens) and other speakers on this side of the House, that it has absolutely no responsibility for reporting its activities or for accounting for them to the representatives of the people of Canada? What kind of rationale is there on the part of a government which now asks us to increase vastly the amount the EDC should have available to it when we have clear indications, as the hon. member for York-Simcoe has pointed out, that until there is any default—and even then I do not know whether the EDC will be subject to being asked questions or giving answers—there is a lack of accountability? The government and its supporters seem to want to force this bill through.

The facts surrounding this contract between Bell Canada and the Saudi Arabian government are an example of the kind of attitude the EDC has brought into its affairs. It accounts only to itself. It feels it has no responsibility for accounting to parliament. Who is to say that there is any accounting to the minister? What controls are we going to have—or can we look forward to in the future—on the basis of what has apparently transpired in the past and the record of the EDC as far as legitimate requests for information are concerned?

We have been spending much time debating the question of freedom of information. The question here is whether we should have a meaningful freedom of information bill brought forward. One after another hon. members opposite rise in their places and talk about how much they believe in freedom of information. In open convention the Liberal party passes resolutions supporting the concept of freedom of information and of independent reviews of applications for information, yet every time we come forward with requests for information concerning the operations of Crown agencies and the government itself, the argument of the government seems consistently to be that our parliamentary system dictates that the government should make the decisions in these matters and that every few years—four conventionally, but with this government perhaps five and a half or longer, whenever the Prime Minister has the courage to call an election—the people of Canada will speak.

The argument is that the people of Canada will speak as to whether the government has been withholding information. Well, I hope and trust that in the next election the question of

withholding information which the Canadian people ought to have will play a key part in electoral decisions, because no thinking Canadian can support the position this government has taken throughout its mandate.

● (1732)

As far as EDC involvement is concerned, a line of insurance worth $430 million is being provided in this particular transaction with Bell Canada. This transaction involves modernization and expansion of that company's telephone system. In view of the fact that this transaction is supported by the Export Development Corporation to that extent, I think the minister should be in the House. He should rise in the House and tell us whether any of the $88 million payment, if made in Canada, would violate Canadian law. That is not an idle request.

I referred to the example of AECL making kickback payments. Whenever government agencies refuse to give information with respect to payments of enormous amounts of money, such as this $88 million, I do not think I am being overly suspicious or irresponsible in wondering what those payments are all about. Have we reached a point in government where the contract is the thing? Are we to accept the rationale of the Minister of Industry, Trade and Commerce (Mr. Horner), with regard to the question of the Arab boycott, that somehow it is more important for Canadians to have this contract than to stand up for the civil rights and liberties of a large number of Canadian citizens with Jewish backgrounds?

It boggles the mind that hon. members would vote in support of this particular proposition, when information respecting this enormous amount of money is not forthcoming. This is almost a matter of right. If there is nothing to hide, and if this is a legitimate expenditure of money, why is there reluctance to make disclosure of this information? If services are to be performed by Saudi Arabian business concerns, we should receive a reasonable accounting of the reasons. We would be prepared to facilitate the transaction and be supportive of EDC if we were given the information by which we could make a reasonable, proper judgment.

What we have received is silence, a very ominous silence. On the basis of the record of the government, it is almost an axiomatic rule that where there is silence, there is a political reason for the government wanting that information concealed. There is a reason for this government veering away from having an independent arbiter making a decision concerning applications for information. Once a decision is taken as to whether information should be made available to Canadians and parliamentarians, and once it is taken out of the control of government, an awful lot of information which may not be beneficial to the government will come out. I hope I am wrong.

I did not intend to participate in this debate. On listening to the remarks of the hon. member for York-Simcoe and considering this particular transaction as an example of the incredible insolence with which EDC, other government agencies and the government have dealt with this particular matter, it is time to stand up to the government. We must let the government know that we will press as hard as possible for a proper accounting and for freedom of information in this country.

When we form the government after the next election, under the leadership of the hon. Leader of the Opposition (Mr. Clark), freedom of information legislation will be brought forward and passed. It will be effective legislation and not the second class proposal the government is putting forth now. The government wants an information commissioner with powers similar to those of the Auditor General. He will be able to make recommendations but his decisions will not be binding on the government.

Perhaps we can be critical of Americans in many respects. They are our next-door neighbours. We see a lot of them, and we know what is going on there. But there is a lot in the American system respecting disclosure which we should pay particular attention to and perhaps emulate in the interests of good government, regardless of which party forms the government. I say that in a non-partisan sense. I am not suggesting that we are saints on this side and that the devils are on the other side. But unless there is a meaningful freedom of information mechanism, there will be a temptation for whatever party makes up the government to conceal in order to perpetuate its own political administration. If a different tone was set, this country would have the benefit of a better government. This is something government members should pay more attention to.

The only way members of parliament can receive information concerning Canadian activities is by operating through the freedom of information legislation in the United States. We are faced with going through the securities and exchange commission of the United States in order to determine what is happening, for example, in respect of Bell Canada. Under their regulations and legislation, they require a prospectus to be filed. Presumably they pulled teeth in order to receive information concerning the $88 million.

I see my time is fast coming to a close. Perhaps I will pursue this matter on another occasion when this bill is discussed. I thank the House for its attention.

Some hon. Members: Hear, hear!

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I had no intention of becoming involved in this debate, but after listening to the remarks of the hon. member for York-Simcoe (Mr. Stevens) and the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), suddenly I realized how important this bill is. Earlier I heard it was of some significance because there is a move afoot which Canadians are not fully aware of in terms of the ultimate repercussions. Of course, this has been clearly articulated by my colleagues.

We are attempting to indicate that apparently the government thinks EDC is the panacea for the ills of the world, and that it should have some $26 billion at its disposal in order to finance, insure and guarantee loans to various countries throughout the world. Apparently the government does not understand that the Canadian private sector needs assistance as well. It is turning a deaf ear and a closed eye to the

problems of the pulp and paper industry and the steel industry, just to name two.

● (1742)

I am from the city of Hamilton where we have the greatest steel company in the world. How long will that steel company last when we have this government, through EDC, subsidizing steel mills in the United States and throughout the world? How long can it possibly last? I want to stand up and be counted among those against this sort of thing, because it is something that in the long run, for some alleged short-term gains, will put us in very difficult circumstances years down the road. In other words, we are attempting to bankrupt the future of our young people who are even now crying out for help.

An hon. Member: Sold down the river.

Mr. Alexander: Someone says they are being sold down the river. Our young people are looking for more leadership than this government is prepared to give.

There is something else about this whole thing that bothers me. The EDC apparently dislikes members of parliament criticizing its actions. We are elected by our constituents throughout this nation to stand up and be counted and to bring about constructive criticism when we feel it is required. We then have members of a Crown corporation or an agency, whatever you want to call it, who are not accountable to parliament, getting very angry about such criticism. They even go so far as to prepare and send out a bulletin for the edification of the people of Canada. I do not know what this is supposed to be all about, but under the heading "EDC NEWS", dated January-February 1978, there is an article which is in reply to a highly respected member of parliament who, having seen the direction in which the EDC was going, wrote an article which was published in a number of newspapers. The first thing that happened was the EDC replied in this newsletter, or whatever it is, at page 2 in the following words:

> In an article that recently appeared in a number of local newspapers, Conservative MP William C. Scott (Victoria-Haliburton) called for the abolition of EDC and charged that it was a "threat to the future of some of (Canada's) domestic industries".

The article then has a series of reasons why that hon. member was wrong. This corporation is trying to flim flam and bamboozle the Canadian public. That hon. member had every right to bring to the attention of the Canadian people what he thought was wrong because, unlike members of the government, he realizes that questions are being asked about what is going on. That hon. member was in fact stating that the EDC is providing a lot of money to finance our competition abroad. That is what the hon. member was suggesting. Members of the EDC did not like that criticism, so they got their brain trust together, their lawyers, accountants and speech writers, and prepared this article castigating the hon. member for Victoria-Haliburton (Mr. Scott).

The second question that should be asked is, should the Government of Canada use taxpayers' money to commit loans in respect of industries that will eventually hurt our own struggling companies? That was the second question asked by the hon. member. The EDC did not like that and went even further than preparing this article; it conducted a $20,000 advertising campaign in the *Financial Post*, again to flimflam and bamboozle the Canadian people about the amount of employment EDC was creating.

The hon. member for York-Simcoe, the hon. member for Saskatoon-Biggar and others who have taken part in committee hearings have tried to determine just how the EDC created the supposed 200,000 jobs. They have not met with success as yet. As the hon. member for York-Simcoe has indicated, this is all a farce and a fraud perpetrated against the Canadian people.

Just let me refer again to this document which is headed "The Method of Estimating the Number of Man-Years of Employment Maintained and Created, Directly and Indirectly as a Result of EDC Support". This is another document issued by those people who are trying to bamboozle not only the Canadian public but, in this case, members of parliament. They did not get away with that because of the efficiency, credibility and intelligence of our financial critic, the hon. member for York-Simcoe, who gets on top of issues like this, holding on as though with the tentacles of an octopus until his opponents cave in under the pressure. Apparently the EDC gave in under that pressure because it is now seeking the sympathy of the Canadian people through a campaign of advertising and articles of this kind in issues of their own news magazine.

Officials of the EDC apparently want carte blanche from the government in respect to all they are doing. On the other hand, the Canadian people are wondering why our pulp and paper industry is going down the drain while at the same time this government, through the EDC, is lending money for the development of the pulp and paper industry outside Canada. The Canadian people were never stupid, and as a result of television they are no longer uninformed. They now realize there is something wrong with the leadership we have been getting.

The people of Canada know that the Steel Company of Canada and the steel company in Saskatchewan will be supplying pipe for the Alaska pipeline. They know that this will be for the betterment of Canadian life. What they cannot understand is why we are lending money, some $70 million, in order to build steel mills in Texas, Minnesota and New Jersey. This is absolute nonsense. We are attempting to be competitive, and I suggest we can succeed, but why is this government through the EDC trying to undermine the Steel Company of Canada and related industries?

I cannot sit idly by knowing that these things are happening. I have to stand and be counted as one of those who wants to know what is going on.

Mr. Knowles (Winnipeg North Centre): But we have to give Ford money to get it to come to Canada.

Mr. Alexander: The hon. member says we have to give Ford money to get it to come to Canada. We do not understand the

priorities on that side of the House. No wonder the Prime Minister (Mr. Trudeau) did not go to the people. I remember the Prime Minister going down to Toronto and holding Mr. Evans' hand. He is going to lose as well. In any event, the election machinery was in place and rolling. Apparently those in government felt they had bamboozled the Canadian public for just about ten years and this was another opportunity to do the same.

An hon. Member: They were all oiled up.

Mr. Alexander: They were oiled up and the machinery was moving once again. The Messiah over there was going to bring about national unity. The Messiah was going to wrestle inflation to the ground again. The Messiah was going to create—

An hon. Member: Come off it.

Mr. Alexander: We hear from the Minister of State (Environment) (Mr. Marchand). We do not hear from him often because he does not understand his job. That party over there was saying to the Canadian people that they can solve our problems. I know they always feel they have control in Quebec. That is what the Prime Minister thinks but I do not know whether he still has Quebec in hand after the sales tax argument we heard around here over the past several weeks. That government over there lowered the boom on that debate. It brought in closure and cut off criticism by the opposition. Hon. members opposite like to interrupt and feel that we should not be allowed to speak. I intend to continue to speak in the hope of saying something for the edification of the people, not for that group over there. They do not want me to talk. They do not want the opposition to talk. They cannot stand criticism. I intend to continue to talk and I will ask for extra time if necessary.

An hon. Member: Tell us more about the Messiah.

Mr. Alexander: The Messiah was saying that his party would bring about national unity. Has he forgotten that he has been in parliament as Prime Minister and the leader of this country for ten years? Because he has brought about national disunity. To make a long story short, he did not solve inflation. There has been no growth. Our growth will be lucky to hit the 3 per cent level in spite of the fact the Minister of Finance (Mr. Chrétien) says it will be 5 per cent. We cannot believe him, however, because every statement which his officials give to him with respect to growth, employment and inflation has been wrong, wrong in such a way that no one can plan anything because no one knows what is going on.

● (1752)

What I am trying to say is that Canadians have lost confidence in this government. It is confidence which they thought they had until the polls came in vis-à-vis the province of Ontario; then they were shocked. They ran. They were all geared up and the machinery was well oiled until they saw that Ontario does not love the Prime Minister any more. He has had the biscuit. This government cannot bamboozle the Canadian people any more.

The strange thing about it is that there are only two ministers here, the Minister of State (Environment), who does not know what this bill is about—

Mr. Marchand: I know as much about it as you do.

Mr. Alexander: —and the Minister of Employment and Immigration (Mr. Cullen), who has a lot of problems. I do feel sorry for him because he has so many problems with respect to creating jobs. But I look at my old friend the Minister of Employment and Immigration and I say, "Doesn't he understand what this bill is all about?" Why doesn't he stand up and say "Well, I've looked at it, it looks good but I really don't know; we think that in the short run it is good, or in the short run it is bad." I say that in the short run it may be good but in the long run this bill is a monstrosity. The members on the other side should at least have the decency and courtesy to stand up and speak on it. They are just looking at me. I know I am handsome. I say to them, "Don't look at me; read your bill and understand what is going on."

Mr. Marchand: How are you voting on the bill?

Mr. Alexander: There is the Minister of State (Environment) again. We only have to follow our spokesman. The spokesman knows what he is going to do, as I always do when I have the carriage of a bill. We over here know what we are going to do, but what are the people opposite doing? What do they think of this bill that is trying to bamboozle the Canadian people out of $26 billion? Is the Minister of State (Environment), Mr. Speaker, going to stand up and talk instead of sitting in his chair? That is no way to debate; you have to be a man or woman and stand up in this House and let your thoughts come out. There has not been one member of the Liberal party who has had the decency or courage to stand up and say, "We will give the government position." Usually there is at least a parliamentary secretary who will stand up and give the government's point of view. That is the most I have heard the Minister of State (Environment) say in this House, and he is always speaking from his chair. One of these days, Mr. Speaker, we are going to hear—

Mr. Lumley: Stonewalling.

Mr. Alexander: Stonewalling. There is the parliamentary secretary who bamboozled the provinces with respect to Bill C-56. Some of the provinces were blackmailed into going along with the bill, and before they knew it they were paying the people of Quebec $85 and forgetting the poor people. That is the attitude which the parliamentary secretary has, and yet they say that they are treating all provinces equally.

This bill is worthy of more comment, particularly from the Liberal side. The Canadian people are asking themselves why the government is paying more attention to offshore industry than to the plight of our own industry which in the long run will make this country more viable and bring about an econo-

my which we can hand to our children. The Canadian people are saying, for example, "Why are you not interested in the pulp and paper industry?" It is slowly going down the drain and needs the uplift of a financial commitment. Surely we have the human resources and the people ready, willing and able to work. How long are our industries going to be second class citizens in Canada as opposed to world industry? It is no wonder this government did not go to the people.

In closing, Mr. Speaker, I just want to say that our motion is merely stating—

An hon. Member: Keep on going.

Mr. Alexander: An hon. member has said to keep on going; I certainly will.

The hon. member for York-Simcoe spoke on the crisis in Peru. This is certainly a disaster, and the hon. member does not even know what is going on.

Mr. Paproski: Lots of hanky-panky.

Mr. Alexander: I would like to quote from, I believe it is, the Toronto *Star,* but I will hold it up in case some members wish to have their research assistants follow it up. The heading of the article is "Canadian bankers nervous as Peru nears bankruptcy", and it says:

> The Canadian Export Development Corporation, which in effect ensures Canadian investment and sales abroad, stands to lose a further $72 million if Peru goes belly-up.

It seems everybody knows about Peru except the Export Development Corporation and the Liberal government in Ottawa.

Mr. Paproski: Jack Horner.

Mr. Alexander: I will not even mention his name.

Our motion states that rather than allotting $26 billion, which is up from $8 billion in terms of financing guarantees, the EDC should be happy with $16 billion. This government should be delighted that we at least let them know we understand there is a role for EDC, but not at the expense of the Canadian taxpayer. That is all we are talking about.

I want to thank you, Mr. Speaker, for giving me an opportunity to put forth those few unprepared comments, but they must have struck home because as yet I do not see a member on the other side trying to stand up and say, "Well, the hon. member for Hamilton West has a point. He has been mean, he has been tough, but he has been wrong and therefore I want to challenge him. I want to stand and challenge the hon. member for Hamilton West." I would like to see hon. members opposite let me know, because I do not know everything. I know a lot, but I do not know everything.

I thought that at least there would be one member who would stand up and show me where I went wrong, but as yet there has been nobody, in spite of the fact we have two ministers present, the Minister of State (Environment), who wants to sit on his fanny and throw smart-alecky remarks across the floor, and the Minister of Employment and Immigration. The minister of employment has nothing to say because he has other work, but I am ashamed of my long-standing friend, who knows what this bill is all about and that one of his roles is to create an environment whereby we have the necessary jobs to reduce that figure of one million and over in the hidden jobless. That is his role, sir, but the minister remains silent. The minister is a member of the class of '68, as I am, and he has had a very meteoric rise. I will not say that I am ashamed of him because I do not think that that would be honest; but I would ask him why he does not stand up and be counted.

Thank you, Mr. Speaker. I see you are just going to rise; I am going to sit.

Mr. Speaker: The hon. member for Hamilton West (Mr. Alexander) is quite right, I was just attempting to rise. Earlier I had expressed some concern about motion No. 5 standing in the name of the hon. member for York-Simcoe (Mr. Stevens). A few minutes ago I attempted to indicate to members who are involved or intend to be involved with this discussion that I would return to the chair at this minute in order to try to inject some certainty into the situation. I wanted to interrupt the process of procedural arguments, since we have spent this afternoon on this question and given it some time prior to this afternoon's sitting.

I attempted to sound a warning to the House about the practice that we were following with respect to motion No. 5. I think the Chair must always be careful to distinguish between procedural matters and matters of policy or practice. They can come close together, and certainly this is one of those occasions.

● (1802)

I find that an examination of the precedents indicates that there is not just one but several examples of the kind of motion put forward by the hon. member for York-Simcoe which have become part of the legislation, such as the Air Canada Act, the CNR financing and guarantee act, both of them of recent memory, and quite a number of others which I have collected this afternoon. Therefore, I want to say that I would not be able to justify on procedural grounds intervention in the hon. member's motion. On the basis of precedents I think it would be a departure from the practice which we have followed recently for the Chair to intervene in the motion of the hon. member for York-Simcoe and for the House not to go ahead with debate and decision on it.

However, I think I should warn the House that we began with two rather excellent examples, with two strong cases. The first was the Auditor General's report, and the second was the statutory instruments committee. The House wanted to ensure that the Auditor General's report was automatically referred upon tabling to the Standing Committee on Public Accounts. That objective is so meritorious as to scarcely find any difference of opinion in any corner of the House. However, we should remember that we appropriately amended the Standing Orders to that effect.

With respect to the statutory instruments committee we also amended the Standing Orders to give effect to the design that any statutory instrument, any regulation, be automatically referred, or, in other words, that the committee have authority to examine any statutory instrument or regulation. Otherwise, there would be no purpose for the committee to exist, if it had to wait for an order of reference. It is there as a safeguard against an abuse of power contained in statutory instruments or regulations, and therefore it should have authority to look into every regulation as it is passed.

Those two specific purposes resulted in corresponding amendments to our Standing Orders. Both of those had a clear and explicit purpose. Now we have moved to clauses which say that reports of Crown corporations, once tabled, will be referred automatically to a standing committee. Once again a very meritorious objective, but there is no concurrent amendment to the Standing Orders. That is one very important step away from the original example.

In the forthcoming report stage of the oil and gas measure to which I referred earlier, an amendment has been passed in committee which takes it one step further again. Because in this respect—and I think we will have to look at it very carefully—no report was to be filed, no order was to be made by any board, no statutory instrument and no regulations would be passed; in fact, nothing would take place except that five years hence the act, which is on the statute books, will be referred to a committee. The language of the act suggests that several committees may be involved because several committees may claim jurisdiction, and they are all required, by the language of the statute, to activate themselves, to work quickly and deliberately and to report to parliament.

It may be that procedurally I am stretching too far in trying to stop the practice, and perhaps it is clarity and draftsmanship that is concerned here; but I will not intervene in the motion of the hon. member for York-Simcoe, because examples of it have been repeated in the statute books several times previously and it is exactly in conformity with those provisions, as he said earlier today.

However, I am now worried that we have gone one step further in the oil and gas measure, because there is no intervening step, no initiative taken by any member of parliament, not that parliament will review the practice in the situation with respect to the bill, but that automatically, without any action on the part of any person, without the tabling of any order or regulation or the filing of any report, there is a reference to a standing committee, not to parliament. If that is not bad procedure, it is certainly a vague and dangerous practice.

I simply want to say to the House that the motion of the hon. member for York-Simcoe is procedurally acceptable. However, it seems to be used as a steppingstone to another practice in the oil and gas measure which is close to being too vague to be acceptable on procedural grounds; and if it is acceptable on procedural grounds, it is certainly a dangerous practice in terms of attempting to predict five years into the future, with lack of precision as to how it will be accomplished.

[Mr. Speaker.]

I warn members that when that measure comes forward we should look at it again, whether this week or whenever it comes before us. We should receive the arguments that have been prepared now to see whether it is not too great an extension of the principle which was established on stronger grounds than the ones we find now.

Mr. Stevens: Mr. Speaker, I thank you for your ruling with respect to motion No. 5, but in line with your thinking, in which you have raised considerable doubt concerning a similar provision in the oil and gas legislation, I wonder if you have directed your thoughts to Bill C-60, the constitution bill, which seems to be the ultimate extension of what I think is giving you some trouble in that it is proposed in the bill to make various provisions somehow or other binding on future parliaments. I wonder if before that bill is debated some thought could be given as to whether or not it is procedurally out of order.

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

At 6:10 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

The Acting Speaker (Mr. Turner): Order, please. Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): I understand the vote on motion No. 1 will dispose of motion No. 3.

Mr. Stevens: Mr. Speaker, I rise on a point of order. I believe there was some understanding that there would be a deferred vote on the various motions.

The Acting Speaker (Mr. Turner): My understanding of the Standing Orders is that the Chair has the right to postpone the vote until both motions are disposed of.

Is it the pleasure of the House to adopt motion No. 3?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): The division is deferred pursuant to Standing Order.

Mr. John C. Crosbie (St. John's West) moved:

Motion No. 2.

That Bill C-36, An Act to amend the Export Development Act, be amended in Clause 3 by striking out line 3 at page 4 and substituting the following therefor:

"shall not at any time exceed two billion".

Motion No. 4.

That Bill C-36, an act to amend the Export Development Act, be amended in Clause 5 by striking out line 12 at page 5 and substituting the following therefor:

"shall not at any time exceed one billion".

The Acting Speaker (Mr. Turner): In accordance with a ruling made earlier today by Mr. Speaker, a vote on motion No. 2 will dispose of motion No. 4.

Mr. Crosbie: Mr. Speaker, the purpose of these two amendments is once again to try and hold within a reasonable limit the amount of authority that this House will delegate to the Export Development Corporation. The first amendment to clause 3 has to do with the ceiling for contingent liabilities of the Export Development Corporation. The government's amendment proposes to change it to $3,500 million and the present authority is $1 billion in contingent liabilities. Our amendment suggests that the amount should be $2 billion, for the same reasons that I outlined earlier today, because the ceiling the government is now suggesting would keep the Export Development Corporation from the scrutiny of parliament and the House of Commons for too long a period of time, namely three and a half to five years. We do not think their record justifies that kind of authority being given to them.

● (2012)

The other motion we will consider at the same time is an amendment to clause 5, line 12 at page 5. This has to do with the government account. As hon. members know, there is a government account and a corporate account for the Export Development Corporation. In the corporate account, they exercise their own authority. In the government account, the government may direct them to do certain things. The government stands directly behind the liability if matters are unsuccessful.

Certain loans are entirely at the government's risk. As the hon. member for York-Simcoe (Mr. Stevens) and I explained earlier today, all of these loans are at the government's risk. The corporation itself has admitted it is an agent of the Crown. It has a legal opinion saying the Crown must stand behind all its debts and obligations. The legislation before the House wants to fix the ceiling for the government account at $2,500 million, whereas at the present time it is $850 million. We suggest that that be reduced to $1 billion, which should be ample. It may require the corporation to come back to us for more authority in a couple of years.

One of the peculiar things about the Export Development Corporation is that the Parliamentary Secretary to Minister of Industry, Trade and Commerce (Mr. Loiselle) said in committee there is going to be new legislation regarding the EDC brought in this fall. It is going to change around its operation in some way or another. Why do these huge increases then have to be secured for the EDC in light of that? That is a bit of a puzzle.

It is also a bit of a puzzle as to why the Minister of Industry, Trade and Commerce (Mr. Horner) wanted to ram this bill through the House so quickly last March or April. He tried to get our finance critic to agree to rush through this legislation on an emergency basis with practically no debate because it was of such great importance. Naturally, our finance critic, being the man of character and probity that he is, would not agree to that.

Some hon. Members: Hear, hear!

Mr. Crosbie: He said he would have to give it our normal penetrating scrutiny, which we have done. We have given it that X-ray vision. The $6 million men on this side have given it intensive scrutiny and have found it wanting. Unfortunately that is what we have found.

When I was speaking earlier this afternoon, members opposite would not let me go on past my 40-minute allotment. I could have finished all my remarks this afternoon. I would then have gotten up this evening and said that I have already covered the ground. Now they have so irritated me that I feel I must go another 40 minutes.

Some hon. Members: Hear, hear!

Mr. Crosbie: If they behave themselves while I am speaking, I may be able to shorten it a bit. Any interruptions will make me very, very irascible.

This afternoon I was discussing the Bankers Association and how the Minister of Industry, Trade and Commerce did not want us to see a communication that had been sent to the Minister of Finance (Mr. Chrétien) and myself by the Bankers Association. We were informed, of course, that there was no reason why we could not see it.

The Minister of Industry, Trade and Commerce said he did not go along with the banks. He did not think the banks really knew what they were doing. He let one or two asides like that slip through. Of course, the Minister of Industry, Trade and Commerce is an expert on banks. He said he did not altogether agree with what the banks were doing and just because they had certain views on this legislation was no reason why we had to pay any attention to them. To make sure we would not pay any attention to them, he would not make public this submission from the Canadian Bankers Association.

We can only assume that their views were not the most favourable. They obviously were not favourable to the government's ears. I leave it there because we do not know what their views were. However, if they were anything like our views, they are unprintable.

I want to touch on another inconsistent matter in the government's policy. We were told by Mr. MacDonald, the president, in our committee hearings that the EDC will positively not have anything to do with Rhodesia. Rhodesia is not on the list. It does not matter what commercial sense it makes to finance a transaction with Rhodesia, Rhodesia is just not with us. I think it is still called Rhodesia and not Zimbabwe.

The corporation says the government has no power or authority regarding to whom they lend. However, if the government issues an official communication and passes an order in council that it has no relationship with Rhodesia, EDC will not finance a transaction with Rhodesia.

This was indeed welcome news, that if the government had passed an order in council or had a policy of not having anything to do with Rhodesia, EDC would not have anything to do with Rhodesia. One gained the impression from Mr. MacDonald that if the government passed an order in council that would be all that they needed to have something to do with them. However, he said it was their policy not to finance transactions with countries no longer ad idem with the Canadian public.

He was then asked about Cuba, whether EDC was still prepared to finance transactions with Cuba. We know that Cuba has a particularly soft spot in the heart of the Prime Minister (Mr. Trudeau). He is heart to heart with Fidel Castro. He has been beard to beard with him in the past.

Some hon. Members: Oh, oh!

Mr. Crosbie: In fact, they liked each other so much at one time that, as our former Prime Minister, the right hon. member for Prince Albert (Mr. Diefenbaker), said, he tried to canoe to Cuba from Florida, unsuccessfully. That would have been one of the great meetings of 1960 if we had been privileged to see that.

In any event, the Prime Minister has a very soft spot in his heart for him. We asked about Cuba because the Prime Minister has gotten a bit irascible about Cuba lately with all the bother in Africa, there being tens of thousands of Cubans in Africa. They are buzzing around like an African bee, stirring up trouble, stinging the economy and going into Mozambique, or whatever it is called these days. As you can see, Mr. Speaker, I am not the international affairs critic. It is hard to keep up with these names.

In any event, the Cubans are becoming a bit of a nuisance in Africa. The Prime Minister said in this House that we are not going to give Cuba anything else. He said they are not going to be on our gift list any longer. Therefore, we asked the president whether this would have any effect on EDC, whether EDC was still going to finance transactions with Cuba. We know that the minister of amateur sport and fitness, or amateur fitness and sport, or amateur fit sport or whatever it is, went to Cuba over Christmas.

Mr. Paproski: The minister in charge of gambling.

Mr. Crosbie: The minister in charge of lottery and gambling went to Cuba over Christmas. Apparently we are still allowed to go there as tourists even though one minister is saying we should spend all our touring time in Canada. However, I do not want to get nasty and point at any inconsistencies about government action.

Some hon. Members: Oh, oh!

Mr. Crosbie: Hon. members opposite are very touchy. There must be an election coming in the next 12 months some time and they are getting very nervous. As I was saying, we asked whether EDC would still finance a transaction with Cuba. Lo and behold, Rhodesia is out and Cuba is in. If a commercial transaction comes along with Cuba, Cuba will be looked after. Therefore, Cuba is in and Rhodesia is out. They are on different continents; I suppose that accounts for the difference.

The hon. member for Edmonton West (Mr. Lambert) asked about Taiwan. Lo and behold, Taiwan is out and Cuba is in. The poor Taiwanese cannot get a bone or a sou. They cannot get a low interest loan from the EDC. It does not matter how good a piece of business it is for Canada, they cannot do any business with Taiwan. Nor can they do any business with Rhodesia. However, they can do it with Cuba, the U.S.S.R., Czechoslovakia, Poland and every other communist country in the world. They can do it with the high countries, the low countries, the mighty countries, but they cannot do it with Taiwan and Rhodesia.

The policy of this government is supposed to be all business. The Minister of Industry, Trade and Commerce is all business. He does not want to have anything to do with outlawing and making illegal boycotts in the Arab-Israeli situation. He does not want to spoil Canadian trade and commerce with the Middle East and Arab countries. Therefore, he does not want to make the Arab-Israeli boycott illegal. He wants to allow Canadians to boycott Israel if they do not have to come to the government for assistance to do it. He will not assist them in doing it, but if they want to do it on their own, it is perfectly all right. However, it apparently is not all right for the EDC to do business with Rhodesia and Taiwan.

● (2022)

We can't make cheese of one and chalk of the other. Has the country got a policy or hasn't it? Does it do business with the devil or anyone else who wants to do business with it, or does it not? In the committee, the minister said that we would do business with the devil if it was in the interests of Canada to do business with the devil. But apparently the Rhodesian devils and the Taiwanese devils are not in the same class as the Cuban devils. So we have discrimination now among devils and I intend to ask the Human Rights Commissioner, Mr. Gordon Fairweather, to examine this policy; it doesn't make much sense to me.

Either a country is going to base its foreign policy on human rights or some kind of moral consideration which we are told by the practised diplomats is not the right thing to do—it is apparently tricky and dangerous to make moral judgments on

what happens in the rest of the world—or it is not. If we are going to make the moral judgment that Rhodesia is out and that Taiwan is out, then in my opinion we should make other moral judgments. There are a lot of other countries in the world just as bad in their domestic policy, in my view, as Rhodesia and Taiwan. In most of the world there are dictatorships of one sort or the other so it cannot be that we are knocking out Rhodesia and Taiwan because they have dictatorships.

What is the reason? One reason, of course, is that we want to be friendly with Red China and Red China does not want us to have anything to do with Taiwan. That is quite understandable. There are other reasons in the case of Rhodesia. But I say it is an inconsistency that this corporation, which lends Canadian money at low interest rates and uses Canadian credit, is still permitted to do so in Cuba and everywhere else in the world except Taiwan and Rhodesia. It makes no sense and it is time the government thought out a policy which is consistent. Perhaps the Secretary of State for External Affairs (Mr. Jamieson) can put his well-honed mind to work on this matter and get things worked out, or at least talked out. If we could only hear him talk in those soporific tones of his on the matter, I am sure it would satisfy everybody in this House who wished to be satisfied by listening to him. We want a new policy in that direction.

What about rescheduling debt? My hon. friend from York-Simcoe spoke this afternoon about rescheduling debt. We were told by Mr. MacDonald and his associates at EDC not to be concerned about the billions of dollars that EDC is lending and guaranteeing. We were told not to be concerned because, after all, they are lending to sovereign nations and no one ever has a bad debt dealing with a sovereign country. Did you ever hear such absolute—no, I'm not going to allow myself to be pushed into rudeness by the vacuity of the answer we received from the officials of the corporation that when you lend money to a sovereign country you don't have to be worried because you are always going to get your money back. Has anybody thought about all those countries in the first world war from which nobody ever got their money back? The bonds are still floating around and are discounted to about one cent on the dollar. Has anyone ever wondered about sovereignty in these instances? What kind of bellywash, what kind of codswallop, what kind of tripe—to use a term that all the farmers and fishermen in this chamber will understand. What kind of tripe and codswallop is it, Mr. Speaker, to say that because you lend to a sovereign nation you are going to get your money back?

Who is going to get their money back from "Zairy"? It is hara kiri to lend to "Zairy", or Zaire, to use the correct pronunciation. They are all rallying around at the moment because there is a bit of an external threat to Zaire. We all know there was an invasion, and it might happen again, and everybody is rallying around. But those people who have made loans to Zaire are very worried gentlemen. The great American banks and the international banks and the countries which got involved all realize they are not going to get their money back from Zaire, at least not for a long, long time—maybe a hundred years. Anybody who pays off a Canadian loan in a hundred years time will only be paying about 1/1,000 of the value at the rate of inflation we are seeing today, Mr. Speaker.

Then there is Peru. The hon. member for York-Simcoe mentioned Peru earlier. And in the committee we were told EDC were having problems in Biafra. They are having problems with Turkey. Mexico is looked on with a bit of a jaundiced eye, and India and Pakistan are not all that good. So here is the EDC telling us not to worry about the money they are lending, not to worry about the $26 billion, because they are going to lend it to sovereign countries. Just because it is a sovereign country does not mean you are going to get your money back. We don't swallow that. The hon. members on the other side who are so interested in this debate that they are listening with avid attention to every detail and intend to spring to their feet to try to reply to what I am saying do not believe it for one minute.

The EDC has a lot of shaky money out, and it is going to come due some day. Then they will have to come to this House and tell us about it, because they are an agent of the Crown in right of Canada. This House has to stand behind them and when the Zaire loan goes, and the Peru loan goes, and the Afghani loan goes—if there is an Afghani loan—and the Biafran loan goes, we'll see the minister down trying to lasso the llamas. He'll be in Peru trying to get our money back. He's probably got a chattel mortgage on the llamas down there—off on the last round-up.

Mr. Railton: I want my money back after listening to you!

Mr. Crosbie: There is the hon. member for Welland (Mr. Railton). We have a canal right here in the chamber at low tide.

Some hon. Members: Oh, oh!

Mr. Crosbie: Don't believe for one moment the story that the EDC are putting out—that there is nothing to worry about in connection with our money. There is plenty to worry about.

We have seen the situation in reverse. I will not mention the place where a certain export credit guarantee department got a little shellacking on the financial side here in Canada. Isn't that an inconsistency? If you try to put up an oil refinery or some kind of installation down in the maritimes you have to go over to England to get the credit and the loans you need. You have to buy English equipment and spend all the money in England. Here we have our own export credit department and they are financing oil refineries and everything else throughout the rest of the world. What kind of a crazy, mixed-up world do we have? It is time for us to have our own domestic EDC here in Canada, as my leader has suggested. When we get in next year I am sure we will be sailing full speed ahead on that one.

We have to be concerned about rescheduling the debt and that is why we want the committee back next year. We want an assurance that we will be back so that we can see what has happened to these loans in the meantime.

Does anyone recall reading about Indonesia in the last two or three months and how all the smart American bankers, those debonair and sophisticated bankers who had slashed their money out all over the world, got together in a huddle because Indonesia was going down the spout. Pertomax, or whatever the name of the company was, had the great monopoly. I won't say what part of the body was going up; all are familiar with that expression. All these banks had to get together and be concerned about Indonesia which has tremendous oil resources, oil wells, and yet was unable to meet its obligations. The loans had to be stretched out. Hon. members had better be prepared to see what kind of loss the EDC is going to take.

Evidence before the committee showed that the EDC first put forward proposals to the government for extended limits last fall. That is to be found in issue 29 on page 39. Last October or November, EDC told the Minister of Industry, Trade and Commerce that it had to have the limits increased—that they were going to run out of funds some time this year. The minister dawdled and fiddled around, he diddle-diddled around and talked to his cabinet colleagues. He went out and around at Christmas and he toured his district and worried about his district and he almost changed his district. He should have changed his district—he should leave Alberta if he has any hope of being re-elected. He did all of those things and he did nothing about the EDC legislation. Then he had the gall to come to our financial critic in April and say he had legislation he wanted to see whistle through the House in 24 hours, otherwise he was going to tell Canadian exporters that we were holding up their credit and ruining Canadian export trade.

Where is the minister today? He is supposed to be in Toronto trying to deal with the auto schmozzle, the auto mess, the auto shag-up, the auto round-up. That's where he is today. Otto is blotto and Jack is up in Toronto. And he is probably blotto too, trying to deal with the auto pact. So no wonder he is not here. I don't blame him for not being here. If I had this mess on my plate I would be in Toronto too. Instead of that we are here trying to do business of the country.

Next year you boys will be out. You are going to be on this side and we are going to be over there. We'll be listening to all your foolish criticisms. You may as well get used to it. We will be there solving the problems.

Another interesting point—there are so many interesting points that it is lucky we have a lot of amendments here. The president of the corporation told the committee that EDC had between $6 billion and $7 billion out in the form of obligations. In other words, Mr. Speaker, what happens is that you want to do a deal in some foreign country and you come to EDC and they consider it and they may agree, "Yes, we can do your deal." It's a $100 million deal. "Yes, if it goes ahead as you project it is going to go ahead, we will stand behind you for the $100 million."

• (2032)

Now, that is not legal. That is in the form of a comfort letter or a moral commitment but not a legal commitment. It might be a year or two years before the EDC actually has to enter into a legal commitment for the $100 million or even advance the $100 million, and while we are talking here in this House now—and this was information that came two or three weeks ago—there were $6 billion to $7 billion out in letters from the EDC to various companies and firms and so on in Canada giving them commitments that the EDC would finance various deals that they were hoping they were going to be able to carry on. So their obligations and liabilities are not just what is outstanding at the moment or what is legally committed at the moment; there is another $6 billion or $7 billion apparently that they are committed to in a moral sense and they would look and the country would look and the government would look very bad if they ever went back on it.

That $6 billion or $7 billion is well past their limit. I think that is right, hon. member for York-Simcoe; the $6 billion or $7 billion added to what they have spent to date would be well past their limits?

Mr. Stevens: Sure.

Mr. Crosbie: So the EDC has gone well past their limits that are set in the legislation that is now before the House.

Mr. Stevens: That is their problem.

Mr. Crosbie: That is their problem, as the hon. member for York Simcoe says. In these letters of commitment, not legally binding, they have gone well beyond the present limits in the legislation now. That raises the question: Can we have a Crown corporation that can put us in the position where we have got to follow through whether we like it or not on obligations and commitments that they enter into, not just the legal ones but the ones where they have given people a handshake or a commitment that we would have to follow through if we were individuals? I think that if that is the case, then it certainly behooves us to look very carefully at who is doing what in the EDC and to whom.

I spoke this afternoon on the alarming Goldfarbian tendencies of the advertising of the EDC—I do not need to go into that in any great particular tonight—their misleading advertising, the politically partisan advertising, Liberal—fudging of figures, Goldfarbian tendencies; and it is quite obvious that for upward mobility in the executive ranks of the EDC you might have to be ready to do some Grit grovelling. Grit grovelling will get you ahead, and this is reflected in their advertising.

By the way, this afternoon from time to time there was not one minister in the House. Not one, not a single one. The House is usually vacant of ministers when they are here, but this afternoon it was physically vacant as well when this $26 billion bill was going through.

So, Mr. Speaker, to sum up those several points, the EDC is far too sanguine about the credit risk it is taking. They are not concerned. I mean, what's $26 billion? What's a billion here,

what's a billion there? That was the attitude of the EDC. You should have been at the committee to see it. Old C. D. Howe said "What's a million?", and we practically all dropped our teeth. The whole country practically collapsed. He said, "What's a million?", and here is an outfit that says, "What's $26 billion?" They are very sanguine, very easy going, very nonchalant about credit risks and sovereignty. They are the world's greatest exponents of sovereignty. I never heard so much talk about it until I got into the committee, and I think we are going to have to see a lot more of this bunch so that they learn just what they are up to and the responsibilities they have got.

The Americans are at this very moment considering their export policy. This is interesting, Mr. Speaker, because down in the United States the legislative branch has some real authority. It has some real get-up-and-go. It has some power. It can make the executive shake with anxiety when the legislative branch decides to do something. Here we are captive of the executive and their members on the other side who do as they are told to do and as they are bidden. But not in the United States. The legislature is the legislature, not the eunuch we are here. Our House of Commons today is eunuchized. The American House of Representatives and the Senate still have everything they should have.

Now they are trying to search for a new export policy down in the United States. One of the interesting things is, imagine if we put this amendment and it was carried by the House. Well, what a pleasure it would be to look over at the ministerial ranks the next day and and see their faces. One of the things is that the Senate banking committee now has legislation going through the Senate and the House on the EX-IM bank down there. They are moving the loan ceiling up to $40 billion from $25 billion. The Senate banking panel tacked on a requirement that the administration submit to Congress a list of countries eligible for EX-IM credit based on their performance in such matters as—listen to this, Mr. Speaker—human rights, nuclear proliferation and environmental protection.

I think this is a good example for our government to give us. Give us a list of countries, and we will put them in the legislation if we find them eligible, and we look at their performance in human rights, nuclear proliferation and environmental protection. If it was our government they would be saying, "Yes, nuclear proliferation, they must buy a Candu or they won't get our credit". As for human rights, I don't know what their criterion is, or environmental protection either.

This is what Congress is doing down in the United States. Congress itself has decided who they think is credit worthy, and they may attach to the legislation what countries, country by country, are eligible for credit. That is a country that still has a legislative branch, not a bunch of tame pussycats like we have in Canada—on the government side of the House. On this side they are not tame. So, Mr. Speaker, export policy is being looked at down in the United States and also in Britain.

Mr. Pelletier: You lost the punch line.

Mr. Crosbie: I will give you a punch if I get close enough to you. Mr. Speaker, in May and June of 1978 we had another issue of the EDC News. "EDC undertakes largest-ever financing". Every time you look at EDC financing it is the largest ever, and this was a $730 million job, a natural gas processing plant in Algeria. There is no doubt about it, those Algerians need a lot of help.

In Ottawa the Minister of Industry, Trade and Commerce commented. Well, that is no surprise. My surprise in looking at this issue is that he didn't have his picture in it. The last time I looked at the EDC News he had his picture in French and English sections. In this one here it is only the president, Mr. MacDonald, who has his picture, not the minister. The minister slipped up.

This deal is going to create a job ripple. I suppose that job ripple is over in Algeria. It is not going to make much of a ripple in Canada. The EDC 1977 annual report revealed record levels of business, 200,000 jobs for Canadians. I touched on that this afternoon; I will not go into it any more. The figure was never substantiated. "EDC issues the largest one-time insurance cover". Everything is the largest. "EDC's Halifax office officially opened". They have an office in Halifax. They have no office in St. John's yet. If they get an office in St. John's, then we will see what happens next year when they come up before us, but so far they are only in Halifax. They believe *a mari usque ad mare* or whatever it is—from sea to sea—means from Halifax to Vancouver. They are leaving out the most important part of the country. They have appointed a communications head. Thank God for that because communications haven't had much of a head in the last year or so.

I mentioned this afternoon about the EDC and their funding of two U.S. paper mills. That is a great body we've got there. I suppose we are going to apply to the Americans to give us lend-lease to get our pulp and paper while we are funding theirs down there. I quote from the *Globe and Mail* of June 8:

> Export Development Corp. is finding itself under fire from the pulp and paper industry for helping finance two paper mill expansions in the United States, both of which will produce paper grades that compete with Canadian products . . . $47 million to a newsprint mill in Virginia—

Here is a comment from the pulp and paper industry of Canada:

> In a recent speech at a Conference Board in Canada seminar, J. Ian McGibbon, vice-president of finance for Abitibi Paper Co. Ltd. of Toronto, said the EDC's action can "hardly be seen as an expression of confidence in the long term outlook for the Canadian industry."

What is the Minister of Finance doing? The Minister of Finance is trying to perk up the Canadian economy in his own pitiful way, and he is having no success, and he has been Minister of Finance now for what, nine or ten months? He is trying to perk it up, and the Minister of Industry, Trade and Commerce has got the EDC trying to perk up the American economy. What about perking up ours? The Minister of Finance of this government has been licensed by the Prime Minister. He is 007. He is licensed to kill the Canadian economy. James Bond rides again, and all they are able to do

with all these billions of dollars in the EDC is help out the economies in other countries.

I want to quote again. I am not the author of these words. The author is Mr. McGibbon of Abitibi. It can "hardly be seen as an expression of confidence in the long-term outlook for the Canadian industry". It is robbing Peter to pay Paul, and Peter is here in Canada and Paul is anywhere in the world except Canada. What kind of an outfit is governing the country? The left hand doesn't know what the right hand is doing.

● (2042)

We saw that illustrated one night when the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) spoke on a matter about which he knew nothing. That was the pipeline from Alaska down to the United States. He did not know that there had been a study by the Department of Industry, Trade and Commerce. We raised certain questions, he gave certain figures, and he looked piteously to the Minister of Industry, Trade and Commerce. The look in his eyes said: "Help me, please, Jack, help me". Naturally he received no help from "Jack" because "Jack" knew nothing about the report himself; it was only his department.

To go on with the *Globe and Mail* observations:

Other industry observers have said such loans are an insult to the Canadian industry since Canadian tax dollars are funding the industry's future competitors.

The official opposition did not say that. It was not the NDP opposition. It was not the Social Credit. It was not the independent members. They were not politicians at all who said this. We have made the point here for the last few months that it was the industry. Such loans are an insult to the Canadian industry since Canadian tax dollars are funding the industry's future competitors. What kind of a country cuts its own throat in such a stupid manner? Just to get a few construction jobs for 12 months or 15 months, we are going to build pulp and paper mills in the United States, give them every assistance, low interest cost loans and every assistance under creation. So they put up their own pulp and paper mills, and that is another couple of hundred thousand tons of newsprint that we cannot sell to the United States in the future. What kind of a policy is that?

When we ask about it, we get the stupid answer, the ridiculous answer, "If we don't finance it, someone else will". Well, let some other fool finance it. Why should we do it? Imagine the stupidity of that answer—"If we don't finance it, someone else will". Let the Canadian idiots finance it; that is their answer. Let us be idiots and do it, and not have some other idiots elsewhere do it.

The article continues:

An EDC spokesman said that the corporation would not make such loans if it meant providing a unique Canadian technology to a foreign country, thereby weakening a Canadian industry's unique position.

Have you ever heard such trash? They would not do it in that situation, but they do not mind doing it if it is not a unique Canadian technology. If it is an industry that is not unique, if it is an industry that is already exposed to international competition, and if it is an industry that is already half to its knees, then go ahead and give it a boost. That is what that statement says. Have you ever in your life heard such junk? An EDC spokesman said that it would not make such loans if it meant providing a unique Canadian technology to a foreign country. It continues:

In the case of the loan to Bear Island Paper Co. for its mill near Richmond, Va., however, Canadian suppliers are competing with those in other countries that can produce similar equipment and also provide financing. If the services and machinery were not bought from Canada, they would have been bought elsewhere, he said . . .

That is their justification. The Minister of Industry, Trade and Commerce has taken the same stance. Of course he has taken the same stance, and he has taken the same dance. If they take a different stance tomorrow, he will take that stance. If it changes the day after, he will take that stance, because he does not know what stance to take. He only knows that it is his job to take whatever stance they take.

A second mill, the Richmond mill, will be owned jointly by Bato Co. and Dow Jones. Bato Co. should be the name of EDC. The article continues:

The Richmond mill will be owned jointly by Bato Co., Dow Jones and Co. Inc. and Washington Post Co. Both Dow Jones and Washington Post now buy newsprint from mills in which they are partners in Canada, as well as from other Canadian newsprint suppliers.

Are they going to do it in the future, not in a year and a half or two years, or not because they are going to produce their own? Financed by Canada, they are going to produce their own news points down in the States, and they will not be buying any more from mills in which they are partners in Canada as well as from other Canadian newsprint suppliers. Well, there is no point in beating the thing to death; I just point that out. We have pointed it out in committee and nobody listened. Nobody on the government side cares. We have to hope that the public is listening and caring.

Mr. Boulanger: That is not what the Gallup poll shows.

Mr. Crosbie: Did I hear somebody speak over there?

Mr. Boulanger: That is not what the Gallup poll shows.

Mr. Crosbie: If the Gallup is so good, why do we not gallop to the polls? Why are we not clop-clopping there now? We all thought in July that we were going to be at the old polls, and that we would see whether Gallup was right or wrong. The hon. Prime Minister's feet are so cold that he walks backwards these days.

I mentioned the edition of the *Financial Post*, the special one on EDC which cost $20,000. Here is a statement that I would like to see EDC prove. This is what I was saying. It is like truth in lending. You should not have to pass legislation to make Crown corporations tell the truth. The ad on the back page of the *Financial Post* supplement reads as follows: "At EDC, we finance export sales".

That was an astounding bit of information. It continues:

We can also insure them. Or we can guarantee Canadian investments abroad—every dollar thus invested returns an average of $7 in payments, contracts and jobs here at home.

Now, I say, prove it. They are unable to prove that they have created 200,000 jobs a year. I want to see EDC show us how every dollar thus invested—whatever that means, because we do not know how it was invested, whether it was insurance, a guarantee or how they did it—returns an average of $7 in payments, contracts and jobs here at home. That is the kind of thing that makes one suspicious of this Crown corporation. That makes one suspect that it is untrustworthy. It makes one suspect that it is a little like that fellow whose nose grew all the time, every time he told a lie, Baron Munchausen. His nose got bigger. There are noses here in Ottawa that would be so long they could not move if we had the same kind of thing going on here. It says that for every dollar spent, there is $7 in payments, contracts and jobs here at home. Do you wonder that we are a little bit suspicious as to what EDC is doing, how well they are doing, what they are doing, and what will be found out in five or ten years time about it?

I am coming to the end of my remarks, I am afraid.

Some hon. Members: Hear, hear!

Mr. Crosbie: I want to give hon. members a little theme song which I thought up for EDC. It is patterned after the old engineers' song at university.

We are, we are, we are, we are, we are the EDC
We shall, we shall, we shall, we shall from parliament be free
From parliamentary control and general scrutiny
So boys go in and obfuscate.

The last line does not rhyme, but it gives you the picture.

Some hon. Members: Hear, hear!

Mr. Crosbie: The hon. gentleman who is on our committee will be asking me, "Where is the French translation?" I have not got that yet. That sums up what we have found to be the general pattern of operations of the EDC—obfuscation and a general desire not to have any parliamentary control. The EDC generally thinks that it is under control now by having the minister. If that is control, it is certainly easy to get along with.

I have a song for the minister too, but he is not here tonight.

An hon. Member: Sing it anyway.

Mr. Crosbie: All right. It goes:

Yippy yi qui yea, I'm on my way
Back to the saddle again
Back on the ranch with time to learn French,
Yippy yi qui yea.

That is where the minister is going to be when the election is called, the one which the Gallup poll shows is so desirable. I wonder why it has not been called to date. The hon. gentleman looked very cross today. He was a cross patch today, particularly when he found out that Canada's handkerchiefs and neckerchiefs were all made in Japan. I bet they were financed by EDC.

Some hon. Members: Hear, hear!

Mr. Crosbie: In ending, as I do not want to keep this House unduly, the Auditor General made some remarks in 1975 on EDC which we should also keep in mind. One of the points he made which I think is well worth remembering, is that Crown corporation loan financing derived from external sources should be restricted, and where deemed necessary it should be subject to appropriate parliamentary review through budget submission. That is something for us to keep in mind when we hear these proud boasts that EDC and other corporations do not have to borrow their money directly from the government, that they can go out and borrow on their own. When they borrow on their own, they are still borrowing with you and I behind them, Mr. Speaker. When they borrow, they should be made to come before us so that we can give them a thorough examination.

In ending these remarks—

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

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I wish I could make rhymes and recite poetry like the hon. member for St. John's West (Mr. Crosbie), but I will have to stick to the basics!

This is a very interesting bill. I am sure many Canadian industries and municipalities wish that such a bill was being drafted for them to assist with their problems, which I will go into in a moment. This bill says the proposed amendment to subsection 11(1) would increase the authorized capital of the Export Development Corporation from $400 million to $1 billion and the number of shares from four million to ten million.

● (2052)

We have a number of problems in Winnipeg. Our mayor, Robert Steen, has been dealing with the federal government and the Minister of Transport (Mr. Lang) in respect of aid for an overpass in that city. We need a new bridge at this point and if we could get some financial assistance from the federal government in building this much needed overpass it would create a number of jobs in the Winnipeg area. We would be buying steel, bolts, cement and so on for its construction. The *Winnipeg Free Press* covered this subject last week when it stated:

Half of all federal urban transit money coming to Manitoba during the next five years must be committed to the Sherbrook-McGregor overpass before Ottawa will consider giving more money for the $17.8 million project, Mayor Robert Steen of Winnipeg said Wednesday.

But the Mayor also confirmed that the financial offer by federal Transport Minister, Otto Lang is vague and promises "no specific amount"—

When it comes to Tasmania, Zaire and all the rest of those countries there is absolutely no squabble at all and the money is made available immediately. The article goes on to state:

Revealing details of last week's secret federal proposal for the first time, Steen said Ottawa has asked the province to earmark $5 million of its five-year, $10.2 million grant from the federal urban transportation assistance program to the project immediately.

There have been a number of delays, much procrastination and stalling on this. The mayor has been down here looking for aid for a large, needed storm sewer in Winnipeg, the construction of which would create thousands of man-hours of work. Just consider all the material that would be needed, and which could be purchased from eastern Canada and elsewhere to build this much needed storm sewer. This would certainly create a tremendous number of jobs in the Winnipeg area and in industry throughout Canada.

In an article in the *Tribune* of June 23 it is stated:

A motion to give the Winnipeg Chamber of Commerce the job of attracting industry to Winnipeg will go to city council with the shaky support of executive policy committee.

The six-member committee split on the proposal, with mayor Bob Steen using his second, tie-breaking vote to approve the motion four to three.

The council proposal would give the chamber a six-year contract to study proposed economic development in Winnipeg starting September 1 with the city funding the effort by giving the chamber $200,000 a year. In Winnipeg we have continually to struggle to get storm sewers built, to get support for much needed projects, and struggle along trying to attract industry, while at the same time we are pouring billions of dollars out to other countries.

The hon. member for St. John's West referred to recent criticism by the paper mill industry in Canada. There was a rebuttal to charges made by Mr. Ian McGibbon, Vice-President of Finance for the Abitibi Paper Company. The article I have states:

An EDC spokesman said that the corporation would not make such loans if it meant providing a unique Canadian technology to a foreign country, thereby weakening a Canadian industry's unique position.

In the case of the loan to Bear Island Paper Co. for its mill near Richmond, Va., however, Canadian suppliers are competing with those in other countries that can produce similar equipment and also provide financing. If the services and machinery were not bought from Canada, they would have been bought elsewhere—

As the hon. member for St. John's West pointed out, that is a very strange rationale.

There are two factors involved here. There is criticism in respect of assistance in establishing paper mills outside Canada, and there is the clear indication that the EDC and the Minister of Industry, Trade and Commerce (Mr. Horner) are not consulting with the paper mill industry of this country. They make their rebuttals after they find out about what is going on outside the country. Mr. McGibbon pointed out that:

—one mill will produce the equivalent to half of total Canadian capacity manufactured by Abitibi at its Thunder Bay Provincial Paper mill and by Kruger Pulp and Paper Co. Ltd in Trois-Rivières, Que. It is a grade that is able to gain duty-free access to Canadian markets, although Mr. McGibbon is not suggesting the mill is being built for that purpose.

The Richmond newsprint mill will be larger than Abitibi's Thunder Bay mill, Mr. McGibbon said.

There is an open conflict there, and I am wondering why. In 1976 there was a special report compiled for the Minister of Industry, Trade and Commerce entitled "How to Improve Business-Government Relations in Canada". This was forwarded to the government in 1976. It suggested that the way to improve business-government relations in Canada is by consultation with industry. After reading the article I just quoted and referred to by the hon. member for St. John's West, it is obvious that these people are not working toward improved business-government relations in Canada.

The chairman of the task force that compiled this document in 1976, Mr. Roy MacLaren, pointed out to the then minister, the present Minister of Finance (Mr. Chrétien):

I have the pleasure to present to you my report "How to Improve Relations between Business and Government in Canada".

The preparation of this report has benefited from the part-time assistance of members of the Task Force on Business/Government Interface (established earlier this year) and from the contributions of senior public servants, a wide range of businessmen across Canada, and the staff of several research institutes.

This is a very noble approach, but it is unfortunate the government has not carried out its recommendations. This study no doubt cost the Canadian taxpayer the usual $250,000, as most studies do, but, like most other studies, it has been absolutely ignored by this government. It is stated in this document:

The need for understanding and co-operation between business and governments in Canada must be evident to all those who believe that a mixed economy is the system best suited to Canada's current needs. Yet few today are satisfied with the state of understanding and co-operation.

That statement certainly is correct. There seems to be a complete lack of understanding and co-operation. We hear these continual complaints from small businessmen in Canada who are having such great difficulty obtaining financial assistance. We know about this by virtue of the number of bankruptcies taking place in the country today. The number is increasing at a terrible rate.

This report goes on to state:

The work of building greater rapport between business and government must be predicated upon clear commitment by both sectors. That work will necessarily be cumulative, with confidence begetting confidence. It will not be sudden; the structure will be built only by brick being placed upon brick. Concurrently, the yet broader task of developing tripartite understanding can be pursued upon a more certain basis.

This is a very interesting document which also points out the following about business perceptions:

We have reviewed the evolution of relations between business and government in Canada, suggested some future trends and noted some general differences in approach between Canada and other OECD member states. Let us now describe in more detail the varied flavour of current perceptions of governments by Canadian business leaders by quoting from our conversations with them:

● (2102)

Co-ordination between governments and business is a prerequisite to the implementation of a successful approach to industrial development during the 1970s . . . but far too many contacts between government and industry continue

to be coloured by attitudes such as "them" (government) and "us" (industry), as if we did not have mutual objectives.

The less government there is, the better our company likes it.

It is too bad that they do not concentrate more on dealing with Canadian businesses and municipalities with their much needed projects. If the government is going to spend billions of dollars abroad, they could at least direct some of that money into the municipalities. I have given some excellent examples of what we require in Winnipeg, but the city has to go it alone and get the runaround from the Minister of Transport in its attempts to obtain a few dollars to build a much needed bridge and much needed storm sewer. This government's priority, however, is to pump millions of dollars into other countries around the world.

Also in this book, "How to Improve Business-Government Relations", they go on to say:

—a rejection of the idea that business is just another interest group and the corollary conviction that business and labour together create the necessary economic underpinning for the existence of interest groups; a fear that there is no stable ground on which to take a stand between a market-based, investor oriented system on the one hand and "socialism" on the other. Governments are seen as moving increasingly large sums away from the producers to less productive elements in society;

Of course, we are moving large sums away from Canada to assist other countries.

We hear a lot about referendums today. If there was a referendum taken today in regard to EDC and the amount of loans we are making around the world, you would probably find that 95 per cent of the Canadian population would oppose a lot of those loans in light of Canada's current situation of one million unemployed and the high number of bankruptcies.

Another problem with the policies of this government is that it is driving business and investment out of the country. In the first quarter of this year, $1.6 billion of investment money left Canada, more than the whole of last year's total, which was $1.3 billion. The trend here is very dangerous with capital and business leaving the country and the government placing a higher priority on assisting other countries and establishing businesses in these other countries. Canada has many bankruptcies and many cities that need financial aid. If these cities had this financial aid, they would be buying goods and services in Canada, which in turn would create employment.

I hope that the parliamentary secretary or somebody on the government side will bring this document to the attention of the Minister of Industry, Trade and Commerce. One of the first things the minister should do is to take a second look at the tremendous amount of money the government is requesting for the EDC and start directing it toward some of our Canadian cities which need the money more than many of these foreign countries.

Mr. Donald W. Munro (Esquimalt-Saanich): The import of the motions now before us, Mr. Speaker, is to impose certain restraints on the limits available to the EDC in its loans. One motion applies to clause 4(a) which reads:

The total of

(a) the liability of foreign customers for the repayment of the principal amount amount under all loans made by the Corporation pursuant to section 29—

That is in reference to motion No. 3. Clause 4 also provides that the total liability—

—shall not at any time exceed an amount equal to ten times the authorized capital of the Corporation.

What has been suggested in this motion by my friend from St. John's West is that the total liability shall not at any time exceed $2 billion. The other motion is somewhat similar but under a different heading—that the loan shall not at any time exceed $1 billion, whereas we are being asked by this government to accept that the limit shall not exceed $2,500 million. In other words, we are trying to impose a certain restraint upon the corporation because of the excessive manner in which it is seeking to free itself from coming back to parliament for a greater mandate.

When I was speaking this afternoon on the previous amendment, I had a similar purpose in mind when I referred to the shipbuilding industry and the fact that there had been 51 foreign flag vessels financed by the EDC over the past seven or eight years amounting to approximately $500 million, and the fact that in the last four years the shipbuilding industry had lost approximately 1,000 men. The government, however, claims that the purpose of the EDC is to create or sustain jobs and that it has created 200,000 jobs. The evidence is clear that in the shipbuilding sector there has been a loss of jobs. That is the first balance sheet.

I would like to read a section of the 1977 annual report of the Export Development Corporation. They are fine words, aside from splitting the infinitives to start off sentences. Reading from about the middle of the first paragraph, it says:

Each export transaction must provide significant benefits to Canada—

The fact that there has been a loss of 1,000 jobs in the shipbuilding sector is not a significant benefit by my reading.

—and is reviewed in consideration of such factors as: the level of the Canadian participation in the project—

In the shipbuilding industry, and I hope I am correct in saying this, there has been an actual participation of 100 per cent, and on those grounds the government is probably covered. It goes on to say:

—the nature and degree of sophistication of the Canadian package of goods and services supplied—

In referring to sophistication, we run into another problem. I will admit that while I have been concentrating in the area of shipbuilding, there were man-years sustained in different industries over the course of the last seven or eight years as a result of the activities of the EDC. However, these were short-term in the shipbuilding industry and in fact they have resulted in a loss, because while they may have been keeping our shipbuilders working during the past seven or eight years, there has been a reduction in the number of jobs. Perhaps it is due to advancements in technology, I do not know.

The matter I am concerned with is the long-term gains in the shipbuilding industry, and this is of concern, I am sure, to

all Canadians interested in shipbuilding and in Canada as a striving, developing nation capable of producing goods for export. I maintain that one of the things an exporting country ought to be able to do is carry its own goods around the world and bring the goods it needs to its shores. We are not doing this, and this was amply demonstrated in the figures I produced this afternoon.

● (2112)

One aspect that we tend to overlook is the design and development aspect of shipbuilding. What we are being asked to do in building these ships with designs that are brought to our shores by the British, by the French, possibly by the Greeks—or they may have borrowed from others—is just the same in the shipbuilding area as what hewers of wood and drawers of water do in other areas. We are made to be hewers of wood and welders of steel—that is all. There is nothing in the way of Canadian design going into these ships, and yet we are looking at technology which is part of Canada's tradition.

We all know of the *Bluenose*. In the nineteenth century the *Bluenose* was developed in Canada as a schooner. It was a beautiful ship which was improved and adapted to different sorts of trade. The design was basic. And then when steam came in, we developed steamships and moved into that area as well, but shortly after the war we began to lose the knack of designing our ships. We went into something pretty adventurous after the war when we built the *Bras d'Or*. It was a scary job and we went into it in the belief that we could produce a vessel which would have a greater capability than any other vessel doing the job that Canada should do as a member of NATO. We developed that vessel, but unfortunately it had to be put into mothballs before it became operational.

Out of the *Bras d'Or* came other developments, because it was designed by Canadian designers and developed in Canada. As a result, we were able to produce the best destroyer in the world, namely the DDH. There is no evidence that I can find anywhere in all the answers to my questions to the Minister of National Defence (Mr. Danson) and the Minister of Industry, Trade and Commerce (Mr. Horner) that Canada is continuing to develop and design ships for trade or for our armed services. This is a net loss. Sure, we are keeping our shipbuilders alive, keeping them at work, and that is good, there is no problem about that. But where are our ship designers?

What happened when the Avro Arrow had to fold up because we could not find markets for it? We lost those men. What happened when the *Bras d'Or* folded? As I said, we moved into building the DDH class destroyers, and the technique and design is exportable. It is being used by other navies, something of which Canada can be proud. The programs that are now in force for building 51 ships for half a billion dollars from foreign designs, to travel under foreign flags, means that we are losing the capacity to design our ships. You know, Mr. Speaker, we are reaching the point now where we will have to design a new military vessel or we will have to buy that design abroad, and I think it is shameful. The way things stand at the moment, we will have to buy our designs abroad. Sure, we will put them in our stocks, we will be the hewers of wood and the welders of steel, but not the designers of what goes inside that vessel, and that, I think is absolutely deplorable.

That is why I feel that the EDC should be doing more than it is doing. It should be diverting some of its resources to the development in Canada of Canadian technology in the shipbuilding field and in others.

I see here that Versatile Manufacturing is being supported. I say good; Versatile is a good Canadian product and I hope plenty of support is given to it, not just to produce tractors for export but to help the company develop a better Versatile. Those are the things that this country needs. We do not need just R and D. What we need might be called D and D, design and development of high grade technology of which our university people in Canada are capable. We are producing some of the best minds in the world and we are putting them to welding steel plates. Shame, I say, utter shame!

What is the matter with this government that it cannot provide incentives? What is the industry asking for? Here is an outline of the shipbuilding industry assistance program as published by the Minister of Industry, Trade and Commerce. It is stated that the objective of the program is to maintain a shipbuilding capability in Canada for reasons of security, national sovereignty, maintenance of skilled tradesmen, and employment. Boy, the man has himself wrapped up in the flag, that is for sure! It says we are going to maintain our shipbuilding capability, not a ship design capability. To maintain our shipbuilding capability is to just continue maintaining the ability which the Canadian shipbuilding trades have now. What is happening to the assistance program? It speaks of a subsidy of 20 per cent of the approved cost of a vessel built in Canada. The program has no terminal date, but the subsidy will drop to 11 per cent on November 1, 1978. That is quite an incentive! Then it is to drop to 10 per cent on January 1, 1979, and each year thereafter the subsidy will be decreased by 1 per cent, until it reaches 8 per cent. That is a fine incentive to one of Canada's traditional industries!

Where does the following schedule stand in 1977-78? The following schedule provides the breakdown by province of the estimated financial expenditures under this program during the fiscal year 1977-78. Under the 20 per cent subsidy there will be $4.5 million in British Columbia, $10 million in Ontario, $23 million in Quebec, $8 million in New Brunswick, $3 million in Nova Scotia, $21,000 in Prince Edward Island, $1.2 million in Newfoundland, for a total of $52 million in one year. What did I say the EDC assistance was? It is for half a billion dollars.

The shipbuilders and ship designers of this country, to make Canada stand on its feet again as a nation which is proud of its accomplishments and proud of the fact that it can carry its products to other shores and bring the products it needs to our shores, are asking for a very simple thing. In a joint submission to cabinet by the Canadian shipping industry, the Council of Maritime Carriers, the Dominion Marine Association, the Newfoundland Shipowners Association and the St. Lawrence Shipowners Association set down eight points. They want new

legislation to restructure the advisory committee because they want elements of industry in the committee. That is fine. Their financial recommendations are along the following lines: debt financing assistance should be similar to that available in other countries engaged in marine activities. I see the minister raising his eyebrows and shaking his head—nobody has told him about this. They propose that future legislation should recognize the advantages of leasing. Shipbuilding assistance should be available at appropriate rates, shipbuilding capital subsidies for new construction or major conversions, and tax incentives.

● (2122)

It seems that the EDC can wander about the world, conclude contracts with Greece, France, the United Kingdom, Panama, Bermuda, the Bahamas, Cuba and Senegal and build ships for these countries while our shipbuilding industry is asking for assistance. Why is there not, even one fraction of the EDC funds available to Canadian industry on the same terms as are available to foreign buyers? It is as simple as that.

An hon. Member: It is as simple as the minister.

Mr. Munro (Esquimalt-Saanich): I find it extraordinary that the minister and the EDC should be touting these wares and asking for an increase in the loan limits—and I hope I am right about this—to $26 billion.

Mr. Stevens: Loans and insurance.

Mr. Munro (Esquimalt-Saanich): Loans and insurance, and if I remember correctly this is from something like $4 billion at the present time, maybe $10 billion.

Mr. Stevens: Eight billion.

Mr. Munro (Esquimalt-Saanich): Say $8.5 billion to $10 billion; two and a half times the total limit.

Mr. Stevens: The minister shrugs.

Mr. Munro (Esquimalt-Saanich): Yes. What's $26 billion? It is only twice our present debt, that is all. Why is some of that money not available to Canadian industry to build ships for Canadians, designed by Canadians for use by Canadians and not built to put another flag on them? I find that I am absolutely incapable of understanding this aspect.

Mr. Stevens: The minister does not care.

Mr. Munro (Esquimalt-Saanich): I wonder if the minister is beginning to wonder why it is not a little different too. Maybe he never thought of it. It is about time he did. Unless we are to continue as hewers of wood and drawers of water and welders of plate, Canadian industry must have that sort of assistance for its shipbuilding industry.

I conclude with a final plea. Restraint must be practised if we enter this foreign market with these fantastic sums tucked in our back pockets. Please consider the need of our own industry, in the shipbuilding area particularly, which needs to build Canadian ships to carry Canadian goods designed by Canadian minds.

Some hon. Members: Hear, hear!

Mr. Paul E. McRae (Fort William): Mr. Speaker, it had not been my intention to speak on this matter today. However, as I listened to some speakers on the other side—not the last speaker because I must say I have a great deal of sympathy for him in his plea for the development of an indigenous merchant marine and for the development of our shipbuilding industry—I got the impression that if one came into the debate lately, although some of us have been discussing it in committee for some time, one would get the impression that it was some kind of a foreign aid scheme where we loaned money to countries all over the world for some vague purpose because we were fine people.

There is a strong reason for the existence of EDC. We loan money to foreign countries to buy goods made in Canada to create jobs in Canada. Do not buy any of this nonsense, as the hon. member from Winnipeg or the hon. member for St. John's West (Mr. Crosbie) did, about this being a foreign aid scheme. Most hon. members on the other side know perfectly well that every country that is exporting and selling in foreign countries has some kind of an agency like the EDC. Japan has one, Germany has, the United States and so on.

Mr. Munro (Esquimalt-Saanich): So has Cuba.

Mr. McRae: As a matter of fact the only countries that do not heavily subsidize, directly or indirectly, are the United States and Canada. Other countries subsidize these things very heavily. We cannot possibly sell goods abroad unless we get into this business.

The hon. member for St. John's West talks about his own province. What about the millions of dollars allocated to the Marystown shipyards so they could build tugs for Norway? This is an example of what has happened. I mention this particularly because in my community over the last four or five years we have had in excess of $100 million worth of business through Hawker Siddeley in terms of rail cars to Mexico, and tree farms to Poland. This has created thousands and thousands of man-hours in our community and it is the same all over the country. I have not seen the figures for Winnipeg but I am sure there are many firms in Winnipeg that have created many jobs due to the fact that EDC arranged a loan with some foreign country. I get angry when members talk like this and say that this is some kind of a foreign aid scheme. It is not a foreign aid scheme, it is a scheme to support Canadian industry and Canadian workers. It creates thousands and thousands of jobs.

I have one last point I wish to make. I support the discussions hon. members have had, but one has to admit that these orders to the shipyards at least keep the shipyards going and therefore they should be supported in the same way as a rail car order, for instance, to Hawker-Siddeley in Thunder Bay tends to keep that company going between receiving local Canadian orders. It replaces its capital goods, etc. For these

reasons, although people can object to certain aspects of this bill, it must be understood that it is a scheme to support our export industry, to support industry across Canada and thus create jobs.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, on motions nos. 2 and 4 I want to refer again to the history sheet as I did on the other amendment and remind the House that the present limits under the insurance section are presently $1 billion. The amendment is proposing they go to $2 billion rather than the $3.5 billion as proposed in the bill. We think the extension of double the present limits should be adequate for the government, the reasons for which I partly stated earlier.

The other amendment, being the increase from $850 million to $2.5 billion, seemed somewhat excessive so therefore we are suggesting that we amend that increase to $1 billion. The over-all effect of changes or increases given to the EDC since it was incorporated in 1969, a short nine years, as taken the total government commitment from $1.5 billion to the now proposed $26 billion. As I have already mentioned, the profligate spending ways of the government opposite are nowhere better displayed than in the expansion given in the EDC. I may have something else to say about the spending habits of EDC in a moment or two.

I am glad to see that the minister has been able to join us for the continuation of the debate because he was involved in many of the committee hearings. I referred to some of his remarks and his refusal to help us out in the committee on some of the points we felt were important in this debate.

• (2132)

I note also that the parliamentary secretary informed the committee that the Export Development Corporation would be returning in the fall with a rather more complete overhaul type of bill. At that time we repeated our wonderment as to why they felt it necessary to get this huge increase in such a hurry when they would be well able to live within the limits until the fall. In the fall they could have had all this done under the new bill that they are going to be presenting to the House; that is, if we are not involved in an election campaign or do not have a new government by then.

Why should we not take the cautious approach and live within our guidelines? The government was told there are many ways it could exist for the time being with the limits that are there. It is probably impatience on the part of the government. Having been so used to doing things in its own way for so long, it does not want to change its ways and take any kind of reasonable course.

Why should parliament be asked to approve this enormous increase now when the government has told us it is going to change the rules later? Why would any government expect any investor to be willing to put up money now, not knowing what changes in the rules are going to be coming later? The limit is now going to be increased from $8.8 billion to $26 billion, an increase of some $17 billion. It is interesting that in committee and in earlier hearings it came out that the involvement in the

EDC per capita is away out of whack. It is much higher than the EX-IM Bank in the United States which has an authorized ceiling now of $25 billion. That is less than we are being asked to approve for EDC. On the basis of per capita comparisons, the difference is even more pronounced.

The official support expressed as a percentage gross national product in Canada is now just over 1 per cent at 1.05 per cent. In the United States it is .04 per cent. A comparison like that brings home better than straight numbers the extensive overinvolvement that EDC has in the business affairs of this country.

It is pertinent to note at page 61 of the annual report a section on the loans payable. Divulged there is that the loans payable to the Government of Canada and other lenders, and there is no breakdown, totalled $1.5 billion at the end of the fiscal year. The interest rates vary from 5 5/16 per cent to 9 1/2 per cent per annum.

The government has made a big point of the fact that EDC operates independently of subsidies, that it is a profit-making institution and the taxpayers do not subsidize the operations of EDC. However, I ask hon. members to consider how EDC is able to borrow money at 5 5/16 per cent, albeit that maybe the portion to be paid back during calendar 1978. No one can borrow money at 5 5/16 per cent from the Government of Canada without admitting there is a real subsidy from the taxpayers of Canada. Money at 5 5/16 per cent just is not available to us today.

We know the government will say that is what it was borrowed at a long time ago when rates were lower and it did not have to pay it back until now, and that it is paying it back on schedule. I cannot deny that is within the terms of the borrowing and they are paying it back on schedule. However, to claim that 5 5/16 per cent interest is not a subsidy by the taxpayers of Canada is not being truthful to the House or the committee.

We are not told how much of that $1.5 billion has been borrowed from the Canadian government, although that question was asked in committee. We are only told it is being repaid to the government and that new borrowings are being made in the open market. We do not know where it is coming from, whether it is from superannuation funds or what. It may be significant to note, as is noted in note 4, that some 20 per cent of the amount outstanding in loans of $1.5 billion is borrowed from the United States sources. It is expressed here in U.S. dollars. We do not know whether it was borrowed in U.S. dollars, but certainly the recent action of the Canadian dollar is going to make that more expensive for the Canadian taxpayer when it comes time to repay that loan in American dollars.

I want to say a word about the expenses of EDC. We have been saying a lot about the expensive nature of this company. The president is known to be able to throw a pretty good party. He seems to have a reputation in Ottawa as being one of the big spenders. I know the president told us he only drank 7-Up, but everybody else was drinking champagne. In any event, a $75,000 party must have provided a lot of champagne for a lot of people.

I was taking a look at the statement of income and earnings for the year ended December 31, 1977. Although I am sure it is pleasing for the minister and company to note that interest earned and fees earned increased by 32 per cent during the year, neither the minister nor the president of EDC were able to explain how it was that the net income before administrative expenses was only up 9 per cent for the year.

When we had a look at the administrative expenses, we found they were up over $1 million, from $6 million to $7.1 million. That is an increase of 18 per cent during the year. However, the minister found nothing unusual about the fact that the administrative expenses were out of line with the net profit that the company was producing.

In any event, the net income for the year had an increase of only 6 per cent, partly as a result of the increase in the administrative expenses. With an increase in gross of 32 per cent and an increase in net of only 6 per cent, some investors might wonder what is wrong with the management of that company.

A word about the amount of the net income might be appropriate here. This is probably one of the few profit-seeking and profit-making companies in Canada that pays no income tax. Some companies that we can think of, Air Canada for one which has finally turned around and made a profit in the recent fiscal period, are required to pay income tax on their profits. For some reason, it is enshrined in the incorporation act of Export Development Corporation that it is exempt from any burden of income tax on any of its profits. Many businesses in Canada would like to have that privilege and might even be able to show better than a 6 per cent increase in their returns.

We should not leave these amendments without considering who is going to benefit from the increases sought here. I have a note or two which indicates that the government says that many jobs are produced. We went through that this afternoon; I do not need to do so again. I hope the minister will look at these remarks and refresh his memory. In the committee hearings we went through the matter of whether or not there were 200,000 jobs.

In any event we heard about the jobs and we heard there are thousands of businessmen who like to get financing from EDC. We have complained that we should be more careful about the way we are exporting jobs. We should ensure that we are not exporting jobs as well as these beautiful mills we are building and exporting.

Mr. R. H. Summer, vice-president of operations, admitted that the plant being built with a $47 million EDC loan for a newsprint mill in Virginia will compete directly with Canadian mills. The minister, and I think the president, told us this was not the case. However, here we have the vice-president of operations telling us it is. He said this:

> —it will obviously increase competition in the more northern part of New England and those states closest to Canada. Thus you could say that, through increased competition, it will in fact compete with Canadian-sourced newsprint.

How can we argue with a fellow who is in the corporation and right on the ground? The government has sought to assure us that no matter how many pulp or newsprint mills we build overseas, Canadian business will not have to meet increased competition. The evidence does not support that statement.

● (2142)

What we would like to see was well expressed by the hon. member for Edmonton-Strathcona (Mr. Roche), when he said:

> What is badly needed is a national policy for development which harmonizes our interests in Canada with our interests in developing markets abroad.

That is a quotation from one of the committee reports. My hon. friend from Esquimalt-Saanich (Mr. Munro) has argued that Canadian business also needs help from the Export Development Corporation. This may sound contradictory but it seems ridiculous that Canadian companies wishing to expand in Canada are often unable to obtain financing at prevalent rates, yet if they chose to expand their plants across the border somewhere they would seem to qualify for loans from the EDC. We on this side question whether such treatment for Canadian business is right or proper.

There are many businesses which rely on EDC backing. We recognize this but we believe the government has moved much too recklessly in permitting the EDC to expand as it has. The figures speak for themselves. I do not understand how the minister can sit over there and agree with the policy the government is following. The bill before us indicates that the government increasingly believes that it knows better how to do things than does the private sector. It is increasingly putting into place interventionist policies. The fact that its programs have not been working over the past ten years, as evidenced by the present lack of confidence, business dislocation, inflation and all the rest, makes no difference to those who sit on the treasury benches opposite. Finally, I suppose the government will wish to do everything itself; there will be no room for individual entrepreneurship at all.

I will conclude on that note. The direction of government policy as shown by its treatment of EDC over the last nine years must be viewed with great suspicion, because the trend which is being established is one Canada cannot live with.

Mr. Jake Epp (Provencher): Mr. Speaker, I intend to raise some points which have been dealt with by other members but I want to relate them to the region of Canada from which I come. I am pleased the minister is in the House this evening. During the afternoon he was represented by his parliamentary secretary and the silence which greeted comments from this side of the House was rather obvious.

Now that the minister is here, with his reputation for silence both in this chamber and throughout the country, I am sure that after we are through speaking he will want to make some comment on the report stage of the bill. Indeed, if the minister wishes to speak at this time I would be willing to yield the floor to him. Perhaps he could answer some of the myriad of questions which have been raised. I feel, however, that the minister is not ready to answer questions—either he is afraid to do so or he does not know the answers. Instead of speaking in the House as was his wont, he keeps silent. I recall the days

when he spoke at the drop of a hat or the flicker of a new idea. Suddenly he finds it safer to speak outside the House to audiences who will not respond by asking questions. He can make his pat speeches, and I must say they read a little better now than they did in the early months when he began to read speeches. As I say, I am glad he is here tonight to give us some information on Bill C-36.

He and his colleagues have asked parliament to guarantee $26 billion in connection with the EDC without offering a word of explanation. All we hear is the hon. member for Fort William (Mr. McRae) suggesting that these are not gifts or outright grants but merely guarantees. The point is that when the loans are not paid back the people of Canada will be left on the hook to sustain a direct loss.

The EDC has been making and guaranteeing loans on the basis that the acquisition of certain contracts create jobs within Canada. On the basis that we are bound to develop an export industry, the minister has my support. But we are bound to consider the over-all picture—the deficits the government has incurred and, in particular, the heavy deficit on current account. I recall the days when the hon. gentleman was on this side of the House and was one of the most vigorous opponents of deficit spending. Today he accepts deficit spending by the government of which he is a member. Indeed, he almost argues that it is good for Canada. I remember his telling us that future generations would have to pay for deficits presently being incurred.

Suddenly all that is changed. While the minister is asking for $26 billion we find there is extreme difficulty in developing industry here in Canada. In Provencher, for example, there is a long established pulp and paper industry. The pulp and paper industry has had difficult times for the last few years competing in the world market because of additional newsprint capacity. Through the EDC the minister has helped to develop an increased international newsprint capacity, but in the pulp and paper industry in Canada—in my riding specifically and in the ridings of other hon. members, especially in ridings where there are similar plants—there is difficulty.

● (2152)

The minister has been very reluctant to advance expansion capital here, but that is not so in other countries. It seems that there is a double standard. On the one hand he will allow a certain benefit so that other countries can develop their industries, but Canadian taxpayers who are contributing to this slush fund are not supposed to benefit. They are not getting the benefits international companies are receiving.

I am talking not only of the pulp and paper industry. I have received a fair amount of correspondence, and I have spoken twice in this House since the appointment of the Minister of Industry, Trade and Commerce (Mr. Horner) about the tantalum mine at Bernic Lake, Manitoba. That mine has known reserves of tantalum, cesium and lithium. In 1974 this government placed cesium under the Export Act. The U.S.S.R. has been using cesium in research and development, especially with regard to coal-burning to increase the capacity of coal for purposes of energy generation. As I say, the government placed it on the export control list.

I have said before to the minister and his officials that I do not object to placing cesium on the export control list, but I have been saying that it is one of the twenty-first century materials which has vast potential. That potential cannot be realized without research and development. The Soviets are ahead in research and development on cesium, well beyond anything we have in Canada. The Soviets have been importing cesium from Canada. When they are moving ahead in research and development, what do we do? We put it on the export control list. However, do we then take the second step and start research and development in order to develop Canadian industry and give us at this point some cesium development so that we can become world leaders? No, we do not do that. Do we do it in order to create jobs? No, we do not need those jobs. Instead we use the EDC and build plants elsewhere.

What are the facts?

Mr. Breau: The fact is that you can buy it elsewhere.

Mr. Epp: That is exactly the fact. We should create industrial capacity so that we can compete, but instead we export our money and development elsewhere. We will create jobs in the short term that way, but I am saying that we should create long-term jobs in research and development.

This government has finally realized the ripple effect of research and development. It was actually going to increase expenditures in the last budget for research and development. At the present time the U.S.S.R. is number one with regard to the amount of research and development expenditure per capita. West Germany spends 2.3 per cent of its g.n.p. on research and development, roughly the same percentage as the United States, the only difference being that the West Germans are increasing their percentage of g.n.p. on research and development and the United States is not. How much does Canada spend? In 1968 we spent 1.2 per cent, and today we spend less than 1 per cent. If the minister wants to do this extra funding for loans in order to export technology, I say he should look at his priorities again because Canadians are demanding that more money stay here to develop our research and technology and create the jobs that are needed here.

What has happened in the glass-making industry? There is much silica sand in Canada which can be used in the glass-making industry. In the past most of the Canadian resource has been found in Ontario. I do not want to say anything about silica sand quarrying in Ontario, but the overburden which has to be removed before that sand can be quarried averages 59 feet in Ontario. In Manitoba we have been quarrying silica sand on Black Island, and we have tried to develop additional quarrying of silica sand on Deer Island.

I have been in contact with the Department of Industry, Trade and Commerce prior to this minister taking over the portfolio and also since. I have been asking for comprehensive research on the potential of enlarging the glass-making business in Canada, but up until now it has been virtually impossible to get any movement in order to determine whether that

industry can expand and whether there is a potential market. In fact, about the only study which was done was by the former provincial administration in Manitoba. That administration did a study on glass-making potential and the Canadian market. I thought we had an abundant supply of silica sand. In doing more research on this I found that we import much of the silica sand we use.

I am the first to concede that some of that silica sand is needed because of the chemical formation in the glass-making process and in foundry processing, but the point is that Canadians today import one million tons of silica sand for glass-making purposes per year.

The area about which I am speaking is an area where there are native Canadians and Metis residents, and chronic unemployment has been part of the economic pattern of that region. These people have held rights to that island for as long as nine years and have paid claim fees for those nine years in the hope that they would be able to develop a glass-making industry, minimally at least. They would like to quarry the sand and have someone else start a glass-making industry so that they can market that sand. However, what has happened? We cannot even get a study out of the department.

Mr. Speaker, may I call it ten o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, before we proceed to the late show, I wonder if the Parliamentary Secretary to President of Privy Council (Mr. Pinard) could tell us what the program is for tomorrow.

Mr. Pinard: Mr. Speaker, tomorrow we will deal with the motion in the name of the Prime Minister (Mr. Trudeau), the motion to appoint a special joint committee to study the proposals related to the constitution of Canada. We hope there will be a short debate. Then we will resume debate on the EDC bill, Bill C-36, because the report stage and third reading of that bill must be completed before the summer adjournment.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, so that hon. members will know what is happening tomorrow, I give notice that we shall be moving an amendment to that motion to provide that it be a special committee of the House of Commons only.

Mr. Alexander: What is the matter with the Senate?

● (2202)

Mr. Pinard: I understand, even if the hon. member moves an amendment, that the debate will be very short just the same, and that we can resume debate on Bill C-36 for the reasons I mentioned before. We have to complete all stages of Bill C-36 before the summer adjournment.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

CANADIAN BROADCASTING CORPORATION—CELEBRATION OF CANADA WEEK

Mr. Marcel Roy (Laval): Mr. Speaker, during the question period on June 14 last I put questions to the minister responsible for the Canadian Broadcasting Corporation about the holding of a press conference on June 13 last announcing the programming for the Canada festivities. Naturally, the cameramen and reporters of the Crown corporation were there but I deplored their invisibility and their silence on the evening news program. So I asked the minister to inquire of the Canadian Broadcasting Corporation because Canadians are proud of their commemoration day. Since parliament has set aside modest amounts for the organization of Festival Canada it seems to me that the Crown corporation which receives $487 million from Canadians should cover all the events relating to the national day of Canadians.

My concern, Mr. Speaker, is based on a situation which I deplored two years ago when I informed the president of the Canadian Broadcasting Corporation—and I have here the contents of the correspondence—when I informed him on July 6 last that the CBC had not mentioned at all on any of its news programs the commemoration day of Canadians. That was in July 1976. I received an answer from the president of the Canadian Broadcasting Corporation, and the letter was signed by Dennis Thompson, who recognized that the Crown corporation had not mentioned Canada Day on any of its news programs, citing the reason as being a matter of budget, Mr. Speaker. Because of the restriction period we were going through, CBC commentators had just left out the ceremonies, the activities here on Parliament Hill when the Prime Minister of Canada was giving out certificates of citizenship. They left that day out entirely.

It is because of this attitude and my own experience that I emphasized the importance of these activities to the minister. Not that I am opposed to the coverage we had last week, because I am proud of this. As a French Canadian, I took part in the festivities of June 24. Mr. Speaker, I believe that you took part yourself in many activities in Valleyfield and I believe also that the right hon. Prime Minister of Canada attended festivities in Vankleek Hill to celebrate the day of French Canadians on June 24, along with 15,000 other people.

I want to congratulate the public corporation for having covered these events. However, I am concerned about its silence on the activities of Canada Day, which is the day of national unity. I believe I speak for many Canadians who

would like to make the authorities of the CBC aware of their dissatisfaction concerning certain news or public affairs programs.

I am not an expert, but I am aware of the difficulty that such an expert would have in judging the contents of a program if we consider the lighting, the camera shots, the choice of news, the choice of participants, the choice of music, the editing of films and sound tracks, which all give out a very pervasive and partisan message, but in such a way that it was nearly impossible to define.

We can understand this little game. We have only to read the report of the investigation committee on television which refers to all sorts of the situations which were discovered. Among others, it says that within 10 days, and without counting the provincial premier, Mr. Lévesque, Quebec ministers were mentioned 153 times by the spoken media, 145 times on the French network, that is 82 times on television and 63 times on radio, and eight times on the English network. It is mentioned that Quebec ministers were well known personalities in the province of Quebec but almost unknown in English Canada. Federal ministers make less often the headlines on the English network than Quebec ministers on the French network. This is the report of the enquiry committee.

In the light of all those circumstances and considering that my time is limited, Mr. Speaker, I believe that the CBC has the responsibility, through its news services, to encourage a spirit of tolerance, respect, understanding and dignity among Canadians in the interest of national unity. It is unfortunate to see that the Canadian Broadcasting Corporation, instead of promoting better understanding between Anglophones and Francophones or any other ethnic groups, between employers and employees, as it is its duty, chose, through some news or movie programs, to use and develop the potential antagonism between some individuals. The corporation should not orient public opinion towards a given answer but it should at least reflect, in that constitutional debate, the importance of that debate.

I conclude my remarks, Mr. Speaker. After having seriously considered the situation and those comments from the committee, I intend to table, in the near future, a notice of motion reflecting my concern with regard to the Canadian Broadcasting Corporation and suggesting a revision of its administrative controls and a redifinition of its responsibilities concerning the present situation and the many comments contained in the reports tabled in this House.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, first I want to thank the hon. member for Laval (Mr. Roy) for having raised that matter tonight. There was a press conference concerning Festival Canada on May 29, 1978 at the national level, in Ottawa. The CBC reporter, Mr. Jacques Rivard, opened the news conference and that news sequence was used for the first news bulletin of the evening, on the French television network "Ce soir", and in the late evening news bulletin, "Le Téléjournal", on the same day.

The French television network also made a report of the press conference in Montreal but, as the essential components of the conference were the same, and considering the volume of news that day, the sequence of the Montreal press conference was not used.

● (2207)

[*English*]

As the minister assured the hon. member, he is in complete agreement with him concerning the importance of Canada Week. He has been assured by officials at Festival Canada that the CBC has been working closely with them in conjunction with the upcoming festivities and, furthermore, that both the French and English networks of the CBC have been reacting in a very positive and satisfactory way to the needs of Festival Canada.

FINANCE—DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS

Mr. Ron Huntington (Capilano): Mr. Speaker, I take serious issue with both the Minister of Finance (Mr. Chrétien) and the Prime Minister (Mr. Trudeau) in respect of their replies to me last June 16 as they appear in *Hansard* at pages 6480 and 6481, whereby my concerns on behalf of the steelworkers and the steel fabricating industry in British Columbia were written off as following a very dangerous course, and that I was advocating ten different markets controlled internally within Canada. The Prime Minister subsequently, as reported in *Hansard* at page 6482, said I was suggesting a policy that would regionalize the country and, further, he said it was a question of bad economics.

In reply to those charges I must say I was not even associating markets with provincial boundaries in Canada, and both the Prime Minister and the Minister of Finance knew that. Markets in Canada are determined by freight costs and the ability of Canadian producers to supply.

● (2212)

Historical records show that there are basically three markets determined by freight rates and the ability of Algoma Steel in Sault Ste. Marie to supply. The Canadian demand for wide-flange beams is 17,000 tons, but the productive capacity of Algoma Steel is 13,000 tons. Their production is allocated on the basis of previous purchases by their customers, and their freight cost factor is approximately twice that of the ocean rate to B.C. ports. The markets in question are: west of the Alberta-Saskatchewan border, east of the Alberta-Saskatchewan border through to and including Quebec and to a limited extent the eastern seaboard, and then, of course, Newfoundland. The freight cost factor and the ability to supply determines these markets.

Within that market, which I represent as a member in this House, a great injustice is being done to the steel fabricating industry and the steelworkers of that province. That market

which they have worked within has been destroyed and delivered into the steel fabricating industries and steelworkers of Ontario.

This example of the Prime Minister's just society might in his opinion be good economics for that region of Canada with all the political clout and good economics for the Liberal Party of Canada, but I can tell you, Mr. Speaker, that it is bad nationalism and disastrous to regional good will which is so precious in Canada today. I am not against anti-dumping safeguards because they are a necessary fact in industrial life. I say again that within the spirit of GATT and by precedent of the anti-dumping tribunal, the concept I propose is sensible and equitable for a country such as Canada, covering just less than ten million square kilometers, touching on the Pacific Ocean, the Atlantic Ocean and 4,000 miles of border with the United States.

I ask again that the government reduce the level of regional inequity by accepting the principle that safeguards be applied to those regions or markets where the threat or reality of injury exists, and that safeguards not be applied to those markets in Canada where the threat or reality of injury does not exist.

The wide-flange steel beam situation is volatile and has reversed itself in the last six months. The decision made by the government last June 13 and announced last Saturday, June 24, will create chaos in the B.C. industry because the government has not announced the margin of dumping. The Prime Minister and the Minister of Finance are working against a healthy Canadian federation with this type of confrontation. Once again I urge them to rethink the matter and decide in favour of regional equity.

Algoma is playing a very cute game with the west. They are not accepting Alberta orders but, on the other hand, are accepting B.C. orders—not turning them down but saying they cannot supply at this time. Their games leave no alternative but for the B.C. government to reopen the tribunal hearing on the grounds that Algoma cannot supply. This is such a waste when what we need today are jobs and productive work. This policy of the government and its continued rigidity in this direction is costing jobs in western Canada. You cannot keep this country together with that type of centralized policy.

● (2217)

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the comments of the hon. member for Capinalo (Mr. Huntington) concern the question of applying anti-dumping duties on wide-flange steel beams imported into British Columbia. He is proposing that the current remission order be extended beyond its present expiry date of June 29. As hon. members are aware, the remission order was provided by the government in order to allow sufficient time for fabricators in British Columbia, as well as in Alberta, Newfoundland and the Yukon Territory, to adjust to the new situation following the decision by the Anti-Dumping Tribunal that imports of dumped steel were causing injury to Canadian producers.

The hon. member appears to base his case on his view that a regional market for these products exist in British Columbia. This view was, of course, not shared by the Anti-Dumping Tribunal when it examined the issue in the terms provided for under the Anti-dumping Act. Hon. members will be aware that section 16(4) of that act requires the tribunal to take fully into account in its determination of injury the definition of domestic injury as provided for in the GATT anti-dumping code. This definition sets out the circumstances in which a country may be divided into two or more competitive markets for the purposes of considering injury to domestic production.

We were advised that the Algoma Steel Corporation is making a considerable effort to ensure that western Canadian consumers will be supplied with wide-flange steel. In this regard, it should be kept in mind that the imposition of anti-dumping duties does not prevent imports and, although western imports of wide-flange steel are down so far this year, I understand that the availability of wide-flange steel to western Canada is equivalent to that of last year.

With respect to the request concerning the remission of the anti-dumping duties, the government has considered the matter and I understand that a reply has gone today to the premiers concerned. The government has decided not to extend the remission order in view of the fact that the prices at which steel is moving internationally have increased significantly over the past few months by comparison with the unremunerative levels which had prevailed previously.

Nonetheless, many steel mills around the world are working well below capacity and the potential for large shipments of injuriously priced steel into the Canadian market still exists. Against this background, and in view of the fact that the remission program on imports of wide-flange steel shapes for use in British Columbia, Alberta, Newfoundland and the Yukon Territory was intended as a temporary and transitional measure, the federal government has decided not to review the remission order beyond its present expiry date of June 29, 1978.

I can assure the hon. member, however, that the final determination of normal values of wide-flange steel shapes under the provisions of the Anti-dumping Act will be made shortly so that, while injurious dumping of these products in Canada will not be countenanced, the products will land in British Columbia ports as in the rest of Canada at competitive prices. This, I believe, should serve the best interests of all parties concerned.

FINANCE—DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, the parliamentary secretary's answer to the hon. member for Capilano (Mr. Huntington) is nothing short of misleading. To suggest that Algoma is planning to do everything it can to supply the western Canadian market, particularly the B.C. market, is nothing short of misleading when just a month ago they put the western Canadian fabricators on allocations, as the parliamentary secretary knows, based on a percentage of

the previous year's supply and, as he knows, 1977 was not a year of high sales to western Canada. This means that sales will be decreasing. To suggest that Algoma will do everything it can to supply the western Canadian market is, as I said, nothing short of misleading.

On June 20 I asked the Prime Minister (Mr. Trudeau) the following question:

> Since Algoma produces only 13,000 tons, and Canadian consumption is 17,000 tons, obviously Algoma cannot produce for the entire Canadian market. Algoma has already put western fabricators on an allocation system, thereby permanently ensuring they cannot supply that market. Will the Prime Minister now recognize the reality of the regional market that exists in British Columbia and give assurance that the anti-dumping duty will not be re-instated at the end of this month?

The Prime Minister replied in part that it was a temporary measure made with the agreement of British Columbia and other provinces which expressed satisfaction in order to permit all parties to readjust to the current situation. Surely it is the objective of producers in Canada, including Algoma, to try to produce for the entire Canadian market, said the Prime Minister. He went on to say that the temporary measure was reinstated to permit the various parties to adjust to the current reality.

The Prime Minister's reply is great on theory but not great on realism or reality. I know he went to the London School of Economics, and perhaps he pretends he is still there, that Canada is a small island like Great Britain and that one central producer can supply the whole island. Well, I have news for him. The continent on which Canada sits is 4,000 miles across, and one single supplier cannot do what the Prime Minister imagines he should be able to do. The reality is that we have distance to contend with, we have transportation cost to contend with, we have familiarity of market to contend with, and it is human and natural for those producers to supply the market close to home first. They understand that market best and they are doing just that. That is what Algoma is doing. It is even supplying the U.S. market, which is closer to them, before it takes care of the B.C. market, and therefore it is neglecting the domestic market.

Then there are the realities of cause and effect on the construction industry in B.C. Just this afternoon I spoke to one processor in B.C. who told me that in January of this year the price of Japanese plate was $14.50. Today, that same product costs $25 because the Japanese have been scared off from the market in Canada by the anti-dumping decision of this government.

As I have already indicated, Algoma has put the Canadian western market on the allocation system, but they do not call it that any more. Now they call it restricted delivery. They cannot say when they will deliver and they do not confirm the orders. Anybody who has been in business for a short period of time knows that if you want to supply, you have to make a promise of delivery. If you cannot promise that delivery, how can you bid for the contract? The Prime Minister does not seem to understand that kind of economics. Various industrial companies in a telegram to the Prime Minister dated June 5 said, and I quote:

● (2222)

> The B.C. industry is therefore unable to purchase their total wide flange requirements from Canadian mills within the necessary time frame, neither can wide flange be purchased from normal offshore sources, because importers are unwilling to import wide flange before determination of dumping duty.
>
> Therefore B.C. industry is unable to fulfill some orders on current projects on schedule or quote competitively on future projects because of uncertainty of supply and prices.

That is the reality of the marketplace in British Columbia today. The Prime Minister say that the B.C. government and others have expressed satisfaction. Then why did the B.C. government in its brief of April 14 ask for two major revisions in that decision on the part of the anti-dumping tribunal, and why in its closing presentation does it say, and I quote:

> While the logic of applying uniform economic policies within a single country can be justified the fact that these policies have highly differential impact between the various regions of Canada is factual and it is on this basis that we therefore request that you reflect your understanding of this principle in response to our submissions.

The Prime Minister was nothing less than misleading the House.

Now I come to the human element. I read from a letter from a Kitimat man operating a small fabricating industry. He says this:

> Being a reasonably new company of four years, having just completed a new extension giving us 5600 square feet of working area which will enable us to hire from fifteen to twenty men.
>
> Presently we employ six men, three of which are married with families, the extra cost brought on by the this tariff could possibly decrease our work load forcing us to lay-off our present employees adding to the already unemployment situation.

The tragedy and the great irony is that the loss of jobs in British Columbia will create no extra new jobs in Algoma because they are already operating at capacity. What is the sense of this kind of policy that is creating misery for those employed in British Columbia? The role of the government is to make life easier and more equitable for people. Why does the government not admit its mistake and back off and say that there is a regional market that deserves special treatment in British Columbia?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, it is most unfortunate that in the adjournment debate the government has only three minutes to reply to each question. On an important question such as the one raised by the hon. member for Capilano (Mr. Huntington) and the one raised by the hon. member for Surrey-White Rock (Mr. Friesen), as well as members on this side who made representation to the minister before, we should have more time in order to prepare a more comprehensive answer.

Without repeating some of the statements I made earlier in answering the hon. member for Capilano, I would suggest most sincerely that the hon. member for Surrey-White Rock refer to section 16(4) of the Anti-dumping Act, which requires the Anti-Dumping Tribunal to take fully into account in its determination of injury the definition of domestic industry as provided for in the GATT anti-dumping code. This definition sets out the circumstances in which a country may be divided

into two or more competitive markets for the purposes of considering domestic production. This is really the crux of the whole decision taken by the government.

Freight costs, for example are obviously a very important element in the movement of heavy bulk items such as wide-flange steel beams. This problem is by no means peculiar to these products. It applies across the board to all processed and manufactured goods produced in one area and sold in another area of this country. Personally I am confident that both members opposite are not suggesting that the protection provided Canadian producers under the Anti-dumping Act against unfair trading practices by foreigners be limited to the area of the country in which a producer is located.

In the case of wide-flange steel beams it is clear that the primary competition for the domestic producer is offshore steel landed in British Columbia. In spite of statements made to the contrary by members opposite, the government has made all possible effort to ensure the steel is being shipped to the west coast at the lowest possible cost.

● (2227)

I just want to reiterate the last paragraph of my reply to the hon. member for Capilano. The final determination of normal values of wide-flange steel shapes under the provisions of the Anti-dumping Act will be made shortly so that, while injurious dumping of these products into Canada will not be countenanced, the products will land in British Columbia ports as in the rest of Canada at competitive prices. This, I believe, should serve the best interests of all parties concerned.

This is a very legitimate inquiry by members opposite and by members on this side of the House. I hope when the final decision is taken by the government that the aspect of the layoffs and so on as alleged by members opposite will not come to bear.

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

At 10:27 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Tuesday, June 27, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CANADA COUNCIL

MPs SUED FOR CRITICIZING SYSTEM OF GRANTS—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that six members of parliament, namely, the members for Fraser Valley West (Mr. Wenman), Battle River (Mr. Malone), Vancouver South (Mr. Fraser), Comox-Alberni (Mr. Anderson), Hastings (Mr. Ellis) and Grey-Simcoe (Mr. Mitges), are being sued for comments made while performing their duties, particularly in their attempt to make the government accountable and responsible for repulsive and outrageous Canada Council grants and inadequate financial documentation of the council, in view of the government's April decision to pay the libel fine for the hon. member for Dollard (Mr. Goyer), and while I am not—nor do I intend to do so at this time—asking for financial assistance from the government, I move, seconded by the hon. member for Battle River:

That the government state its policy on payment of fines for MPs convicted of slander, libel and the like while in the performance of their duties.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN WILDLIFE FEDERATION

PROGRAM TO PROTECT ENDANGERED SPECIES—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency. In view of the fact that last Friday the minister of the environment, in a meeting with officials of the Canadian Wildlife Federation, refused to provide any of the $250,000 required for the federal-provincial program on endangered species, and since the Canadian Wildlife Federation is prepared to provide matching dollars, as are the provinces, I move, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro):

That this government take immediate steps to resolve this confrontation, since there is a fear that they, too, are on the list of endangered species.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

EQUALITY FOR WOMEN—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, according to a report made public today by Statistics Canada, the housewives of this nation by their work earn approximately $80 billion a year and are responsible for about 40 per cent of the gross national product. It seems to me that it is time we did something about this, but I suppose if I suggested that the bill be paid, the Minister of Finance (Mr. Chrétien) would have a heart attack. We could start, however, by establishing pension equality for women. I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House calls on the government to recognize the contribution that women in their homes make to our economy and, as a minimum, to recognize this contribution by establishing pension equality, including the equivalent of the Canada Pension Plan for women whose work is in their homes, equal pension rights for all women between the ages of 60 and 65 regardless of marital status, increasing the pensions paid to widows under various government plans to at least 75 per cent, and the continuing payment of pensions granted to widows regardless of any subsequent change in marital status.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

AIR TRANSPORT

EXPRESSION OF SYMPATHY FOR THOSE BEREAVED AS RESULT OF CRASH AT TORONTO INTERNATIONAL AIRPORT—MOTION UNDER S.O. 43

Mr. Ross Milne (Peel-Dufferin-Simcoe): Mr. Speaker, under Standing Order 43 may I move, seconded by the hon. member for York West (Mr. Fleming):

That all members of this House join me in extending sympathy to the members of families bereaved as a result of the plane crash at Toronto international airport yesterday, and that all members also join me in commending the fast and co-ordinated action taken by the airport staff, the Peel regional police, the medical staff of the surrounding hospitals and the many ambulance and fire department personnel whose effective action served to reduce the serious consequences of the accident.

* * *

● (1412)

[*Translation*]

PENITENTIARIES

REQUEST MILLHAVEN AUTHORITIES RECONSIDER DECISION TO REDUCE NUMBER OF VISITORS—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to introduce a motion dealing with an important matter of pressing necessity.

Millhaven penitentiary authorities recently decided that as of June 19 last all visits in a common hall for inmates in special units, that is inmates escorted by guards, would be reduced from seven days a week to a single day—Tuesday. The authorities of that establishment did not state the true reasons for those changes. Considering that this decision is unfair for the inmates and does not help improve the climate in that penitentiary, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House deeply regret the decision of Millhaven authorities and enjoin them to reconsider that decision to improve the climate in our penitentiaries, as requested in the report of the sub-committee on justice and legal affairs published last year.

Mr. Speaker: Under the provisions of Standing Order 43, such a motion requires the unanimous consent of the House. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

URBAN AFFAIRS

ROBERT CAMPEAU REAL ESTATE DEVELOPMENTS IN HULL, QUEBEC—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, involving the National Capital Commission. Since Mr. Robert Campeau has been very strident in his demands that the proper procedures of the NCC be circumvented and short-circuited in order to expedite and facilitate his real estate developments in Hull, and since he has been calling the Minister of State for Urban Affairs and sending copies of letters to him, such as his letter to Pierre Juneau on February 20 of this year which complained about an alleged breach of agreement with the NCC, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Minister of Justice inquire into the circumstances as to why the Justice Department was informed from the office of the Minister of State for Urban Affairs that a lawyer from Buckingham, Mr. Pierre Joanisse, would act over the heads of Justice officials to expedite the matter of Mr. Campeau's convenience in pursuing his private interests, and that the Minister of Public Works and the Minister of State for Urban Affairs indicate the expected cost of bowing to Mr. Campeau's demands.

Mr. Speaker: Presentation of such a motion for debate, in conformity with Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INTEREST ON NATIONAL DEBT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance: it centres on the mounting debt load that this government has imposed on the Canadian public. Is the minister aware that the average worker in Canada today has to spend 2½ weeks of solid work to earn enough to pay his share of the federal interest charges alone, compared to 1½ weeks ten years ago?

If the minister is aware that the average worker now has to spend one extra week earning enough money to pay his share of the extra load imposed upon him, would he indicate if he sees this trend continuing? If it does, it will mean that for every succeeding year the federal debt mounts at the rate it has been mounting, a worker will have to spend one clear day earning enough to pay for it.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, it is exactly because I am aware of the burden on taxpayers because of the deficit we have to run in order to stimulate the economy that I have rejected the plan of the opposition to run a deficit of $2 billion more this year.

Mr. Gillies: Another lie.

Mr. Stevens: A supplementary question, Mr. Speaker. In light of his answer, would the minister indicate why the Canadian budget now takes 14 per cent of its total spending to pay for the debts of last year and other years, compared to 9 per cent of the United States budget? Could he indicate why we are taking 14 per cent, compared to the United States only taking 9 per cent of their budget, and would he indicate why we have got so out of whack considering the competitive disadvantage in which this puts Canadians?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I just said a moment ago that I am fully aware of the fact that we have a very heavy burden as regards the repayment of our debt, but it is not however out of proportion with the average debt of western countries. I reviewed the situation a few weeks ago and among all western countries the per capita debt load in Canada, in relation to the gross national product, is about equal to the average level of that debt in developed countries. That is an acceptable average at this time, keeping in mind the stimulus we want to give to the Canadian economy.

[*English*]

Mr. Stevens: A further supplementary question, Mr. Speaker. If the minister had compared recent increases in debt load, he would find that the figures he has just related to the House would not stand up. The minister has represented that the debt is due to the stimulus he is putting into the economy, while ignoring the massive borrowing the government has been entering into to shore up the Canadian dollar.

● (1417)

Would he tell us whether the government is now attempting to defend the dollar at 89 cents, it having fallen to 88.70 cents yesterday, bearing in mind the government spent another $90 million yesterday in its attempt to defend the Canadian dollar, which will mean an added debt load for Canadians to bear?

Mr. Chrétien: Mr. Speaker, I explained to this House and to the committee that we are borrowing to supplement the reserves. This is not adding to the deficit. When we borrow abroad, it supplements the borrowing we undertake in Canada. It is not adding to the taxpayer's burden, as the hon. member is trying to suggest at this time.

Mr. Stevens: You owe the money.

Mr. Chrétien: I have tried to explain that to members many, many times and it is impossible for me to make them understand that very simple proposition.

Oral Questions

DECLINE IN BUDGETARY REVENUES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my supplementary question is to the minister. I would point out to him that budgetary revenues are down 8.2 per cent from April, 1977, to April, 1978. Given the fact that the minister has indicated budgetary revenues for 1979 will be 10.1 per cent over 1978, we can see once again that the minister's forecasting is dismal and we can see the downward trend.

Can the minister advise this House what is happening with respect to the revenues, given the fact that he thinks in 1979 we will have something like a 10.1 per cent increase in budgetary revenues over 1978?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not quite understand the question because the hon. member was looking to the other side of the House. I was not aware that he was talking to me. I must tell him that I do not have to change the estimates we made this year. We presented a budget two months ago, and I have not yet decided to change any of the estimates we made, including those concerning government revenue.

[*English*]

Mr. Alexander: Mr. Speaker, seeing that the minister is not only incompetent at times, but is sleeping during the question period, I will repeat the question.

Some hon. Members: Oh, oh!

Mr. Alexander: Apparently, budgetary revenues—

Some hon. Members: Oh, oh!

Mr. Clark: Don't you know the rules, Jean?

Mr. Speaker: Order, please.

Some hon. Members: Sit down.

Mr. Speaker: Order, please. Hon. members will understand that a minister has only one opportunity to answer a question and, similarly, an hon. member has only one opportunity to put a question. If the hon. member has a supplementary question, he should put it forthwith and not repeat the same question.

Mr. Alexander: Mr. Speaker, I have a supplementary question. I will now ignore the Minister of Finance and direct it to the President of the Treasury Board. In light of the fact that budgetary revenues are now down 8.2 per cent from April, 1977, to April, 1978, and given the fact that the Minister of Finance has indicated budgetary revenues for 1979 will be 10.1 per cent over 1978, the minister must be aware that this will affect his budgetary estimates for 1979.

Concerning this downward trend in revenues, can the minister give us some indication of what his budgetary estimates will be for 1979? Will they be zero, 5 per cent or, keeping in mind that revenues cannot keep up with spending, what are the minister's thoughts in this regard?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, we have indicated to the House our commitment to keep the rate of growth of government expenditures to something less than the rate of growth of the economy.

Mr. Stevens: That is not good enough.

Mr. Andras: That is the principle we would adhere to and meet in 1979-80, as we did in 1978-79, 1977-78 and 1976-77.

MEASURES TO STIMULATE THE ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance, in the absence of the Prime Minister. On May 11, for some mysterious reason, the Prime Minister suddenly discovered problems with the economy. In announcing on that date that the election had been called off, he assured the House that measures would be brought forward soon to deal with the serious economic situation: he said that was what parliament should be doing.

● (1422)

Considering that all we have had so far from the government is the motion on the order paper yesterday announcing an adjournment of 100 days—presumably 100 days of indecision—and since unemployment is over one million, inflation is at 9 per cent and the gross national product is only 2.8 per cent, when can we expect the new economic measures which the Prime Minister promised?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, if the hon. member had followed the scene, he would know that we passed a budget bill, we announced a package for small business not long ago, we announced a new policy for the textile industry in Canada, and dealt with some employment programs in the country. We have done a lot of work in the last month. I do not think the hon. member has followed the scene. The House of Commons has been extremely busy in the last month and a half, so much so that everyone feels we have to take a holiday at the end of the week.

Mr. Broadbent: Mr. Speaker, I thought the Minister of Finance might say that. In the House on May 11, the Prime Minister specifically said measures in addition to the budget bills. The textile reference the minister has made came prior to May 11, not after. Is he trying to tell us that the small business measure which he introduced will produce jobs for the one million unemployed? The minister will be meeting with his provincial counterparts next week in Winnipeg: will he be taking to that meeting specific proposals aimed at improving the deplorable state of the Canadian economy and seeking their co-operation?

Mr. Chrétien: Mr. Speaker, we have announced many programs. Next week I will review the situation with my provincial counterparts—something that is very useful. I do not propose to put forward any new programs at this time. Of course we are having some economic problems. However, it was said at the OECD ministers' meeting in Paris last week that all economies except for Japan are performing less well than the Canadian economy. Of course, we always aim for as much growth as possible. However, we have to take into account that Canada is doing better than most nations of the world.

Mr. Broadbent: Mr. Speaker, the minister mentioned the OECD meeting of last week. He, of all people, should know that the Canadian Secretary of State for External Affairs was very busy at that meeting, urging other countries to take expansionary measures, saying that the industrial countries had to do something in addition to what had been done in order to create jobs.

Is the government going to practice at home what it preaches abroad? More specifically, will it consider adopting in Canada the direct job creation programs which have been so successful in the United States where, on a comparative basis, they are spending twice as much as the Canadian government on direct job creation programs in recognition of the fact that it makes more sense to put people to work than to give them hand-outs.

Mr. Chrétien: Mr. Speaker, at the OECD meeting the Canadian economy was praised for being more stimulating than that of most nations of the western world.

Some hon. Members: Oh, oh!

Mr. Chrétien: As usual, the opposition will not recognize what is the reality. A few minutes ago I was blamed by the other opposition party because our policies were so stimulating that we were running up big deficits.

* * *

● (1427)

[*Translation*]

FEDERAL-PROVINCIAL RELATIONS

STATEMENT OF FRENCH MINISTER CONCERNING QUEBEC POLITICS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, in view of the absence of the right hon. Prime Minister and the Deputy Prime Minister, I shall direct my question to the Minister of State for Federal-Provincial Relations.

Mr. Speaker, in a new bulletin this morning, the French network of the CBC reported statements of the Quebec premier as well as those of the secretary-general of the Independent Republican Party of President Giscard d'Estaing to the effect that he was bringing the political support of the president of France for the sovereignty-association principle of the Quebec government. Can the minister tell the House whether he has been advised of the news bulletin concerning France's recreation and sports minister Jean-Pierre Soissons and, if so, whether he has any comments to make in this regard?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I have not had the opportunity of acquainting myself with the news mentioned by the hon. member. I shall certainly inquire about it without delay and the Prime Minister or the Secretary of State for External Affairs for Canada will surely have comments to make if the news, as reported by the hon. member, is confirmed.

* * *

EXTERNAL AFFAIRS

INQUIRY WHETHER MINISTER INFORMED OF POSITION OF FRENCH MINISTER CONCERNING QUEBEC POLITICS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, on a supplementary to the Secretary of State for External Affairs.

Further to the question I just put, can the minister tell the House whether he has been informed of the presence on Canadian soil of France's recreation and sports minister Soissons, and of the stand taken by him on behalf of the French government with regard to the problems which confront us here in Quebec in relation to the constitutional problem? If he has been informed of those remarks, what comments does he have to make about them?

[*English*]

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I have been advised of some of the statements made by the visiting minister from France, but I have not had an opportunity to look into them in any detail or to obtain a final report on what was said. I assume the French government will continue to take the position it stated it would, namely, to refrain from any intervention or involvement in the purely domestic affairs of Canada. However, I will look into it and perhaps be in a position to say something more substantive later.

* * *

LOTO CANADA

BUY CANADIAN POLICY

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, a question to the Minister of Industry, Trade and Commerce. The hon. gentleman's department has just announced a $1.7 million program to encourage people to buy Canadian and the minister now has on his desk a letter from Mr. Sellmeyer, president of Consolidated Computer Inc., stating that his firm in conjunction with another Canadian firm can do the job which both the minister of fitness and amateur sport and the president of Loto Canada said no Canadian firm could do, and do it with more than 80 per cent Canadian content.

Will the minister explore ways to prevent Loto Canada exporting high technology and experience to foreign firms, a process which can only widen our trade deficit in manufactured goods? Will he press for this $23 million contract to be awarded to Canadian firms, thus ensuring Canadian content and giving such firms an edge when trying to break into the European market for this type of equipment?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): The hon. member is really asking what we are attempting to do with the $1.7 million. The purpose is to inform Canadians that when Canadian manufactured goods are suitable and are priced as reasonably as imported goods, they should buy Canadian. We are not saying people should forgo doing something because the goods they require are not available in Canada. In this case, I believe Loto Canada advertised widely and accepted an offer to do the job it wanted done.

Mr. Dick: The minister, unfortunately, does not know that Loto Canada did not advertise at all; it acted without even going to the Canadian industry.

Some hon. Members: Oh!

Mr. Dick: The Canadian industry is now mad. Both Ontario and Quebec are turning to Canadian industry and promoting it, the very thing the federal government is telling others to do but will not do itself. The President of the Treasury Board may have an interest in this because Consolidated Computer Inc. is owned by the government to the extent of 53 per cent. Has he proposed in cabinet that Canadian firms, particularly, one might think, Canadian firms owned or controlled by the government should be given a fair opportunity to bid on this important contract?

Hon. Robert K. Andras (President of the Treasury Board): We are always biased in favour of Canadian content and Canadian operators. I will certainly note the hon. member's representations.

* * *

● (1432)

MANPOWER

BUY CANADIAN POLICY TO CREATE JOBS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I have a supplementary question for the Minister of Employment and Immigration. In view of the fact that the government appears to be urging everybody else to buy Canadian but does not want to do so itself, I wonder if the minister, who has a very important stake in this because it would create 500 jobs in Canada, will be applying pressure in an effort to convince his colleagues that the Canadian government should also buy Canadian for the Loto Canada computer and gaming terminals.

Hon. Bud Cullen (Minister of Employment and Immigration): As usual, Mr. Speaker, the hon. member has refused to comment on the splendid answer given by the Minister of State (Fitness and Amateur Sport) indicating in some detail the action which is being taken by Loto Canada in this instance.

* * *

INDUSTRY

LOCATION IN CANADA OF FORD MOTOR PLANT

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. The minister has said that he never offered a 75 per cent subsidy for the building of a Ford parts plant near Windsor. How can he reconcile that statement with a statement from a working paper prepared by his officials which was presented to the Ontario government and which contained the following statement:

> Cabinet approved 75 per cent federal, 25 per cent provincial sharing in the Ford case. Officials will have discussed cost-sharing with Ontario prior to this paper being presented—

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Well—

An hon. Member: Well!

Mr. Hees: This had better be good, Jack.

An hon. Member: Take your foot out of your mouth.

Mr. Horner: Mr. Speaker, I would like to say to the House that I am disappointed in the Ontario government, but I am still attempting to negotiate a successful landing of the Ford engine plant. What I offered some months ago—I think back in February—was a similar deal to the one Quebec was getting. We made a similar offer to the province of Quebec with regard to a General Motors plant, but less money was involved. However, I was turned down flat by the Ontario government. The Ontario government said it would not contribute a five-cent piece to the landing of a Ford plant.

Some hon. Members: Shame.

Mr. Horner: I have made it clear in both instances that we would prefer to have the plant go to a DREE area. Ford came back in the intervening period and specifically outlined to myself and the Minister of Finance the reasons it would feel justified in asking for a contribution from both levels of government for the building of a Ford engine plant in Canada because the costs were going to be "X" million dollars more than the cost for the enlargement of their existing plant in Ohio. Ford then indicated a considerable sum of money to the Minister of Finance and I.

Mr. Clark: "Me," Jack.

Mr. Horner: Me.

Some hon. Members: Oh, oh!

[Mr. Dick.]

An hon. Member: There are a lot of jokers over there.

Mr. Horner: I was then informed by Ford that it would be seeing the Ontario government. Ford saw the Minister of Finance and myself on a Wednesday and the Ontario government on a Friday.

Mr. Speaker: Order, please.

Mr. Beatty: Mr. Speaker, I thought this was the minister who once said that a man's word is a man's word. I ask the minister whether he will tell the House with honesty that the offer which was made by Ford and which was under discussion between the Ontario and federal governments involved Ford building a parts plant anywhere other than Windsor. Did Ford ever consider any spot other than Windsor, Ontario?

Mr. Horner: Mr. Speaker, I do not know whether Ford considered any spot other than Windsor.

Mr. Beatty: You are as phony as a three-dollar bill, Jack.

An hon. Member: Stop shouting.

Mr. Horner: I think, however, that in the minds of people in many areas of Ontario it was thought that Ford was considering their areas. Certainly, the government of Quebec thought Ford was considering the province of Quebec. But on a specific matter Ford came to this government wanting $75 million for the building of a plant at Windsor. That was far greater than I had obtained permission from the cabinet to offer anybody. I went to cabinet, and we were prepared to go into a non-DREE area in a substantial way.

As I said earlier, I was disappointed that the Ontario government did not feel that the auto industry was important to Ontario, and that the Ontario government was not prepared to assist us in landing a plant in the province of Ontario. I believe we are still going to attempt to negotiate because of the secondary effects of a Ford plant: the spin-off effects would be of tremendous benefit to whatever province a plant is built in, and I think Ontario should reconsider.

LOCATION IN WINDSOR, ONT., OF FORD MOTOR PLANT

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a supplementary question. While recognizing the very heavy provincial responsibility in this matter, I would like the minister to assure us that the federal government is taking all reasonable steps open to it to ensure that Canada will have its fair share of new automotive plant production employment, bearing in mind that certain automotive centres in Ontario have had unemployment rates above the national average.

In addition, if reports that the Ford Motor Company is interested in establishing a major engine plant in the Windsor area are true, and if the alternative to having that plant in the Windsor area is that it be built in the United States, I ask the minister to ensure that the government will take every possible step to have that plant in Canada and in the Windsor area in particular.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, all I can say is that the offer made by the federal government to Ford and to the province of Ontario is substantially higher than Ontario has agreed to put forward so far.

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URBAN AFFAIRS

ROBERT CAMPEAU REAL ESTATE DEVELOPMENTS IN HULL, QUEBEC

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of State for Urban Affairs, and I hope I will get more of a response than I did on the nineteenth of this month. With respect to the involvement of Mr. Campeau in various organizations in Hull, I would like to ask the minister whether it is a fact that the Campeau organization has recently consistently threatened to delay the construction of the hotel part of les Terrasses de la Chaudière and whether the minister acknowledges this, in view of the fact that on February 7 a letter was written to Pierre Juneau urging him to direct his staff to address themselves to the program, "we agree to, without wasting further time". There is also further correspondence. I would like to find out how much further we are going to go in this country wasting taxpayers' money to accommodate Mr. Campeau.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I am under the impression that the hon. member is asking a question concerning a letter of which a copy is in his possession. I cannot understand why he is asking that question since he already has the answer. Furthermore, I strongly object to the conclusion he draws from his own remarks since they are groundless and have no relation to the activities of the National Capital Commission in Hull. I think the hon. member, faithful as ever to his old habits, is once again making absolutely unfounded allegations.

[*English*]

Mr. MacKay: Mr. Speaker, the only way to get an answer from this minister is to know it before asking the question. However, I want to ask him if he can tell the House and the country why a solicitor, one Pierre Joanisse, has been retained, over the heads of justice officials in the ministry, to facilitate Mr. Campeau's request to have the Brewery Creek development accelerated at a cost of over $3 million. Why has the advice of the proper departmental officials been ignored again and why has this outside solicitor been brought in?

[*Translation*]

Mr. Ouellet: Mr. Speaker, the appointment of a solicitor by the National Capital Commission is an exclusive prerogative of that commission. It is an independent organization which has the right to hire consultants whenever it wishes to. Furthermore, the development of that park in Hull was decided many years ago. It has nothing to do with Mr. Campeau's interests or activities. Obviously, the fact that the park will be in the vicinity of les Terrasses de la Chaudière is quite likely to embellish the surroundings of these buildings. But this park is not being developed in Mr. Campeau's interests, but for the enjoyment of Canadians who will come to visit the national capital and who want to have a national capital which is beautiful on both sides of the river and not only on this side.

* * *

● (1442)

[*English*]

NATIONAL REVENUE

BRAMPTON WOMEN'S CENTRE—QUALIFICATION FOR CHARITABLE STATUS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is directed to the Acting Minister of National Revenue. It is based upon a news report to the effect that the president of the Brampton Women's Centre has stated that her organization had to sign a statement that it will take no part in political activities, in order to qualify for charitable status under the Income Tax Act.

In view of the fact that the bulletin in that connection was suspended by the Prime Minister and we were told that it was for information only and not a demand or a directive, can the minister tell us why people in the Department of National Revenue would require a signed pledge from an organization such as the Brampton Women's Centre?

Hon. Monique Bégin (Acting Minister of National Revenue): Mr. Speaker, as far as I know, the procedure was that officials in the department would study the charter of any organization applying for the tax exemption registration number for charitable donations. I have never heard of the procedure outlined by the hon. member. With great pleasure I will make inquiries and refer the question to the minister.

PLEDGE THAT ACTIVITIES NOT OF A POLITICAL NATURE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my supplementary question is directed to the same minister. The organization in question, the Brampton Women's Centre, was asked to sign a distinct pledge including the following words:

The Brampton Women's Centre hereby pledges that its endeavours will not include activities of a political nature.

Some hon. Members: Shame.

Miss MacDonald: Is this the first time this has been carried out? Why was a pledge requested from this particular organization? Will it continue to be the direction of the government to ask for such pledges during a time when the Minister of National Revenue assured us that the entire question of definition of political activities as they relate to charitable institu-

tions is under review in co-operation with charitable organizations?

Hon. Monique Bégin (Acting Minister of National Revenue): Mr. Speaker, I clearly understood the problem as put forward by the hon. member for Winnipeg North Centre. This is a repetition of the same question. I have said that I will inquire into the details, starting of course with the date, if that is prior to the circular or after the withdrawal, and so on. I will report as soon as possible.

* * *

PETRO-CANADA

TAKEOVER OF HUSKY OIL—ROLE OF EX-CHAIRMAN OF NATIONAL ENERGY BOARD

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. It relates to what appear to be further developments in the conflict of interest situation involving Mr. Marshall Crowe, past chairman of the National Energy Board. As the minister knows, Mr. Crowe is a member of the board of directors of Petro-Canada; also, he is a member of the Board of Energy Ventures Ltd. of Boston, which reportedly is acting as an agent for Alberta Gas Trunk Line which is now bidding for control of Husky.

What action is the minister taking to end the situation where one of the members of the board of Petro-Can continues to sit on the board, while another company of which he is a director competes in a takeover bid against Petro-Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I believe I heard the hon. member allege that Mr. Crowe was a director of Petro-Canada. He is not.

Mr. Hnatyshyn: Mr. Speaker, I hope the minister will check out the relationship between Mr. Crowe and Petro-Canada.

Mr. Gillespie: You can check it out.

Mr. Hnatyshyn: In view of the substantial government involvement in the development, does the minister condone Mr. Crowe taking a position of consultant with Dominion Securities, which is a financial adviser to Alcan Pipelines, only one month after he resigned as chairman of the National Energy Board?

Mr. Gillespie: Mr. Speaker, I think those questions were put yesterday to the Prime Minister and he dealt with them very adequately.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: We have received no answer at all.

Mr. Hees: He said that you would answer today.

[Miss MacDonald.]

EXTERNAL AFFAIRS

CANADA-U.S. FISHERIES AGREEMENT

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. On June 13, 1978, the United States treasury department announced that it was not going to impose countervailing duties on Canadian groundfish, at least up to January 4 of next year. In the statement issued, they indicated, although they found that certain actions were subsidies, that Canada had agreed by October 1 to "almost entirely eliminate" the subsidies. They listed the subsidies as being cash payments to Canadian fishermen and fish processors from the federal and provincial governments; cash payments to fishermen for financing the construction of fishing vessels; grants for facilities required in the fishing industry; and loans for vessel construction and processing facilities, presumably regional development grants and loans. Has the Canadian government agreed to eliminate all or any of those in addition to the two cents a pound which the government has agreed to drop by October 1?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): No, Mr. Speaker, we have not. The negotiations, which I am very grateful to the United States for having carried on so effectively from our point of view in Canada, dealt exclusively with assistance to fishermen and to vessels for catching. We have not had any negotiations—I, personally, have not—on the direct matter of vessel subsidies and the like, which we maintain indeed are part of regional development effort and do not constitute anything by way of particular assistance to Canadian fish products entering the United States.

Mr. Speaker: The hon. member for St. John's East.

Mr. Crosbie: Mr. Speaker, St. John's West. There are two members from St. John's. The statement issued by the American government refers to grants other than those which the minister has mentioned as loans. The minister will remember that in the case of Michelin, this was DREE assistance in a regionally disadvantaged area. It did not prevent them from imposing countervailing duties. In addition, the release indicates that Canada will have a 92 per cent reduction by October 1. Is the minister quite confident that we have to do nothing further to retain this status in any of these matters, in view of the statements by the American treasury board?

Mr. Jamieson: No, Mr. Speaker, I do not think we can now stop doing anything. However, I emphasize that the most important single problem had to do with the two-cent a pound payments with regard to fish, which was a direct subsidy. Therefore, that was the matter on which we concentrated. These other questions have been under discussion for many years. In fact, the hon. member referred to Michelin as a case in point, which has been part of the irritant for as long as that plant has been in existence.

I would hope that the final solution to these matters will come about through the GATT negotiations in Geneva, where such matters as non-tariff barriers and related questions will be dealt with on a permanent basis. We have never tried to conceal the fact that there is uncertainty about the American reaction to these forms which I am sure the hon. member will agree are essential and valued assistance. It is a difficulty for us. We would like to get it resolved permanently.

* * *

MANPOWER

UNITED STATES WORKERS EMPLOYED IN CANADA

Mr. F. A. Philbrook (Halton): Mr. Speaker, my question is directed to the very helpful Minister of Employment and Immigration.

Some hon. Members: Oh, oh!

Mr. Philbrook: Last week I asked the minister about cases where immigration was held up even though immigrants were needed for certain jobs that we could not seem to fill with Canadians within a reasonable period of time. I understand that since April it has been increasingly difficult to bring in American and other maintenance men to do necessary maintenance service work in Canada, even though that service cannot be obtained within Canada, even perhaps to the point of an interruption of production and possible lay-offs.

Some hon. Members: Order.

Mr. Speaker: If the hon. member has a question, will he put it forthwith.

An hon. Member: What is the question?

Mr. Philbrook: Would the minister be good enough to look into that question with the same flexible look as he offered to look into the previous problem?

Some hon. Members: Oh, oh!

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member was doing very well at the beginning of his question.

An hon. Member: But he blew it at the end.

Mr. Cullen: I would say yes, Mr. Speaker. We have a specific situation from time to time where pieces of machinery are bought from the United States and have to be installed by technicians from a particular plant. We do what we can to facilitate the entry of these people to work on them, installation work or maintenance work. Recently, we had a case in Fort Erie where we were able to accommodate the people. Hundreds of Canadian jobs will result from the impact of these people who have particular skills for a particular job.

• (1452)

[*Translation*]

INDUSTRY

ESTABLISHMENT OF GENERAL MOTORS PLANT IN CANADA—PROGRESS OF NEGOTIATIONS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. There was an earlier reference to the Ford Company. I would like to ask the Minister of Industry, Trade and Commerce if he can report to us now on the negotiations with General Motors about the establishment of an automobile parts plant on Canadian soil. I wonder whether the minister can report any progress on the negotiations in this regard to the House.

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, General Motors have expressed an interest in building a plant in Quebec and have asked us whether such a plant would qualify for DREE assistance. We informed the company that it would. The company has expressed an interest in building an aluminum foundry in which it could assemble a lot of aluminum parts for its auto industry. As far as I know, negotiations are still going on and General Motors have not yet determined what engineering projects it will undertake in that new plant, or whether in fact it will go ahead and build it.

[*Translation*]

Mr. La Salle: Can the minister tell us, on the assumption that that industry would be set up on Canadian soil, what will be the financial contribution rate by the Department of Regional Economic Expansion, I suppose?

[*English*]

Mr. Horner: Mr. Speaker, I think the question would be better directed to the minister in charge of DREE, rather than me. I can say that General Motors is anticipating the expenditure of some $600 million on the plant, which could mean something like 3,300 jobs. Therefore, I think it would be a fairly substantial asset to the industry in Canada and, more particularly, to the industry in Quebec.

* * *

AIRPORTS

REPORTED CLOSING OF CONTROL TOWER AT HALIFAX, N.S.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I had intended to direct a question to the Minister of Transport but in his absence I will direct it to the acting minister or the distinguished parliamentary secretary. Reports are currently circulating in respect of plans by the Ministry of Transport to close the tower at Halifax international airport. My question basically is, can the acting minister or the parliamentary secretary confirm this? I would then simply put my supplementary question. If that is so, will the minister

institute a review, if from no other point of view than the safety of international air traffic coming into the North American continent over that very heavily-travelled route, with a view to ensuring that the safety factor on this trans-atlantic route will be maintained?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have not been aware of any report in this regard, but I think the hon. member will allow me to look a little more thoroughly into the matter and get directly in touch with him to give him more details.

* * *

OFFICIAL LANGUAGES

DISCUSSIONS WITH QUEBEC ON TRANSFERRING PUBLIC SERVANTS IN THE PROVINCE

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, my question is directed to the Minister of State for Federal-Provincial Relations and relates to the federal project for the decentralization in the city of Sherbrooke of the mapping branch of the Department of Energy, Mines and Resources in Ottawa. Considering that slow progress in this case might lead us to the conclusion that the population of the eastern townships, and more particularly the residents of Sherbrooke, bear the cost of a political conflict between the federal and the provincial governments, can the minister report progress, if any, on this matter?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the delay is not caused by a so-called political conflict between the federal and provincial governments. All we have asked in all cases and in all provinces is that, when the federal government establishes new agencies in various provinces, the provinces concerned should guarantee to the minorities of either official languages the right to send their children to a school giving education in the language of this minority. We stated this requirement to all provinces, and it is the same for Quebec as for Ontario, Manitoba or New Brunswick. We are simply waiting for the answer of the government of Quebec, which would guarantee English-speaking civil servants moving to Sherbrooke under this project, the right to send their children to an English school, to a school which gives education in the language of those children. As soon as we receive this assurance from the government of Quebec, we shall proceed further, of course.

Mr. Beaudoin: Mr. Speaker, I would like to ask a supplementary question. Can the minister tell us when he asked that question to the minister responsible for the administration of bill 101?

[Mr. Forrestall.]

Mr. Lalonde: There were discussions, not between myself and a Quebec government minister, but between the Minister of Finance, who is responsible for this project, and the Quebec minister who is also responsible for this matter. The last contacts were made a few months ago and there have not been any new developments since then.

* * *

[*English*]

TRADE

TERMINATION OF GATT NEGOTIATIONS AT GENEVA

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Can he tell the House when the General Agreement on Tariffs and Trade negotiations at Geneva will be terminated, and when we can expect an announcement on the results of those negotiations?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I think negotiations will continue pretty nearly throughout the full year 1978, but we hope to see some conclusive results, or some direction in respect of those results, prior to or perhaps at the Bonn economic council discussions in the middle of July.

* * *

INDUSTRY

PARTICIPATION BY DE HAVILLAND IN AIR SHOW AT ABBOTSFORD, B.C.

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, I should like to direct my question to the Minister of Industry, Trade and Commerce. In view of the minister's obvious interest in developing Canadian industry, I would ask what progress he has been making in contacting the de Havilland Aircraft Company with a view to having that company participate in the international air show at Abbotsford, British Columbia, considering the opportunity this presents for development of the Canadian aircraft industry?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I conveyed the hon. member's representations to de Havilland which indicated it will look at them. I have not yet received a yes or no reply, but I will convey the reply to the hon. member as soon as I get it.

CANADA COUNCIL

REFERENCE OF ANNUAL REPORT TO COMMITTEE

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, I would direct my question to the Secretary of State. In view of the fact that in the original legislation for the Canada Council drawn by the St. Laurent government and amended with provisions for accountability by the government of the right hon. member for Prince Albert, particularly the Hon. Howard Green, which called for a parliamentary review, in view of the fact that over 20 years have passed without such a review, bearing in mind the internal investigation by the department and the Canada Council itself, and the court case, will the minister finally agree to providing for such a legislative review by referring the annual report of the Canada Council to a parliamentary committee for detailed consideration, as directed by the legislation?

Hon. John Roberts (Secretary of State): Mr. Speaker, I would have absolutely no objection to such a course of action, if the members of the committee express the desire to meet through the chairman, and that such should take place.

* * *

OLD AGE SECURITY

PORTABILITY OF PENSIONS BETWEEN GREAT BRITAIN AND CANADA

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is for the Minister of National Health and Welfare and it arises from the news that the Canadian dollar is starting another decline. While I would not expect the minister to be able to retrieve a great deal from the situation the Minister of Finance has brought the country to, nevertheless I would ask whether she can report on negotiations with Great Britain in respect of the portability of old age security pensions between that country and ours, negotiations that should be simplified as the Canadian dollar weakens and the pound grows stronger.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am very sorry for the depressing mood of the hon. member. I think he will not even vote for himself in the next election. At this time, I can inform the House that we are continuing to press for a reciprocity agreement on pensions with Great Britain. I wrote again a few weeks ago to the right hon. David Ennals and reminded him as diplomatically as possible that their economy was a sunny one and Canadian and British citizens here should benefit from it.

• (1502)

PRIVILEGE

MR. RICHARDSON—ANNOUNCEMENT OF DECISION TO SIT AS INDEPENDENT

Hon. James Richardson (Winnipeg South): Mr. Speaker, I rise on a matter of personal privilege of which I have given you notice. I understand that this afternoon this House will consider a government motion in relation to the Constitution of Canada. In recent days I have studied and carefully examined the government's proposals as set out in the white paper called "A Time for Action", and in the constitutional amendment bill, Bill C-60, which was given first reading in the House last week.

I am convinced from studying those documents that this government legislation cannot possibly achieve unity in this country. In fact I find myself in such fundamental disagreement with the government's proposals that I can no longer, in good conscience, sit on the government side of the House.

It is my belief and my conviction, Mr. Speaker, that the government's two-phase plan to amend the Canadian Constitution is in fact a blueprint for permanent national division, and for that reason I intend, after this brief statement, to cross the floor of the House and to sit as an independent member of parliament in opposition to the government.

Some hon. Members: Hear, hear!

Mr. Richardson: Mr. Speaker, I therefore ask you if you will assign me a seat on the opposition side.

I have not at this time, and I do not at this time seek membership in any of the parties in opposition, but I do want to make it clear that I wish to join all hon. members who are in opposition to the government.

Some hon. Members: Hear, hear!

Mr. Richardson: I would like to confirm that, for my part, I wish to continue and I will continue to represent my constituents in Winnipeg South, and to serve my constituents as an independent member of parliament.

To conclude—and I realize that this is a trite expression but I believe it is truthful and appropriate for me to say at this time—I leave this side of the House, and I leave friends on this side of the House, much more in sorrow than in anger. That sentiment applies most particularly to my former colleagues and, of course, to the Prime Minister (Mr. Trudeau), who are on my right on the front bench. My deep sorrow, and my only sorrow, is that together we were not able to do more for the unity of this country.

Finally, I hope that members on both sides of the House will understand that my decision to cross the floor is motivated by my belief in what Canada is and what Canada can be. For me, the cause is Canada; for me the ultimate cause is the equality and the well-being of all Canadians.

Order Paper Questions

I now cross the floor, Mr. Speaker, in the cause of a Canada which I believe in, the cause of a united Canada.

Some hon. Member: Hear, hear!

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 139, 774, 775, 1,074, 1,140 and 1,226.

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

[*Text*]

PORT FACILITIES—GROS CACOUNA

Question No. 139—**Mr. Forrestall:**

1. Is the government considering the construction of port facilities to handle general cargo at Gros Cacouna and, if so, has the project been approved in principal?

2. What specific commodities is it anticipated will be handled at the facility?

3. What commitments from users or operators have been obtained?

4. What is the estimated cost of the facility?

5. What revenue is anticipated during each of the first two years of operation?

6. What is the return on investment or loss anticipated by the government during each of the first two years of operation when all costs including depreciation and interest have been considered?

7. Could the cargo be handled in containers at existing ports such as Quebec, Montreal, Halifax or Saint John?

Hon. Otto E. Lang (Minister of Transport): 1. The construction of a general cargo terminal at Gros Cacouna is underway. The terminal will include a 600-foot marginal wharf, related dredging, a 25,000 square foot transit shed and a backup area of approximately 18 acres.

2. Forest products, newsprint, corrugated cardboard, lumber, general cargo, petroleum products.

3. Seven local and regional companies have been identified as potential users and have expressed positive interest in the proposal. One company is committed to a long-term agreement with Transport Canada regarding storage and shipment of their product through Gros Cacouna.

4. The estimated cost of the facility is $12.5 million.

5. It is anticipated that the revenue in each of the first two years of operation will be in the range of $80,000 to $100,000. In addition, certain savings will be realized on operation and maintenance of other public wharves in the area.

6. As a regional economic development project, this terminal is not expected to earn more than its operation, maintenance and depreciation costs during the first two years.

7. The commodities involved are not generally shipped via container. The markets for the commodities are along the north and south shore of the St. Lawrence River, in the U.S.A. and overseas. The potential users would realize substantial savings in transportation costs shipping via Gros Cacouna. It would be possible to ship some of the commodities by container through established ports but this is not practical given the nature of the commodities and the fact that they are produced in the Rivière-du-Loup area.

IMPORTS OF PORK

Question No. 774—**Mr. Lambert (Bellechasse):**

Did Canada import pork meat between September 1, 1976 and September 1, 1977 and, if so (a) of what category (b) in what quantities (c) from which countries (d) at what cost per pound (e) were transportation costs over and above the price and, if so, what were the transportation costs per hundred weight?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: (a), (b), (c) and (d) Statistics on imports of pork in the period September, 1976, to August, 1977, inclusive appear below in terms of quantity, value and unit value, by category and country. (e) The valuation used is that established for customs duty purposes according to the provisions of the Customs Act and import documents are required to show values which exclude all transportation charges. Some imports from the United States are however purchased on a "delivered" basis and their prices therefore reflect an allowance for transportation costs. Separate statistics on transportation costs by commodities are not compiled.

Statistics Canada—External Trade Division
Imports of Pork by Country
Quantities in Hundredweights
Values in Canadian Dollars
September, 1976 to August, 1977 Inclusive
December 30, 1977

	Quantity	Value	Price Per Hundredweight
Class5 : 01122Pork Bellies, Fresh or Frozen 57			
990 United States	184,292	12,636,084	68.57
Total	184,292	12,636,084	68.57
Class5 : 01124Hams, not Cured or Cooked 57			
990 United States	373,163	28,414,999	76.15
Total	373,163	28,414,999	76.15
Class5 : 01125Pork Shoulders Picnics Butt, Fresh or Frozen 57			
990 United States	206,599	13,228,971	64.03
Total	206,599	13,228,971	64.03
Class5 : 01128Pork Spare Ribs, Fresh or Frozen 57			
001 United Kingdom	368	30,768	83.61
990 United States	89,985	7,386,609	82.09
Total	90,353	7,417,377	82.09
Class5 : 01129Pork, Fresh or Frozen N E S 57			
001 United Kingdom	1,472	124,035	84.26
990 United States	1,179,379	90,426,540	76.67
Total	1,180,851	90,550,575	76.68
Class5 : 01320Pork Backs, Cured 57			
990 United States	16,975	1,085,699	63.96
Total	16,975	1,085,699	63.96

	Quantity	Value	Price Per Hundredweight
Class5 : 01323Bacon, Cured		57	
001 United Kingdom	—	—	—
017 Ireland	1,377	191,320	138.94
073 Netherlands	—	—	—
990 United States	9,440	902,231	95.58
Total	10,817	1,093,551	101.10
Class5 : 01325Pork Shoulders Picnics Butts, Cured		57	
990 United States	21,219	1,282,434	60.44
Total	21,219	1,282,434	60.44
Class5 : 01329Pork, Cured N E S		57	
017 Ireland	—	—	—
990 United States	53,807	4,093,402	76.08
Total	53,807	4,093,402	76.08
Class5 : 01724Hams, Canned		53	
049 Denmark	—	—	—
073 Netherlands	982	140,293	142.86
277 Poland	17,621	1,488,495	84.47
279 Romania	250	34,846	139.38
990 United States	102	14,286	140.06
Total	18,955	1,677,920	88.52
Grand Total			
001 United Kingdom	1,840	154,803	84.13
017 Ireland	1,377	191,320	138.94
049 Denmark	—	—	—
073 Netherlands	982	140,293	142.86
277 Poland	17,621	1,488,495	84.47
279 Romania	250	34,846	139.38
990 United States	2,134,961	159,471,255	74.70
Total	2,157,031	161,481,012	74.86

IMPORTS OF BEEF

Question No. 775—**Mr. Lambert (Bellechasse):**

Did Canada import beef meat between September 1, 1976 and September 1, 1977 and, if so (a) of what category (b) in what quantities (c) from which countries (d) at what cost per pound (e) were transportation costs over and above the price and, if so, what were the transportation costs per hundred weight?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following: (a), (b), (c) and (d) Statistics on imports of beef in the period September, 1976, to August, 1977, inclusive appear below, in terms of quantity, value and unit value, by category and country. (e) The valuation used is that established for customs duty purposes according to the provisions of the Customs Act and import documents are required to show values which exclude all transportation charges. Some imports from the United States are, however, purchased on a "delivered" basis and their prices therefore reflect an allowance for transportation costs. Separate statistics on transportation costs by commodities are not compiled.

Order Paper Questions

Statistics Canada—External Trade Division
Imports of Beef by Country
Quantities in Hundredweights
Values in Canadian Dollars
September, 1976 to August, 1977 Inclusive
January 2, 1978

	Quantity	Value	Price Per Hundredweight
Class5 : 01101Beef, Fresh or Chilled, Boneless		57	
614 Australia	3,207	298,424	93.05
622 New Zealand	5,336	347,113	65.05
990 United States	67,152	13,750,034	204.76
Total	75,695	14,395,571	190.18
Class5 : 01103Beef, Frozen, Boneless		57	
001 United Kingdom	—	—	—
614 Australia	741,040	43,965,984	59.33
622 New Zealand	543,608	30,373,077	55.87
990 United States	12,728	1,069,450	84.02
Total	1,297,376	75,408,511	58.12
Class5 : 01105Beef, Fresh or Frozen N E S		57	
001 United Kingdom	—	—	—
614 Australia	5,896	497,322	84.35
622 New Zealand	4,337	253,878	58.54
990 United States	59,162	6,128,531	103.59
Total	69,395	6,879,731	99.14
Class5 : 01108Veal, Fresh or Frozen		57	
614 Australia	28,807	1,949,388	67.67
622 New Zealand	—	—	—
990 United States	9,043	588,482	65.08
Total	37,850	2,537,870	67.05
Class5 : 01309Beef, Cured		57	
744 Argentina	312	24,620	78.91
990 United States	3,540	526,962	148.86
Total	3,852	551,582	143.19
Class5 : 01703Corned Beef, Canned		53	
614 Australia	27,163	2,611,983	96.16
744 Argentina	36,228	3,114,573	85.97
752 Brazil	54,012	4,205,296	77.86
769 Paraguay	4,586	375,428	81.86
Total	121,989	10,307,280	84.49
Class5 : 01709Beef and Veal, Canned N E S		53	
001 United Kingdom	9,446	459,738	48.67
055 Germany West	—	—	—
067 Italy	4,126	538,065	130.41
614 Australia	1,768	181,273	102.53
744 Argentina	450	32,781	72.85
990 United States	277	12,071	43.58
Total	16,067	1,223,928	76.18
Grand Total			
001 United Kingdom	9,446	459,738	48.67
055 Germany West	—	—	—
067 Italy	4,126	538,065	130.41
614 Australia	807,881	49,504,374	61.28
622 New Zealand	553,281	30,974,068	55.98
744 Argentina	36,990	3,171,974	85.75
752 Brazil	54,012	4,205,296	77.86
769 Paraguay	4,586	375,428	81.68
990 United States	151,902	22,075,530	145.33
Total	1,622,224	111,304,473	68.61

Order Paper Questions

RESOLUTE BAY AIRPORT

Question No. 1,074—**Mr. Mazankowski:**

1. Was the operation and maintenance of the Resolute Bay Airport contracted out and, if so, on what date?

2. What was the total cost for the operation and maintenance of the Airport in the year prior to contracting out?

3. What was the total annual operation and maintenance cost for each year since contracting out?

Hon. Otto E. Lang (Minister of Transport): 1. The operation and maintenance of Resolute Bay has been contracted out since 1964. The latest contract, awarded after a public tender call, was effected on November 1, 1974 for a period of five years.

2. Figures for the operations and maintenance costs prior to 1964 are not available.

3. 1964/65, $965,437; 1965/66, $1,247,359; 1966/67, $1,164,343; 1967/68, $1,455,065; 1968/69, $1,266,544; 1969/70, $1,283,317; 1970/71, $2,204,511; 1971/72, $2,239,681; 1972/73, $2,156,650; 1973/74, $2,366,098; 1974/75, $2,624,539; 1975/76, $3,042,024; 1976/77, $3,172,278.

IMPORTS OF BUTTER

Question No. 1,140—**Mr. Herbert:**

1. How many pounds of butter were imported in each of the past five years and from which countries?

2. What was the (a) lowest (b) highest (c) average price paid in each year?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada report the following: 1 and 2.

Imports of Butter by Country
1973-1977

Country	Quantity (lb)	Value ($)	Average Price	Lowest	Highest
1973					
Ireland	11,524,200	6,204,118	0.54	0.51	0.55
Australia	21,119,500	10,576,470	0.50	0.41	0.58
New Zealand	25,588,900	12,217,196	0.48	0.43	0.58
Argentina	56,000	22,270	0.40	0.40	0.40
United States	4,331,400	2,390,931	0.55	0.53	0.67
Grand Total	62,620,000	31,410,985	0.50		
1974					
Ireland	289,300	148,229	0.51	0.50	0.60
Finland	1,572,200	770,132	0.49	0.49	0.49
Sweden	6,613,700	3,539,589	0.54	0.48	0.59
Australia	21,492,000	12,580,739	0.59	0.53	0.82
New Zealand	23,171,400	13,853,799	0.60	0.52	0.66
United States	627,200	344,414	0.55	0.44	0.88
Grand Total	53,765,800	31,236,902	0.58		
1975					
United Kingdom	500	488	0.98	0.56	1.61
Australia	5,618,800	3,305,943	0.59	0.58	2.94
New Zealand	4,444,400	2,590,386	0.58	0.57	0.60
United States	200	128	0.64	0.64	0.64
Grand Total	10,063,900	5,896,945	0.59		
1976					
United Kingdom	172	102	0.59	0.59	0.59
Netherlands	23,799	12,110	0.51	0.51	0.51
Australia	2,192	1,316	0.60	0.60	0.60
United States	8,768	5,207	0.59	0.59	0.60
Grand Total	34,931	18,735	0.54		
1977					
Denmark	3,000	2,369	0.79	0.79	0.79
Australia	21,092	62,909	2.98	0.67	3.04
New Zealand	11,200	7,963	0.71	0.71	0.71
United States	2,472	2,030	0.82	0.60	0.94
Grand Total	37,764	75,271	1.99		

UIC BENEFITS

Question No. 1,226—**Mr. McGrath:**

In 1977, by province and by month, how many persons exhausted their unemployment insurance benefits?

Hon. Bud Cullen (Minister of Employment and Immigration): The following table indicates the number of claimants who have exhausted their unemployment insurance claims during 1977 by province and by month.

Exhaustees 1977

	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alberta	B.C.	Total
January	1,540	174	1,375	1,103	10,758	6,463	516	161	206	2,693	24,989
February	1,189	145	1,291	1,032	11,015	6,536	542	171	226	2,738	24,885
March	1,312	186	1,503	1,407	13,058	8,369	765	265	316	4,037	31,218
April	1,308	259	1,833	1,331	13,488	10,785	1,065	411	428	4,346	35,254
May	4,253	713	1,981	2,720	14,947	13,403	1,495	606	541	6,107	46,766
June	3,190	473	2,640	2,684	17,300	12,900	1,636	719	755	6,407	48,704
July	2,319	270	1,536	2,556	16,079	11,488	1,338	563	654	4,864	41,667
August	2,225	280	1,845	2,626	16,952	11,481	1,268	595	718	4,718	42,708
September	2,124	326	2,663	2,343	15,576	10,483	1,099	496	650	4,323	40,083
October	2,235	399	3,096	2,663	14,318	9,198	1,074	453	612	4,390	38,438
November	2,493	631	2,629	2,961	16,629	10,446	1,326	529	776	5,170	43,590
December	2,243	562	2,962	2,552	17,831	10,964	1,185	694	932	6,156	46,081
Total	26,431	4,418	25,354	25,978	177,951	122,516	13,309	5,663	6,814	55,949	464,383

Source: UI Administrative Data

[Mr. Loiselle (Chambly).]

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

THE CONSTITUTION

ESTABLISHMENT OF SPECIAL JOINT COMMITTEE

Right Hon. P. E. Trudeau (Prime Minister) moved:

That a Special Joint Committee of the Senate and the House of Commons be appointed to examine and report upon proposals that have been made and in the future are from time to time made public by the Government of Canada, on subjects related to the Constitution of Canada;

That twenty Members of the House of Commons, to be designated by the House at a later date, be members of the said committee on the part of this House;

That the committee have power to examine and enquire into all such matters as may be referred to them by the House, and to report from time to time, and, except when the House otherwise orders, to send for persons, papers and records, to sit while the House is sitting, to sit during periods when the House stands adjourned, to print from day to day such papers and evidence as may be ordered by them, and to delegate to sub-committees all or any of their powers except the power to report direct to the House;

That the committee have power to adjourn from place to place within Canada; and

That a message be sent to the Senate requesting their Honours to unite with this House for the above purpose, and to select, if the Senate deems so advisable, some of its members to act on the proposed Special Joint Committee.

He said: Mr. Speaker, to say the least, at the outset of this debate, the constitutional issue has been with us for a long time. It is in 1927 that efforts were initiated, under the government of my predecessor, William Lyon Mackenzie King, some time between the Balfour Declaration and the Statute of Westminster, of 1931, those two steps which enabled Canada, formerly a colony, to accede formally and legally to the status of an independant country.

I shall not refer to the intermediate steps—there were many—but I shall deal briefly with the last stage which started in 1967, this time on the initiative of the provinces, when Mr. Robarts, the then Ontario premier, convened the so-called Confederation of Tomorrow Conference, which was followed soon after by a series of federal-provincial meetings at the first minister level, the first of which was called in February 1968 by my illustrious predecessor, Mr. Lester B. Pearson.

This last stage, which extended over a period of several years, saw the publication of many white papers which were debated at various federal-provincial conferences, which resulted in a complete failure at the so-called Charter of Victoria Conference in 1971. The Victoria effort, however, was partly brought back to life between 1975 and 1977 both at meetings and through an exchange of correspondence between the premiers and myself, where we considered the possibility of implementing a number of clauses of the Victoria Charter.

In view of this long series of failures which has lasted some 51 years, why has the government decided to make a new effort in the constitutional field, an effort which was announced in the Speech from the Throne last fall when we indicated the government's intention to introduce in the House a number of initiatives in areas which are of strict federal jurisdiction? The reason, Mr. Speaker, is very simple. I suggest that the current situation imposes upon us, the government, who have been elected to represent the people, the obligation to face this issue once again. Of course, several things have changed in Canada during these 51 years, but the rate of acceleration of these changes has been particularly high over the past few years.

We have seen a shift of power relations develop in Canada which has expressed itself in various ways.

• (1512)

[*English*]

One of the ways in which this new relationship has expressed itself is in the increase in the size of all governments. In 1967 expenditures by all governments constituted some 23 per cent of the gross national product; ten years later, in 1977, this had increased to 40 per cent. Even within this increase of 8 per cent it is important to note there had been a shifting of power relationships. While federal spending went up by 3 per cent between 1967 and 1977, provincial and municipal spending together went up by 5 per cent, most of it provincial.

New power relationships were developing. The citizen was faced with governments which were growing in size. Of course the regions were taking on increased importance. The Atlantic regions were surging toward the hope held out to them by the new resource base, particularly the maritime resource. The western provinces had gone from a time when they were small markets, distant markets, and suppliers of raw materials, to the present situation where they comprise some one quarter of the Canadian population. In terms of wealth the three "have" provinces in Canada now comprise in their number two western provinces, Alberta and British Columbia.

Mr. Benjamin: And another one coming up fast.

Mr. Trudeau: Another one is coming up fast—Saskatchewan. There has obviously been a shift westward in that sense, not only in population but of the centre of economic gravity in Canada.

Ontario, of course, has gone increasingly toward a province which is open, hospitable to everyone, and which has shown in the composition of its population that it is multiethnic and very democratic.

[*Translation*]

Finally, the case of the province of Quebec is well known. For quite some time, constitutional matters were discussed there but, since the month of November 1976, it has become particularly obvious, with the election of a provincial government which set itself the mission of pulling Quebec out of Canada, that the constitution and constitutional matters are of prime importance in that province.

Why, I ask again, should we tackle once again the constitutional problem? Because it is important, Mr. Speaker, that we should try through new documents, through a new constitution, to deal with this new power relationship, the concerns of the citizens, the new requirements of the various areas, and especially, and that may be the absolutely irrefutable reason, of importance to all Canadians and Quebeckers in particular, to prove that new constitutions are a possibility before the citizens of that province have to commit themselves in a referendum on their fate, on their political future.

So, for all those reasons, the government of Canada has decided to come to grips once again with that constitutional matter. Mr. Speaker, efforts were always met with failure on previous occasions because we tried to reach unanimity among the provinces and the federal government, we felt this time that we might solve the problem in two stages, the first of which would entail amending the constitution in such fields as fall within federal jurisdiction, and the second, amending the constitution on matters of joint federal and provincial jurisdictions.

We realize, of course, that it would ill become the federal government to propose amendments regarding provincial jurisdictions without the consent of the provinces. That is why in our determination to solve the constitutional issue, we have decided to take action, and as the bill now before us clearly shows, we have decided to start with the field that comes under our jurisdiction.

[*English*]

It is important to make this point clear, that the Parliament of Canada has, under the present constitution, the power to amend its constitution. Section 91 of the British North America Act in the first paragraph says so quite clearly. When the present constitution, the British North America Act, enumerates the powers of the federal parliament it indicates as the first among those powers the amendment from time to time of the Constitution of Canada in respect of the six areas which are enumerated.

The equivalent of that for the provinces is well known by this House. Section 92 in the first paragraph says that the provinces can amend their constitution from time to time in all matters except—and then there is one exception, that relating to the office of the lieutenant-governor.

So it is quite clear that the Parliament of Canada can amend the Constitution of Canada except in certain areas which I will return to, and the provinces can amend their constitution except in one area. Indeed, the provinces have repeatedly amended their constitution. Well-known examples of that occurred when a few provinces decided to abolish the legislative council, their second chamber. This was done within very recent times by the province of Quebec. It had been done before by other provinces. It is quite clear that both levels of government can amend their constitution in so far as it concerns matters not excepted under sections 91 and 92, in the first paragraphs. But also it follows that both governments cannot amend the Constitution of Canada acting alone, unilaterally, by mere action of their particular legislature.

● (1522)

We have proposed to the country and to the House of Commons that we exercise our rights under section 91, and that we amend the Constitution of Canada in several areas which I will detail briefly, but none of them, of course, are areas which are covered or concerned by the exceptions, namely, section 91 first paragraph. Before going into details on that, let me add a word about patriation and amending formulas.

[*Translation*]

From a jurisdictional point of view, where does the problem of repatriating the constitution and finding an amendment formula belong constitutionally? It could be either in the first or in the second phase, depending on our discussions with the provinces. In fact, the patriation could very well take place in the first phase since it would in no way affect the distribution of powers among the federal government and the provincial governments. At the same time, if we patriate the constitution and agree on an amending formula, the participation of the provinces would be required some way or other. That is why the provinces might prefer to postpone until the second phase the discussion on patriation and the amending formula. For our part, Mr. Speaker, we are proposing a bill dealing with our powers and jurisdiction. That does not mean that we are not prepared or even not anxious to discuss that second phase when the provinces will want to do so but we know that should not be done without the agreement of the provinces to open the discussion.

I know we have been blamed for starting with what is not more important. That is a point of view, Mr. Speaker. Of course, the sharing of powers is extremely important but I also remind the House that we are dealing in the province of Quebec with a government which does not want to discuss any sharing of powers but rather the handing over of the totality of political powers to the province of Quebec. Of course, that is a situation we cannot consider. I know that the other provinces cannot entertain it either. So it would be useless to say: let us

start the discussion there when we know that at least one of the participants refuses to support that discussion. So I believe we have not only the right but a near obligation to move ahead on that constitutional issue and move ahead in the area where we have the right to move ahead. It could be that in previous discussions the constitutional issue concerned mainly the experts—lawyers, politicians, academics and news commentators. But I believe I am right, Mr. Speaker, in saying that this time the constitutional issue concerns everyone. It concerns Canadians, particularly those in Quebec who are looking at their future, their political destiny with a measure of anguish, and it concerns that very large number of people who wanted to show their interest in the constitutional issue before the Pepin-Robarts commission or other forums.

So we made that proposal, and to try to explain it without going into the technical details, I would like to say that we think that three major problems stand in the way of harmony and unity in this country. The first one has to do with the relationships of the people with governments. The second is the language problem, the fact that we have two official languages. The third one has to do with regionalism, namely a certain alineation of the regions vis-à-vis the government and the central parliament.

[*English*]

I would like to show how this constitution bill attempts to deal with these three very important sources of uncertainty and division in Canada.

Let us begin with what I suppose could be described as the alienation of the citizen toward governments, big governments, as I indicated earlier. They have been getting bigger as modern governments in industrial societies feel they must deal with an increasing number of areas. At the same time as the citizen has been asking his governments to do more things for him, he has been subjected to legislation which naturally reduces the area of his liberties. For that he has been asking certain guarantees against big governments.

At the same time citizens in Canada seeing this evolving power of relationship, sensing frustration toward big governments, federal, provincial, and sometimes even municipal levels, sensing the divisions between regions and the central government which often express themselves in federal-provincial tensions, sensing too the linguistic problem which has caused a great deal of puzzlement and sometimes annoyance among citizens where minorities, French minorities in other provinces or English-speaking minorities in Quebec, also with the increasing number of Canadians of other ethnic stock than that of the French or those from the British Isles who have wanted to know their place in this society, have wanted to know the constitutional rank that was given them as well as the rank that the native peoples were concerned about. We attempted to deal with all of these problems in the following ways.

First of all the preamble, the statement of aims, which I will not recite here, does try to create for Canadians a sense of purpose, a sense of identity. It does try to tell them in reasonably simple and intelligible language that in Canada we honour and respect diversity, but that basically we are all united and we all share the same goals, goals of equality of opportunity from any part of this country where one may come, or from whatever part of the world one may emigrate to Canada. We tend to express this in the preamble and in the statement of aims in a way in which Canadians can feel that their government in a constitution binds itself to recognize these basic rights, freedoms, and the right to seek one's fulfilment in equality of opportunity.

● (1532)

The next problem with which we have to deal is the problem of regional alienation. The expression is well known and often used. Essentially, it comes and is expressed from and by the people who feel that they in some way belong to regions which are either too distant from Ottawa in terms of geography, political representation, economic fulfilment, or linguistic equality.

These various feelings of alienation have been the object of concern by all governments. That is why so many of them have been talking about constitutional problems and why so many other groups have been talking about constitutional problems. The official opposition recently published a paper, a white paper or policy paper, on the constitution. There is a group called, I believe, Canada West, which has published such a paper. There is a group of academics from Toronto. The government of Ontario has published policy papers trying to deal with this problem.

Looking at all these documents, it appears there are two ways essentially of approaching this problem of regional alienation. The first would be for the constitution to transfer vastly increased powers to the regions so that in the regions or in the provinces those powers would be exercised by governments which are at least closer geographically to the centres of population.

This approach of massive decentralization, which takes various forms, is one which this government rejects. We believe that whatever form the constitution takes, there must always be a central government able to speak for all Canadians in all parts of Canada in areas which are important in the lives of those people.

Some hon. Members: Hear, hear!

Mr. Trudeau: We think it would be a mistake to try to save the unity of Canada merely by saving its geographical entity. We think that unless the central government can indeed govern effectively over all citizens in the country, we might have saved the map of Canada but we would not have saved the reality of a nation, a people united in their purposes and seeking to fulfil their destiny together.

That is why, along with massive decentralization, we reject other approaches which tend in the same direction. I would name solutions such as associate statehood or loose confederations as other forms of constitutional change which would tend to save the country by destroying it in the long run.

Therefore, if we cannot and should not solve the problem of regional alienation by giving powers out to the regions, we look at the other approach and feel that that must consist in bringing, in some way, the regions to the centre, making sure that that feeling of alienation which exists in the regions is in some way healed by making the regions feel that they are truly represented in some ways at the centre.

There are various ways of doing that, Mr. Speaker. One, of course, would be through changing the approach in this very chamber. We could, for example, decide that in the future the electoral system in this country for election to the House of Commons would be one based on proportion representation. In this way the citizens of the regions would find that their national government would tend to be formed of coalitions, of groups, of parties speaking for the regions, since this indeed would be the object.

This is a remedy which has been examined by some and, I am sure, will be debated by others. However, it is an approach that this government also rejected for a very simple reason. We fear not so much governments of coalition, although it is certainly very debatable whether that is a very desirable approach, but governments of coalition which would be based on rivalries between regions rather than slight ideological or party differences. To our mind, that would not unite the country, but divide it further. This House, parliament, would become a place where regions would quarrel amongst themselves and seek alliances, not to further the national good of all the country but in order to further their own particular regional or provincial interests.

That is why we have rejected that approach and chosen instead to try to reform our constitution by acting in a way which is common to most federal systems, acting through the second chamber and seeking ways in which that second chamber, which we call in this bill the House of the Federation, can in some way bring the concerns and the debates from the regions to the centre. They can make sure that whatever concerns are expressed and felt in the various regions of Canada will be debated and resolved not only and not mainly at the provincial level, but here on Parliament Hill in the parliament of all Canadians. For that we have decided to produce certain modifications to the second chamber, the House of the Federation.

Here again various approaches would have been possible. One would be to have the members of the second chamber elected directly by the people. As everyone knows, this is the system which is in practice in the United States and in Australia, where the senators are elected directly by the people, according to certain percentages and numbers across the totality of the federation. In this way the upper house, the second chamber, reflects not national parties which are geared and oriented toward the expression of the greatest common good of the whole country, but is filled with people who are elected to speak more precisely for their regions.

• (1542)

This, once again, is a solution which will be debated and on which the government is anxious to hear argument. But we rejected this for a very simple reason, too. It is that experience has shown in Australia—and, I think, theory would also demonstrate—that this system of direct election of two chambers, the House of Commons and the House of the Federation, would result almost inevitably in difficulties in the functioning of the parliamentary system. There would be the question to which of the houses is the government responsible, and what should be done in the case of an irreconcilable difference between the two chambers? What would be the result at a time of double dissolution, and so on?

It is because of such questions that we are afraid the introduction of this system is not compatible with the parliamentary method of government and would tend to lean more toward the presidential system where somebody above the elected chambers, someone responsible to the whole country—a president of sorts—would exercise legislative authority. That is the difficulty to which direct representation in the second chamber would lead us. I submit this would also be the difficulty if we had one chamber, elected by PR, which was the forum of contending regionalist parties. We would inevitably drift, I submit, toward a presidential system since some authority above these quarrelling regions would have to be elected, such authority coming directly from the people. Therefore, through a process of elimination, Mr. Speaker, we ended up with a second chamber which would not be elected but which would be appointed.

Now it may be asked: why not have the provinces appoint the members of the second chamber in a system which would be somewhat attuned to the system of the government in the Federal Republic of Germany? Our view is that the provinces have a function within the constitution which is to exercise the jurisdiction contained in the constitution, and particularly in section 92, or some modification thereof, with authority over the citizens of those respective provinces in areas of provincial jurisdiction. We do not think it would be the right approach to tell the provinces, whose authority is absolute within their spheres of government in the provinces, to determine also how the national government shall be managed and how the national parliament shall be run.

We think it is important for the people of the regions to know that they, as regions, have spokesmen in the second chamber. That is why we have proposed that members of the House of the Federation be chosen by a system which ensures that the result will correspond to the popular vote in those different provinces—not a system which corresponds to the will of the national government or of the provincial governments, but a system which equates itself to the voting pattern of the people of the provinces voting sometimes in provincial elections and sometimes in federal elections. This is the result which is proposed to the House in this constitutional amendment bill, Mr. Speaker.

It is said it will be very complicated. I suppose it is possible to look for alternative ways, and I repeat the government is

anxious to hear discussion on all these questions. But I submit that every constitutional change is probably met with the fear that it will be too complicated. Certainly the system which exists in connection with the Senate in the United States, with a third being elected every two years for six years, and the congressional system, must have seemed very complex when the constitution of the United States of America was brought forward. The system of the Bonn government must also have seemed very complicated when it was introduced.

In fairness, Mr. Speaker, I ask those Canadians who want to debate constitutional problems and look for solutions, to consider this whole matter, going back to the first principles I have put before the House—how do we bring the regions to the centre and make sure that in some way we end the feeling of alienation which eventually, if left to develop, will destroy the legitimacy of the national parliament? How can these questions be resolved in a constitution?

Finally, I said there was a third area where problems in Canada were acute and had to find their solution in the constitutional bill. That is the area of language. I believe it is the matter which is of most concern to the hon. member for Winnipeg South (Mr. Richardson) who just crossed the floor. I believe it must be for that reason, because I know that when the hon. gentleman was a member of cabinet he was most earnest and ardent in his search for greater equity for the regions. I doubt whether he could object to any honest effort to ensure greater representation for the regions. If, as I suspect, he crossed the floor because of a disagreement on the question of language, I can only say that I respect his decision but do not deny that it is a profound disagreement and one which could not be reconciled.

We on this side of the House take it as a basic tenet of Canada that we must avoid any constitutional or legal development which would result in one province speaking only or mainly French, and all the other provinces speaking only English.

Some hon. Members: Hear, hear!

Mr. Trudeau: Given the historic and demographic data of this country, I think it is folly to say that bilingualism is divisive. Again, given the historic and demographic data, I think one must conclude that equality of the two official languages is not divisive but the only way in which this country will remain united.

Some hon. Members: Hear, hear!

Mr. Trudeau: I say this because it is the only way in which English-speaking Canadians will continue to live and want to live in Quebec and feel at home and equal citizens there, and because it is the only way in which French-speaking Canadians will continue and want to continue living in other parts of Canada. And it is the only way whereby we can avoid developing in Canada two nations, one French-speaking in Quebec and the other English-speaking elsewhere, which would inevitably lead to the dissolution of this country either into the form of a loose confederation of associated states or of two nations expressed as sovereign independent states.

● (1552)

The only way in which this problem will be solved will be to tackle honestly and squarely the problem of the French and English languages. Here again, this is what is attempted in this bill. It is attempted, first, at the federal level by the linguistic guarantees which are part of the bill of rights. As I wanted to indicate earlier, the bill of rights covers a multitude of areas—political, democratic, civil and, of course, anti-discrimination provisions—but it also covers linguistic provisions and ensures that at the federal level the spirit of the Official Languages Act, which was adopted by all parties in this House, is incorporated into this constitution. It also ensures that the provisions of section 133 of the present BNA Act are incorporated in this constitution, putting both languages on an equal footing, not only in parliament and in the records and publications of parliament but also in the courts.

Insofar as provincial jurisdictions are concerned we can only suggest ways in which the provinces will assure this linguistic equality, and the way in which we approach it, of course, is to impose—to suggest that three provinces accept for themselves the provisions which Quebec has as regards its minority under section 133. We know that section 133 of the present constitution gives certain fundamental guarantees to the English-speaking people of that province.

We think it would be unrealistic and probably impossible, within the future which I can foresee, to see the provisions of Section 133 which protect the English in Quebec apply in every province of Canada, but we do suggest that the provisions should protect French-speaking Canadians in Canada in those three provinces where 95 per cent of all Francophone Canadians live, that is to say, New Brunswick, Quebec and Ontario. We realize that we will cause some difficulties but probably not that much greater than have been caused in Quebec for the past 111 years. However, once again this is in an area of provincial jurisdiction. We are seeking solutions here, and we are asking for provincial contributions in this area.

As far as education is concerned, we do not differentiate. The approach of this constitution is to protect official language minorities in the area of education wherever they exist, the English-speaking minority in Quebec and the French-speaking minority in every other province. We think this is the proper solution.

I know that some provinces will say that we should not be discussing education because it is purely provincial, but the way in which this constitution is couched will permit the provinces to see that indeed we are not attempting here to legislate in that area. We are suggesting the way in which we think the linguistic problem at the provincial level will be solved, but I merely want to remind those who make that point that we have in our present constitution, and have had since 1867, provision for the federal government to intervene in areas of legislation and to protect minorities in the educational system. Therefore, the concept is not new.

It is true that when the Fathers of Confederation approached this problem 111 years ago they defined minorities then in religious terms because there was a certain equation between religious and linguistic problems in the province of Quebec and, indeed, at that time in the province of Manitoba, but the concept of the federal government's protecting minorities in the area of education is not a new one. It is 111 years old, and all I want to say is that we are not proposing the continuance of this protection by the federal government; we are suggesting that all governments in a sense give up some of their jurisdiction, not to other levels of government but to the citizen in a declaration of rights, including that of linguistic rights.

[*Translation*]

Mr. Speaker, that is about all I had to say on the bill now under consideration and I chose not to get into technicalities because I hope the debate will bear on basic issues rather than matters of detail. Indeed that is why we are not on second reading of this bill today. Instead we are discussing a motion to establish a committee of the House of Commons and the Senate to study the bill and other constitutional documents which may be referred to it by the government or which the committee itself may wish to study. I am thinking particularly of the proposal concerning constitutional matters made by the Progressive Conservative party one or two months ago if my memory serves me well.

So it is important to remember that this bill, which, as I have been trying to explain over the last thirty minutes or so, embodies the solutions proposed at this stage by the government and the Liberal Party of Canada, has not gone beyond first reading yet. In other words, before its re-introduction in the next session, there will be not only, I hope, a very positive discussion in the joint committee of both Houses, but also possibly a report from the Pepin-Robarts commission which we might take into account in drafting the bill for the next session and that there will be discussions at the provincial level. In fact, my colleagues, the Minister of Finance (Mr. Chrétien), the Minister of Justice (Mr. Basford), the Minister of State for Federal-Provincial Relations (Mr. Lalonde) and other ministers have already met the premiers to explain the spirit, the philosophy and the economy of the bill and we are at their disposal to provide them with further explanations.

Mr. Speaker, we know that there will be a meeting of premiers in August and that one of the issues on the agenda will be those constitutional proposals. So I repeat, it should be well understood that it is not a definitive or unilateral action that precludes any discussion. It is the result of the ideas developed by the government with the support of the Liberal caucus. It is the result of our thinking but, as I said, we are prepared to continue the debate and improve the way in which we shall be able to study the bill.

I note, Mr. Speaker, that I have forgotten a very small item in my outline. I would like to refer to it simply to show the House that we believe this to be important. When I suggested that the regions should be represented within the legislative body in the second chamber, I should have added that we also want the provinces to feel represented, or in any case not alienated, with regard to the national government and the supreme court, and certain proposals to this effect are contained in the bill.

But it is time that I concluded, Mr. Speaker. In closing, I would simply like to say once again that we do not believe that a constitutional bill can lead the country towards greater harmony or unity if the bill is not debated and eventually accepted by the great majority of Canadians. This is why we have proceeded in this way by moving a motion to establish a committee. I hope, Mr. Speaker, that this committee can report to us in the coming months. As for me, I am convinced that we owe it to ourselves and that we owe it to Canadians to give them finally a constitution written, passed, proclaimed in Canada, for Canadians, by Canadians.

[*English*]

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, naturally I am pleased that the government has decided to establish a parliamentary committee to look at the question of constitutional reform. I should say to my hon. friends to the left that we are pleased this is a joint committee, and that we intend to do our part to keep it that way. As the Prime Minister (Mr. Trudeau) indicated, and as the House will recall, this is something we proposed more than a year ago. Frankly I think it would have been even more effective than today to have had a parliamentary committee representing the whole of the country and dealing with the matter. At that time, it was turned down by the government.

I have one or two comments in direct response to what was said by the Prime Minister. I want to raise these matters at the beginning, because they reflect some attitudes of mind of his which may well be causing difficulty in the country. He may well disagree with the suggestion that those attitudes of his causes problems, but probably it is good for him to know that we on this side of the House think they do.

He made reference to the very real difficulty, and I think he used the word "impossibility", of dealing with one province which has elected a government that is determined to separate the country, the province of Quebec. Perhaps it will be impossible for any federal government to deal with that province. However, it is important for the country and the House to recognize that virtually nothing has been proposed to that government, or indeed the other provincial governments of confederation, by the federal government which might indicate some willingness on the part of Ottawa to consider very seriously some of the substantive jurisdictional changes of power that will be essential, if we are going to have a system which is satisfactory.

I regret the Minister of Employment and Immigration (Mr. Cullen) is not in the House. Indeed, in those relatively isolated cases when something has been tried by the government, as was attempted in relation to the immigration arrangement, an agreement was reached between the Government of Canada and the province of Quebec.

From time to time, even in the absence of the Minister of Transport (Mr. Lang), the fact that everyone in the House of Commons is a federalist needs to be underlined. Everyone wants to see elected in the province of Quebec a government which is committed to maintaining the Canadian federal system. There is no disagreement about that. It seems that one route to that goal will be to demonstrate that there can be changes in a system which a large number of Quebeckers and a large number of other Canadians believe is not working. Frankly they are not particularly interested in patriation formulae or amending formulae. They are interested in the effectiveness with which governments do their jobs.

It would be very helpful to making a case for federalism if there were a much greater determination on the part of this federal government to sit down with the provinces, including Quebec, in an attempt to reach a specific agreement on specific changes of power where a failure to agree now means that services are not being well delivered. It means frustration is high not just with government, but potentially with the system.

I do not want to go on at any length, but I hope the Prime Minister's view of Quebec, that it is absolutely impossible to deal with that government, even though his colleagues have found that it is possible to deal with them on matters such as the immigration question, will not be used as an excuse to stop him from sitting down with the other premiers of Canada, including the premier of Quebec if he will come, to discuss specific changes which may make modern the Canadian federal system.

I could not help but be amused when I heard the Prime Minister speaking about the problems of Canadian citizens dealing within a larger society with distant governments and more complex matters, and the fact that he went back to his quite long standing concern for a charter of rights. It is agreed that a charter of rights would be of very real value. Certainly the right hon. member for Prince Albert (Mr. Diefenbaker) took an important initiative in introducing the Bill of Rights. It is quite important for us to make the point that the introduction of a freedom of information law in this country, or the determination of a willingness to amend the Official Secrets Act, would at least be as effective as a charter by demonstrating in practice what we proclaim in a charter as regards human rights.

Some hon. Members: Hear, hear!

Mr. Clark: In case it is not clear, the point of that is: I think the Government of Canada should realize that there are ways to demonstrate good will and that there are ways to make progress, other than by drafting laws and proclamations. They and we will be judged very much by our actions, as well as by our declarations.

As I said at the outset, we look forward to the establishment of this parliamentary committee. Certainly we will do our part as the official opposition to ensure that there is a thorough and informed consideration of the contents of the document tabled by the Prime Minister. I think it is important to make it clear now in the House of Commons that we believe it would be wrong to attempt to have parliamentary consideration of constitutional changes limited by or to this document. We think it would be wrong to let the government pretend that presentation of this so-called bill exhausts the obligations of the federal government regarding constitutional reform.

[*Translation*]

If you would allow me, Mr. Speaker, I would like to clarify those two statements. First of all, the exact status of this proposal is not clear. It has been presented in the form of a bill, which implies that the basic proposal of the government has already been established and that only the details can be changed. However, the proposal is referred to the committee without trying to obtain an agreement in principle on the part of the government, which leads us to believe that the government considers that it is not really a definitive proposal. I hope the second interpretation is the right one. We certainly intend to consider this bill as a white paper—as a simple proposal—and we hope that the government will not try to restrict the debate to the limited scope covered by its own proposal.

Indeed what partly differentiates a constitution from other laws is the fact that if it is to apply to the whole community a constitution must so reflect it. The Parliament of Canada is the best representative of the whole nation. This is why, as I have stated, my party proposed a year ago the creation of a parliamentary committee but I suggest that the committee will have to wonder whether it is in itself representative enough so that a sufficient number of Canadians who favour federalism as a form of government be able to consider this Parliament as a legitimate source for a new federal constitution.

[*English*]

I suggest we have at least two deficiencies. One has to do with our nature. In constitutional questions we represent only the national part of the Canadian partnership. The provinces are not here. The other limitation, which is quite a serious one, has to do with the mandate of this parliament. In normal circumstances this parliament would be ended, and the people of Canada would be choosing a fresh parliament and a new government. There is real doubt as to whether a parliament, which hangs on beyond its normal life, has the mandate to propose changes so fundamental as constitutional reform. Certainly any claim to legitimacy we have would be weakened seriously if we consider proposals from only one source.

As the Prime Minister indicated, it is our good fortune that a number of responsible Canadian organizations and individuals proposed constitutional reforms well before the government document was tabled. My list is not at all complete, but I think of groups like the Canadian Bar Association, the Canadian Advisory Council on Confederation, the government of the province of British Columbia, the premiers of Saskatchewan, Alberta, and New Brunswick, at least; the C.D. Howe Research Institute, the Canada West Foundation and, as the

Prime Minister mentioned, my own party. We are pleased to be joined in June of 1978 by the proposals of the Government of Canada.

● (1612)

I would hope that some of those recommendations from the groups I have enumerated would be considered by the committee, and considered with some care and in some detail. Naturally, I think it would be a terrible waste of the money of the taxpayers of Canada, and an insult to the members of that commission, if we were not able to consider in the committee the recommendations, however tentative at this stage, of the Pepin-Robarts royal commission.

This is not an idle observation. Canadians have lived long enough with this government to distrust both its motives and its judgment on questions of constitutional reform. Many of us are puzzled—I tried to find a good neutral word and I think "puzzled" probably serves—by the change in tactics and by the timetable this government has adopted since it decided not to call a federal general election.

A year ago parliament was deliberately denied a voice in constitutional reform. Today we have what appears to be a bill going to a committee. Six weeks ago, as the Leader of the New Democratic Party (Mr. Broadbent) mentioned, not long ago, in explaining his decision not to call an election, the Prime Minister spoke of the urgent economic initiatives his government still had to take. Parliament adjourns in four days and no new economic measure has been proposed. But what we do have is a deadline for concluding a very complex constitutional debate.

These inconsistencies inevitably increase suspicion that the government is using constitutional reform for partisan purposes, and that suspicion is going to be much greater if the government seeks to rush the work of this committee, seeks to stampede it through, or if it seeks to limit unduly the questions the committee can consider.

[*Translation*]

At the beginning I stated that the government cannot claim that its obligations in the field of constitutional reform are limited to issuing a document and setting a deadline. Indeed, the job of the federal government has only begun. This document deals mainly with its form. The true disagreements in Canada deal with the basic issue which is how to share power in a great diversified federal country. The present document does not even touch this issue.

Yet this is an issue which is the cornerstone of the problem. In fact a witty person could even conclude that one of the purposes of that proposal—with its proportional representation, its consultation process regarding judges, its council of state—is to divert attention so that people forget the urgent need of starting to reach an agreement regarding the powers which will be exercised by the various levels of government in a mordern and reformed type of federalism.

[*English*]

Sir, I have heard and read transcripts of the Prime Minister's remarks before—his lamentation, really—about his ten years of failure on constitutional reform. It is true that the initiatives that were begun by Mr. Fulton and Mr. Favreau have lost considerable momentum in the last ten years. As the late Prime Minister Pearson said, "The process has, of course, continued, although in the years since I retired it has lost much of its impetus. I regret that very much."

I think it is important for this House of Commons and for the people of Canada, as we embark on this latest step in constitutional consideration, that we put that failure in some kind of perspective. What have failed have been formulae, a formula to amend and a formula to repatriate. What has not failed, but what very sadly has not been tried enough, is agreement on specific changes in the conduct or jurisdiction of different levels of government.

There have been some successes, including some by this government. I mentioned earlier a very real success in the field of immigration. There may well be some others that I do not know of, although I would be surprised if this government had any successes that it had failed to communicate at substantial public expense. These successes are exceptions, because for the last ten years constitutional reform has been viewed by this government as a legal question, not a political question.

Earlier Canadian governments—governments that were less preoccupied with legal form—were far more successful in getting political agreements, ranging from the winter works program, the equalization grants, and the Fleming-Sauvé formula, initiated during the years when the right hon. member for Prince Albert was prime minister, and then through the Canada Pension Plan and Medicare with Mr. Pearson. Both those governments gave significant attention to the constitution as a legal document, but they were also able to look beyond legal reform; their eyes were not limited to the horizon of legal reform, and they were able to make the constitution work with an agreement among partners in this country.

That brings me in these remarks to probably the single most serious danger in this document. It is a danger about which I am pleased to note the Prime Minister was a little defensive in his own remarks. It is the attempt, however disguised, to have Ottawa unilaterally amend the partnership that is confederation.

The government argues with energetic innocence that it confines itself to its own strict jurisdiction, and does nothing that has any influence on a province. That, unfortunately, is not true. Anyone could go on at great length about this, but let me deal just for a moment with the supreme court.

At an earlier time unilateral federal amendment in respect of the supreme court was not considered by the provinces to be a serious matter, and hence it was not included originally in exceptions for federal amendment. That was at a time when the supreme court was not the final court of appeal. It is now the final court of appeal, and surely provinces have to be consulted as to a change of this magnitude which the govern-

ment is proposing, and there is not provision in this House at this stage for that kind of consultation.

There are other instances of that kind of difficulty. Proposed section 14(2) in this bill, and since I think none of us is sure exactly what stage of this bill we have reached I hope you will allow me to quote from some of the specific provisions, sir, states:

> Any individual has the right to use English or French, as he or she may choose, in any of the debates or other proceedings of the legislative assembly of any province.

Proposed section 16(2) says:

> Either English or French may be used by any person in, or in any pleading or process in or issuing from, any court of Ontario, Quebec or New Brunswick.

Those are the provinces to which the Prime Minister is making the suggestion, and unfortunately he slipped and called it the "imposition", which is probably a closer reflection of his state of mind.

Proposed section 19(2), and this is a rather long quotation, states:

> Any member of the public in any province has the right to use English or French, as he or she may choose, in communicating with any principal office of a department or agency of the executive government of that province, or of a judicial, quasi-judicial or administrative body or Crown corporation established by or pursuant to a law of that province, where that office is located within an area of that province in which it is determined, in such manner as may be prescribed or authorized by the legislature of that province, that a substantial number of persons within the population use that language.

I recognize that the Prime Minister has already begun the argument, and some of his colleagues will carry it, that these provisions will not apply in a province unless the province agrees. The point I want to emphasize is that we have no business, in this House of Commons, passing a declaration expressing a direction as to how a province should act within the exclusive jurisdiction of that province prior to the province establishing its own considered opinion.

● (1622)

I have read the explanation. I know that the official explanation is to have federal parliamentary approval granted in advance so that there can be a very quick indication of federal approval and a very quick closing of the arrangement once the provinces agree. That may be the excuse, but the much more likely result would be to attempt to have that action by parliament give legitimacy to an action the legislature may consider to be impractical or impossible. It amounts to an official statement of direction in a field that is beyond our jurisdiction and beyond our competence.

Although proposed section 17 may provide some protection in this matter, a fair reading of section 16(2), which I quoted earlier, would require every traffic ticket in Ontario to be capable of being argued in either official language. In many parts of the real world that will be impossible for a long time to come, and parliament should not attempt to pressure any province into enacting what it cannot honour.

[*Translation*]

This approach involves two dangers, one specific, the other global. The specific danger concerns language rights and, more particularly, the objective of creating a climate in which residents and governments of predominantly English-speaking provinces choose to significantly increase services and encourage communication in French. In certain circumstances, it is useful to recognize rights and pass legislation. That is the conclusion arrived at by New Brunswick. In other cases, it may be preferable to go ahead without official declarations or provincial laws. As hon. members of the House know, I gave full support to the Official Languages Act and my predecessor, the hon. member for Halifax (Mr. Stanfield), did more than any other member of the House to gain acceptance for this act throughout Canada, especially in the west.

This federal act is now part of the basic principles of our system and in trying to make it accepted we have learned a few things. We have learned that most people prefer to have a choice rather than be forced into something. It is encouraging to see the important practical progress made towards offering bilingual services in most English-speaking provinces. The progress made in Ontario is well known. It may not be so well known, however, that in my own province, Alberta, the number of students at the primary and secondary levels who learn French is increasing constantly. It rose from 6,323 students in 18 school boards last year to 7,601 students in 20 school boards this year.

This is happening at a time when the total number of students in Alberta is decreasing, but also when registration at the university college of Saint-Jean, in Edmonton, has increased substantially, especially among students who intend to teach French in Alberta. I can truthfully say, as one who knows that Albertans would rather choose than submit to restraints, that the passing of a piece of legislation may perhaps delay progress.

In my view, which, I think, was also the view of my predecessor, a personal type of leadership is more efficient than the mere passing of legislation.

[*English*]

That, sir, is the specific danger to which I refer.

The general danger is that the provinces, like the rest of us, do not much like the idea of being pushed around. One of the major sources of conflict in our country in the last ten years is that the federal government has tried so often to push provinces around, and there is every danger that the device of having parliament pronounce on matters within provincial jurisdiction, and pronounce before the provinces do, will be seen as one more cause of discord. There is already evidence to that effect from a variety of premiers representing a variety of political parties.

I think this is particularly true because in the course of the last six weeks we seem to have revived around here that atmosphere of confrontation between Ottawa and the provinces, from which we were happily freed for a long time. I

remember that the Prime Minister actually called the premiers to go on television with him during one break in the pattern of his conduct of federal-provincial relations. But we seem to be back again at that attitude of Ottawa going out and picking fights with the provinces. We saw it clearly in the very stubborn manner in which the federal government proceeded with the invasion of provincial jurisdiction on the sales tax issue. We saw it again in the declarations of the Minister of State for Urban Affairs (Mr. Ouellet), and we certainly see it in the lottery question. Indeed, we have a hint of that in the repeated assertions of the Minister of State for Federal-Provincial Relations (Mr. Lalonde), that he is not going to let the objections of mere provinces stop his amending the common constitution.

We have a document here, sir, with a handful of specific proposals. They are going to be considered in detail at committee along with, as I have said, and I hope, a lot of other relevant proposals. Some of these provisions are curious, to say the least. I find it bizarre, for example, for the federal government to propose to the provinces that it is going to suspend the power of disallowance in regard to a province, which everybody knows is a useless power, when the provinces have agreed to certain federal conditions. The Prime Minister is the worldly expert in the House on forums and constitutions, but it seems to me to be odd that a constitution should enshrine the practice of offering a treat to those who are good. It is no wonder that this government is called paternalistic, with an attitude like that.

I also think that this government does not know much about the psychology of the people responding to treaties. There may be some kids around who may be cajoled by the offer of ice cream, but I do not think there would be very many who would respond to an empty cone, which is what we have here in regard to the power of disallowance.

Another curiosity is that the document extends constitutional status to the office of Prime Minister of Canada but not, so far as I can see, to the office of premier of a province. Again, it proposes an extraordinary safeguard, the double majority vote, and it accords that—and this is quite important—in relation to linguistic rights, but not in relation to provincial rights.

The Prime Minister spoke at some length about the role of the provinces, the role of the regions in making national decisions. As he knows, the hon. member for Kingston and the Islands (Miss MacDonald) on behalf of my party put forward for discussion a proposal for Senate reform, a proposal which we have found was contentious enough in itself, which clearly established the second chamber as an institution that would allow the provinces to participate directly in national decisions. This proposal the Prime Minister has made, as he has been gracious enough to admit, is very different. What he proposes, when you strip everything away, is representation of party interests, not of provincial interests.

Indeed, when you read through the document, proposed section 64(1) prohibits membership in the upper chamber of any elected member of a legislature or of the House of Commons. However, proposed section 60 allows a member of the federal cabinet, but not a member of a provincial cabinet, to be invited to participate in questioning or debate in that second chamber. These matters are contentious in detail and in concept. They require the most thorough consideration and debate, and that is why my colleagues and I hope very seriously there will be no attempt to rush this matter through or to limit the agenda of the committee.

The Prime Minister, when he began, looked back to Mackenzie King and spoke of the historic concept and the history of constitutional change in this country. I think we all recognize, sir, that history, including history in a country like Canada, is made a step at a time. It may very well be that we are at such a step now. It may very well be that that is involved in this document or, more likely, that it will emerge from some of the considerations of the parliamentary committee.

I would like to repeat that it is the determination of members of my party to pursue serious proposals seriously. I think it is important that we recognize, too, that constitutional problems in a country will never be resolved, because there are always going to be differences among the people who make up a country and among the regions which make up a country. We may very well be able to change some of the institutions that are here. We may very well have to bring the actual document home, but it is important to recognize that any political system, particularly a large federal system, will always be defining itself and always be re-arranging itself. I should like to risk conventional wisdom by saying that, in my view, we have done that relatively well through much of our history as a country.

● (1632)

We face some particular challenges now, some of them very serious. One is a failure to nurture in the province of Quebec paticularly, a sense of security regarding the Quebecois culture and regarding its capacity to survive as a federal state.

Another challenge, as the Prime Minister admitted in his analysis but did not appear to recognize in his response, is the failure to respond to the new potential of our various regions, particularly of our distant regions, a potential brought by the discovery and development of our resources, by a movement of population, and by the simple fact that some of them now have power to exercise. It is a challenge that has been effected in no small measure. I will not go into this at more length at this time. I have done so on other occasions and I shall do so again. It is a problem that has been caused in no small measure by an unusually centralist government that has, throughout its life in office, reached out to try to gather to itself powers that would be more effectively exercised by municipal governments, by provinces, by the private sector, and by voluntary agencies. That has added appreciably to the tensions that we have to resolve and relieve in this country.

It is essential that we are able to find in this parliament—and I have full confidence that the committee that is established will help us in that search—responses that recognize the failures I have indicated, and that establish structures and attitudes that will serve the future of this country.

I very much hope that this document which is before us, and the discussion to which it gives rise, will prove to be valuable. I must say that I have more confidence in the usefulness of the discussion than I do in the usefulness of the document. The committee must have something to start with, however, and I am pleased that we have this document at last.

Whatever comes out of the discussion of structures, whatever we happen to do to the other place, what is absolutely essential is that we restore in this country a sense of partnership and co-operation among governments. That just does not exist now, although it is clear that it can exist if governments want to make it exist.

I will not elaborate on the experience I had as leader of this party in drawing together the premiers from four very different provinces at Kingston almost a year ago to get agreement on specific changes. We were able to get it not because we came from one party but because we came with one common purpose, which was to come to agree and not to come to disagree. I recommend that experience to the Prime Minister for the length of time he has left to exercise it.

The point is that in the provinces of Canada there is clearly a willingness to sit down and try to make some of the changes in particular powers, and in the administration of particular powers, that can make our federal system function far more effectively. That will is there among the provinces. The very real question, far more important than the contents of this bill, far more important I regret to say than the work of the committee we are establishing, the fundamental, important thing we have to do is to get the federal government to recognize again that it is part of a partnership and it is going to have to deal with the other partners in confederation on that basis. If that can be done I think we have the best possible prospect for success as a nation.

I can give the assurance to the Prime Minister on behalf of those members of my party who will be serving on that committee, that they will carry out their responsibilities in a very thorough and serious way. I say to him, since he is for a while longer Prime Minister of the country, that I hope he will change some of the attitudes that have caused so many of the problems in this country in the last ten years. I hope he will recognize that we can get agreement of some specific changes of jurisdiction, and that we can get agreement on making the federal system work if there is the same will at the federal level that has been demonstrated in so many cases at the provincial level.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the opening sentence of the explanatory document for the bill we are discussing today regarding the process of referring it to a committee, the following is written to describe the purpose of the bill:

—to promote the cohesion and well-being of our federation and all its parts.

When the Prime Minister (Mr. Trudeau) spoke this afternoon he essentially made the same point in justifying and setting the framework for the legislation we are examining in general terms today. He said its central concern was threefold in nature. It was to deal with the place that Canadians would find themselves in as individuals within our confederation; second, it was aimed at dealing with regional alienation, and third were linguistic rights, an important concern throughout the history of our country.

The purpose of the bill is very broad, and as the Prime Minister indicated in his tone, and the Leader of the Opposition (Mr. Clark) in his, it is very serious. This means that in assessing the bill we must do so in that very broad, historic context. We must ask if it comes to grips with the serious question of national unity which has plagued our country for months, indeed, for years.

In assessing it we must all keep two things in mind, particularly we members of parliament who tend to be preoccupied with laws and regulations and who must face both questions. The first is whether, as a constitutional document, it is adequate in terms of providing a legal framework for nationhood. Does it adequately provide a new constitutional framework for over 20 million highly divergent Canadians representing many cultures, but with two principal cultures and two official languages? Does it meet the real needs of economically divergent parts of the country populated in different degrees of concentration? It seems to me that is a fundamental question that has to be answered in a positive way if we are going to say this package of proposals is the kind that, as a parliament, we should recommend be accepted by the people of Canada and the provinces.

Second—and I think it is very important that we deal with this second question—quite apart from its adequacies as a constitutional document we have to ask whether the issues, the tensions, the problems, the concerns about regional inequality, the concerns about language rights, can be resolved by any constitutional approach. That seems to me to be a pretty fundamental question in itself. If the answer is no, then as politicians at this point in our history we have a pretty basic obligation to provide some alternative answers than that which will be provided by a good, bad, or indifferent set of constitutional proposals.

I want to deal with the first question this afternoon, and to do so not by assessing all of the bill's proposals but by commenting on those which seem to me to be most essential to our concerns as a people at this time. During the summer the committee, comprised of members from all parts of the House, will be considering in detail the whole range of specifics to be found in the bill. My purpose this afternoon is much more restricted.

First of all I want to say very categorically what I find, and what my colleagues find, to be very acceptable and very good in the bill. First, like all Canadians, we find it desirable at long last to have our own written constitution here in Canada instead of in some distant part of the world.

● (1642)

Second, we think the proposal that the provinces have some say in the selection of judges in the Supreme Court is a good one.

Third, the proposal we have embedded in the constitution, that of a charter of basic rights, and fundamental liberty, including linguistic rights, we also think is a good proposal. However, we think there are problems associated with the implementation of this particular proposal, but the essential principle we accept and we commend the government for introducing it.

Finally, among those items found in the bill which are desirable and good at this time is the suggestion that the first ministers' conference in Canada be institutionalized. That makes a lot of sense.

To say that these proposals are not new is accurate, but I do not, in so saying that, mean in any sense to denigrate them. No country in the world at any period in the past or the present could conceive of dealing with a package of constitutional proposals that were primarily new. By definition, a constitution for a people has to represent a kind of serious level of consensus building. It has to reflect in a serious way the aspirations, the values, the objectives in a political context of people at a given time. Therefore, these proposals that have been made by the Prime Minister, by the government of the day, while not new, are relevant and are good and are, for us, acceptable in principle. I hope they can be speedily dealt with in terms of getting acceptance by the committee, and ultimately by the Parliament of Canada.

Having said this, Mr. Speaker, I want to say that what we do find to be new, and significantly new in this package of proposals which is not only unacceptable to us but disturbingly unacceptable, and in that regard I am referring to the proposed replacement for the second chamber of the parliamentary system, is the new House of the Federation. I say, and I say it in all seriousness, that if the government had deliberately set out to propose an institution that would simultaneously promote discontent, fractionalize the country, and frustrate the democratic will, it could not have done better than propose the House of the Federation. I say this without any attitude of partisanship on this question and with no exaggerated sense, in fact no sense at all of being negative.

The Prime Minister indicated in his discussion this afternoon an approach of flexibility on this and on other matters. I want to stress that what I am about to say will be in like vein, with the same openness of mind, to be persuaded, ultimately by the government if my arguments turn out to be fallacious, and we can be shown, on the basis of experience in other countries or on the logic of the system as I see it being proposed, as a mistake in judgment, then my party and I would be prepared to reconsider.

So the attitude on this fundamental question it seems to me has to be open on all sides of the House. With that in mind I make the following criticisms. Simply stated, if we create what I regard as a kind of abomination, for the first time in modern history we will have a body as a second chamber with even more powers than the existing Senate, but this power will be used. That is a fundamental concern, or ought to be a fundamental concern, not only for Canadians now but for our future Canadians. The inevitable consequence, in my judgment, of the proposal that has been made by the government will be a deadlock in democracy in our country. A triumph ultimately of the second chamber over the House of Commons is the exact reversal of the principle of parliamentary democracy, which is that the House of Commons should remain supreme in all legislative processes. The House of Commons is the body directly elected by the people of Canada, the democratic body in the system.

In my view, Mr. Speaker, we cannot allow this suggestion to be implemented as it stands. I will not go through all the details. However, we know there will be 118 members, almost half of the total coming as a result of federal elections in proportion to the party vote at the national level, the other half coming at various times corresponding to the popular party vote in a given provincial election. The duration of the tenure of the members, of both federal nominees and provincial nominees, will vary according to the duration of the various legislatures. In short, we will have a great change-over in membership. In comparison with the existing institution this might be welcome, but welcome only on first analysis. I say this because it signifies the kind of people we would get in this new body, if it comes into being. These men and women would come there in anticipation of acting. They would not only have that anticipation but would carry it out. They would not be there very long but while they are in Ottawa, coming from all over the country, they would propose to act and indeed would act as legislators.

The powers of this body are, if anything, greater than the existing powers of the Senate of Canada. In addition to the normal powers, they would have the right to appoint or play a role in approving nominees to the Supreme Court of Canada and to other key federal bodies. In the normal legislative process they would have the right to introduce bills of all kinds, with the exception of money bills. They would have this right, and significantly and crucially from our argument, they would have the right to frustration, that is, to stop the passage of any bill, including money bills, that come from the House of Commons. Once this is done it would take a two thirds vote in the House of Commons, with certain exceptions—the Prime Minister is shaking his head and I suspect I will come to a certain aspect of the argument that he is shaking his head about in a moment—to overcome this decision by the second body.

What is wrong with this proposed system? It would achieve exactly what the Fathers of Confederation 111 years ago intended for the Senate. We rarely read it in our school books, but without exception, Cartier, Macdonald, D'Arcy McGee, all said that the principal task of the Senate was to inhibit this pernicious force known as democracy which was emanating from the United States. There are a number of quotations, hardly the kind one would look on with a great deal of pride if

one has a solid commitment to democracy, that make it clear that in addition to the representational role for the provinces, the Fathers of Confederation clearly had it in mind that the Senate of Canada, not being elected as was established about 100 years earlier in the United States directly by the people, was to be an inhibiting factor in the democratic process. Fortunately, Mr. Speaker, it did not turn out that way with the existing Senate for a variety of reasons, principally because the Senate turned out to be the fiefdom of the prime minister of the day and it was widely known and widely accepted that the day the Senate overturned legislation, certainly in recent decades, as passed by this House, within a matter of days if not hours, steps would be undertaken that would lead to the abolition of the Senate.

● (1652)

My concern is that this new creation proposed by the government would act effectively as a check on democracy, a check on the will of the people of Canada expressed in a federal election to elect the House of Commons.

Let me give a concrete example of my expressed general concern. I met with an official of the government, perhaps the leading constitutional official who, no doubt at the instigation of the Prime Minister, was playing a role with the Leader of the Opposition and myself the day the bill was introduced, in order to explain some of the technical details of it. During the course of this meeting I pointed out that, as I understand it, the present Senate, as a result of the most recent election, would be dominated by members of the opposition, the Conservative Party of Canada and the NDP, and the Liberals would have a minority. This was easily ascertained in terms of the voting records in recent elections.

The crucial point I put to him was that my understanding of the law as it would pertain to this new body was that, had it been in existence at the time, it could have held up the AIB legislation brought forward by this government a couple of years ago. I pointed out that a central proposal affecting, in the government's view, the good of the country, something that ought to have been done rather quickly, according to the government, could have been held up for as much as six months by that body. The reply I received from the senior official was yes, it could happen.

I asked why that would not happen. The reply I received was indicative of a number of people who are supporting this kind of body. He said that somehow these people would be reasonable, would sense the mood of the country, and would not respond in an inhibiting way when the House of Commons spoke clearly.

I have rarely heard a more naive view about the working of an electoral system. It is the height of naivete to assume that a newly created body, which is going to be based directly on proportional party votes in the provinces in half measure, and the other half on proportional party votes in the federal election, would automatically, especially when they are men and women in parties on the opposite side of the government, act with the same assumption about what the national interest is as the government of the day. With perfectly good conscience and perfectly good integrity, they would almost inevitably do the opposite.

In a party system in Canada the people respond in terms of the collective set of values of their party. They inevitably look at a situation from a party perspective. Therefore a national program brought in by a democratically elected House of Commons, and I used the example of the AIB, could be thwarted by that other body, not for weeks but for many months. In that situation the government would find itself, on issue after issue, stymied by a majority opposition in the other place.

I have no doubt at all that deadlock and delay would result. The practical concerns of Canadians at any given period of time, whether it is job creation, regional insecurity, housing, fishing, consumer rights or whatever, those legislative measures which should be produced rather quickly in a democratic age to meet the needs of the people, would be frustrated and held up by this body.

The result would be that instead of reducing tensions in this country produced by regional discontent, this new body would exacerbate them. It could lead to a sense of frustration with federal politics on a national scale that could be truly alarming at some point in the future. Perhaps that is why the Prime Minister was shaking his head earlier. I do not know.

If the government says that it assumes a government of the day would invoke the proposed urgency clause in the legislation to head off delays, I say it simply has not thought through its own proposals carefully enough. If that is the intention, the whole purpose of this newly created second chamber will seem to be simply a charade.

The conclusion is inescapable. The body could use its powers, and I am inclined to think it would, and frustrate the democratic will. Or not use them; in that event it would be seen to be a completely phony institution, fully equivalent to our existing Senate. It would play no real role in the world of power in Ottawa, which the Prime Minister in his comments this afternoon quite correctly described as being a central concern of the regions of Canada.

Everyone outside of 25 miles of Dundas and Yonge in downtown Toronto feels like a regional Canadian. All those Canadians have some sense that they are not getting their say in the legitimate legal power structure in Ottawa. I say that this proposal from the government is the last kind we should be considering to meet those needs.

An additional negative result of this body would be that it would undermine the potentially creative role played by the first ministers' meetings. I mentioned earlier that I was pleased to see in the proposals the suggestion that the first ministers' meetings be institutionalized, that a meeting take place at least once a year. I think that makes good sense.

The premiers of our provinces, unlike their equivalents in the United States, Switzerland, West Germany and Australia, have real power. They have much more power than the heads of the Australian states, the American states, the cantons in

Switzerland or länder in Germany. They have to play an integral role in the governing of this country, particularly in areas of overlapping federal-provincial concern. Therefore the proposal to have the meetings regularized is a good one.

The practice initiated by the Minister of Finance (Mr. Chrétien) in discussing proposals for his most recent budget, although there was a significant bungling in the middle of it, was, as I said at the time, a commendable initiative and something that should be duplicated. The more that can be done in terms of this kind of federal-provincial recognition of the real powers which our provinces have, the better.

I suggest to the Prime Minister, however, that this body would undermine the good intentions of the recommendation that first ministers' conferences be institutionalized. It would not only thwart the democratic will of the House of Commons in Ottawa, but would undermine the role played by the provincial premiers, either when they meet alone to make proposals or when they meet with the Prime Minister of the day.

The third concern we have about this new body is the double majority principle, an idea borrowed from Calhoun, one to which we should give long, hesitant consideration. The Charter of Rights, including linguistic rights, is a good idea and is embodied solidly in the proposed new constitution. So I ask, Mr. Speaker, why do we need this new proposal of a double majority based, as it is, on racial differences? I simply say that my colleagues and I want to look at that question with a great deal of care because its very existence could be a source of significant disunity in the future.

● (1702)

I want to deal with the regional concerns which are at the heart of the sole significant new proposal. I refer, of course, to the proposed House of the Federation. The Prime Minister expressed his concern about it this afternoon. First of all, Mr. Speaker, I want to say that for me the concerns of the regions are primarily economic. They are primarily dependent upon national and provincial political leadership which sets out the right kind of economic priorities. Having said that, it would be to misunderstand reality to see no role at all for constitutional procedures of the government in coming to grips with those regional differences. That is why federal states have been created around the world, including our own.

On behalf of my party, Mr. Speaker, I wish to put forward a proposal which seems to me deals in a much more fundamental and adequate way in meeting the terms of democracy and the requirements of regionalism than is embodied in the government's proposed second chamber. Instead of that abomination which has been proposed, it seems to me serious consideration should be given to the following: instead of setting up a new body with 118 members, take perhaps 100 of them, divide them into five to coincide with the number of economic regions throughout the country so that there would be 20 or so from each of those economic regions. I am using the 20 or 100 as approximate figures. These people would be elected, on the basis of proportional party votes in the regions, directly to the House of Commons.

Instead of setting up a second chamber on the line proposed by the Prime Minister, my idea is that we would take 100 people who would be proposed in a series of party lists in each of the regions so that citizens in every part of Canada could see, submitted by each of the parties, a list of outstanding individuals whom the parties are proposing as candidates for those parties in that region. So there would be added approximately 100 seats to those already in the House of Commons. Their holders would constitute a genuine representative force from the regions, and they would be indirectly elected by the people in those regions.

What would be the advantages of such a system?

An hon. Member: The Prime Minister smiles.

Mr. Broadbent: I say to the smiling Prime Minister, who tends to take that attitude toward any idea which comes from sources outside his own party, that the advantages would, in our humble view, be as follows: first, Atlantic Canada, the prairies, and British Columbia would gain proportionately in representation in this House. These are the regions which, for understandable geographic and economic reasons, feel they have less input into the conduct of this country's affairs than they should, less sense of identification with the decisions which are made here. They would have a greater say. To this extent, their increased representation would constitute a contribution to national unity.

Second, all parties in this House would virtually be represented in each region as a result of so many being elected on a proportional basis. This, in my view, would lead to a marked improvement in the caucus discussions of all the parties because they would more adequately reflect the diverse nature of our country. In addition, the government of the day would be relieved of some of the problems the present government faces. For example, it wanted a representative from Alberta and had to persuade a Tory member to join its caucus in order to get one.

By the process I am suggesting, the government of the day, whatever its political complexion, would have among its ranks not only competent men and women but, hopefully, since the party itself had prepared the lists, an outstanding man or woman, presumably of cabinet quality, at its disposition. That is regional input where it really counts in a democratic system. Regional influence would be felt directly in the caucuses of the parties of the House of Commons and directly in the cabinet of Canada.

Another advantage of this idea which I am submitting for consideration is this: the number I am proposing would be significantly smaller than the total composition of the House of Commons. The vast majority of the members would still be representing individual constituencies. The Prime Minister did not deal with this aspect when he was discussing the various alternatives—the only point he made about the House of Commons reflecting regional needs related to the election of all members by a PR system. As he knows, a number of other

countries combine the two methods, right in the lower house there are members representing single constituencies and members elected by proportional representation.

The advantage of my proposal, it seems to me, is that the vast majority of the members would still represent constituencies, something which I believe to be very desirable in a democracy since the majority of the men and women who are elected have direct contact with the people and a direct opportunity to respond to the needs of given groups of electors. But there would be a significant minority element which would provide important and, in many cases, decisive regional input into the decision making processes of the House of Commons and of the cabinet.

Moreover, such an arrangement would not fly in the face of parliamentary democracy as I believe the other proposal does. It would be in accord with the tradition of parliamentary democracy that the House of Commons should be the ascendant body and that the cabinet should be responsible to the House of Commons. This would not be the case if the proposal for a House of Federation were adopted. The course presently proposed would undermine the authority of the House of Commons. I hope that not only the government but the official opposition will seriously consider the idea I have put forward.

I want in my concluding comments to turn away from the constitution. I said earlier that the principal sources of discontent in our land are not constitutional in origin. I strongly believe this. They have not had their origins in the maldistribution of constitutional power or other related legal matters which are inextricably connected with provincial and federal jurisdictional matters.

● (1712)

One hundred and eleven years ago the Fathers of Confederation talked about creating what became Canada. They did not restrict themselves in those discussions to technical, legal matters. They talked about the broadest essential purposes of nationhood. They understood that a constitution was to be a means, not an end in itself. At that time there was regional economic concern among the provinces in Atlantic Canada, and in Upper Canada and Lower Canada. A very real concern was expressed about the possibilities and opportunities for economic growth and expansion which would inevitably entail a crossing of this continent. In short, the problems were economic. Regional economics were an essential and central part of the confederation debates. They were a concern then. They are a concern today, and they are not related to the constitution.

Also at that time there was a concern among the provinces which were coming together to form the Dominion of Canada about domination by the United States. It was very real among all the delegates who gathered to discuss the future of Canada. I submit that that same concern is or ought to be uppermost in the minds of serious politicians today in Canada. That too is a non-constitutional matter.

One hundred and eleven years ago it was recognized that the principal means of ensuring French-speaking Canadians the survival of their culture was the creation of a province in which they would be the numerical majority and in which, through the democratic process, they would be able to ensure—within a united Canada which would protect them for other reasons and which would ensure growth for other reasons—the continued development of their own language and culture. That aspect of the constitution existed 111 years ago. That aspect exists today. That aspect, therefore, is a non-constitutional concern for us today. In fact, I suspect that perhaps the one permanent accomplishment of the Parti Québécois in the history of the province of Quebec will be the ultimate establishment of the supremacy and the sense of legitimacy and domination of the French language in every aspect of Quebec life. But that was done within the existing constitution.

There is in the history of a nation, our nation as well as any others, matters which completely transcend legal or constitutional discussion. They are economic and cultural in nature, and they are matters to which the government of the day has not addressed itself. The government of the day has failed in coming to grips with them, and to that extent the government must be held responsible for failing to generate the kinds of opportunities which could come in terms of economic growth.

In western Canada changes are needed to produce a system in the prairies whereby they could develop their secondary industry. Changes are needed in the freight rate system, and those changes would be policy economic decisions. Regional economic development in Atlantic Canada involves policy economic decisions and not constitutional decisions. So, the question of national economic independence for the country as a whole is a broad national economic matter, and again the government of the day has given worse than no attention to that important consideration.

What I am saying is that we support a number of the proposals which have been made—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue with unanimous consent. Does the hon. member for Oshawa-Whitby (Mr. Broadbent) have unanimous consent?

Some hon. Members: Agreed.

Mr. Broadbent: Mr. Speaker, I appreciate the extra time. I will be brief.

We support a number of the key proposals which are in the proposed legislation. We look forward to discussing them in detail at the committee stage. We categorically reject the idea of a House of the Federation but are submitting an alternative for consideration which we think would much more adequately and democratically deal with the regional needs and concerns of the country. However, above and beyond that we are saying that the basic concerns of French-speaking and English-speaking Canadians at this point in our history, as indeed was the case 111 years ago, have almost no connection with constitutional matters. They have every connection with the question

of economic and cultural leadership, and that more than anything else is required in this country.

Before I sit down I want to move an amendment which pertains to that other place which has been centred so much in the discussions so far today in the House. We believe that a matter as important as the Constitution of Canada should certainly be determined directly by the people who are elected by the people of Canada. We do not believe that future constitutional arrangements of this country should be determined, even in broad outline, by people who, as I said earlier, happen to be the fiefdom of the prime minister of the day or his predecessor. We categorically reject, therefore, the idea that members of the other place, the Senate, should be on such an important committee as this one is in the history of our country?

I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the motion be amended,

(a) by deleting from the first paragraph thereof the words "a Special Joint Committee of the Senate and the House of Commons" and by substituting therefor the words "a Special Committee of the House of Commons";

(b) by deleting from the second paragraph thereof the words "on the part of this House"; and

(c) by inserting a period after the words "within Canada" in the fourth paragraph and by deleting all of the fifth paragraph from the said motion.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be debated at the time of adjournment are as follows: the hon. member for Vaudreuil (Mr. Herbert)—Manpower—Employment of immigrants; the hon. member for Provencher (Mr. Epp)—Abortion—Request for review of abortion laws; the hon. member for Surrey-White Rock (Mr. Friesen)—Abortion—Funding of abortion clinics.

[Mr. Broadbent.]

• (1722)

GOVERNMENT ORDERS

[*Translation*]

THE CONSTITUTION

ESTABLISHMENT OF SPECIAL JOINT COMMITTEE

The House resumed consideration of the motion of Mr. Trudeau:

That a Special Joint Committee of the Senate and the House of Commons be appointed to examine and report upon proposals that have been and in the future are from time to time made public by the Government of Canada, on subjects related to the Constitution of Canada;

That twenty members of the House of Commons, to be designated by the House at a later date, be members of the said committee on the part of this House;

That the committee have power to examine and enquire into all such matters as may be referred to them by the House, and, to report from time to time, and, except when the House otherwise orders, to send for persons, papers and records, to sit while the House is sitting, to sit during periods when the House stands adjourned, to print from day to day such papers and evidence as may be ordered by them, and to delegate to sub-committees all or any of their powers except the power to report direct to the House;

That the committee have power to adjourn from place to place within Canada; and

That a message be sent to the Senate requesting Their Honours to unite with this House for the above purpose, and to select, if the Senate deems so advisable, some of its members to act on the proposed Special Joint Committee.

Mr. Gérard Laprise (Abitibi): Mr. Speaker, we are perhaps entering today the most important debate in the last 100 years, during which discussion has been going on between the representatives of different Canadian provinces. At that time, Canada did not exist. There were Upper Canada and Lower Canada and the colonies, the present maritime provinces, and I think that since that time many things have been said and written about the constitution. Lately, the right hon. Prime Minister (Mr. Trudeau) submitted to us a bill on the reform of the constitution and we are asked today to adopt a motion for the creation of a Special Joint Committee of the Senate and the House of Commons to discuss the bill on the reform of the constitution and report to parliament.

Mr. Speaker, I doubt that such a committee on the constitution is necessary because a few years ago, in 1970, the House of Commons created a Special Joint Parliamentary Committee on the Constitution of Canada. That committee went all over Canada, from the Atlantic to the Pacific, to find out what the Canadian citizens of every province and territory wanted. It visited all the provinces and 47 of the most important Canadian centres and gathered, in extraordinary quantities, testimonies of all kinds dealing with the constitutional problem and the ideas expressed by Canadian citizens, both Anglophone and Francophone, as well as Canadians of other ethnic origins. Those people contributed their ideas about what a new constitution should say. A report was tabled in the House in 1972; I

have a feeling it was put on a shelf, where all it does it take up room in a library.

Mr. Speaker, the travelling expenses of that committee across Canada amounted to between $3 million and $4 million and, today, it is suggested that another special joint committee of the House of Commons and the Senate be set up to travel to almost the same places, meet just about the same people, to get almost the same information that we already have in the report on the constitution of Canada.

That is why, Mr. Speaker, I have doubts about the need for that committee but, having heard the speeches of the Leader of the Official Opposition (Mr. Clark) and the Leader of the New Democratic Party (Mr. Broadbent), I have a feeling that they seem to agree on the setting up of such a committee, which committee will, in any event, be created to study anew that constitutional problem. It goes without saying that it is indeed true that the problem is extremely important, and that it must be looked into, in every aspect.

Mr. Speaker, there is another point that surprised me as well as the members of my party—because this afternoon I am speaking on behalf of the Social Credit Party of Canada—and it is that this resolution proposes the setting up of a joint committee on the first phase of that constitutional amendment which precisely provides for the abolition of the Senate. Mr. Speaker, I and we, of the Social Credit Party of Canada, agree entirely with the amendment introduced by the Leader of the New Democratic Party to the effect that that committee be made up only of elected members of the House of Commons whose responsibility it would be to examine the issue of rewriting the main part of the Constitution of Canada dealing with the federal administration which is being proposed in the white paper introduced a few days ago and in the constitutional amendment bill.

Mr. Speaker, I believe that the representatives of parliament should be the ones to consider this bill and meet with the Canadian public since it seems that it has now been decided to meet with the Canadian public to hear their opinions. Notwithstanding the decision that will be made following that committee report and the rejection of the bill introduced by the right hon. Prime Minister (Mr. Trudeau) last week, I believe at that time the senators will have to accept the decision made by the House of Commons.

Mr. Speaker, the amendment of the constitution is nothing new, and the culminating point I believe in that discussion arrives at a time when the national unity crisis seems at its highest point since the beginning of the federation. It seems that the party now heading this government—and it has been running it for several years—has a lot of things to blame itself for with respect to the events that occurred in Canada over the past ten or 15 years. I think we have every reason to blame severely this federal government because as the political authority in this country it promoted and brought about the national harmony crisis in Canada. They talk of national unity in a country which is made up not only of English Canadians and French Canadians but also a host of other nationalities and to try to make a united Canada out of all those diverse groups I believe is to daydream. We should rather talk about and try to harmonize all those cultural diversities to make a nation out of them. I think I could use here a musical image. For example, you can take a band of 20, 25 or 30 different musical instruments that have no resemblance and produce different sounds, and when you can put them together in harmony, you get melodies which are truly pleasant to listen to.

● (1732)

Mr. Speaker, if we do the same thing with all the nationalities which make up Canada we might build a truly strong nation, the kind of country we would like to have. I think that all Canadians in all parts of the country, maybe with a few exceptions on both sides of the linguistic border in Canada, wish to live in a strong nation but they also wish that each and every province making up Canada be strong and able to administer itself as it sees fit.

The Social Credit Party of Canada has long since been warning Canadians about the strictly strategic position of the federal government. Through its attitude, it has allowed the crisis to develop and then tried to make people believe that the same government would solve the crisis through amendments like these. Mr. Speaker, I have been sitting here since 1962 and I and several of my colleagues from Quebec, like our late leader Réal Caouette, have taken every opportunity to urge that Canada be given a constitution recognizing certain rights for every province and not only for Quebec. I remember particularly that during the general election the Progressive Conservative party had proposed two nations as an alternative. In the province of Quebec at least, that party did not receive the approval of Canadians on that subject and was practically wiped out. In the sixties Quebec had a Union nationale government which in some respects was closely identified with the Progressive Conservative party and the leader of that government, Mr. Daniel Johnson, was also proposing the two nations alternative. We know what happened to the Union nationale in a provincial election—they disappeared completely from the electoral map of the province of Quebec.

The Social Credit Party of Canada has always claimed—and our former leader Réal Caouette mentioned it several times in this House as well as in public tribunes throughout Canada—that our party was for a single Canadian nation, two official languages and multiculturalism precisely because Canada is composed of different nationalities which largely contribute to enhance the character of Canada and we must respect those ethnic entities.

Mr. Speaker, in the face of this constitution which we are being asked to reform, I think we must be very careful. In this first phase, the Prime Minister (Mr. Trudeau) is proposing that we study only—or almost uniquely if you want—sections of the constitution dealing exclusively with the federal administration and in this regard the Prime Minister believes that the provinces have no say in what is already ascribed to the federal government by the present constitution. Mr. Speaker, I think we must be very careful in that respect. It is not

quite true that the provinces have no right to voice their point of view about what comes under the federal administration. There may be some aspects which the provinces would like to see fall under their jurisdiction. To my mind, that is where the provinces should be given the privilege of deciding whether these sections of the constitution should be kept under federal jurisdiction or whether they should be reassigned to the provinces.

Mr. Speaker, if the provinces are to respect the constitution they must participate in its drafting without constraints, they must decide among themselves what they want to have administered by the central government and what they want to administer themselves. Only then could a province be said to act less than graciously if it did not respect a constitution to which it would have been a party. During a convention held in Drummondville, the Social Credit Party of Canada passed resolutions dealing with the Canadian constitution or the reform of the Canadian constitution and these resolutions have been ratified at a council or at a national convention held in Winnipeg. Mr. Speaker, what the Social Credit Party of Canada is asking for is a constitutional amendment which would allow the provinces to participate in the drafting of a constitution the same way the provinces participated in the creation of the Canadian federation in 1867. In the first phase:

Each province will have to institute a process of public consultation enabling all individuals, associations, groups or public bodies to express their views regarding the constitution. Second, in light of this first round of consultation, each provincial government will have to submit its proposal for a constitutional formula to the people of the province for their approval by way of a referendum. Third, when every province would have been given a mandate by its people, the provincial governments would initiate interprovincial negotiations on a basis of equality, that is the provinces or the government of the provinces would meet to negotiate among themselves without participtiption by the federal government. Fourth, the conclusions of these negotiations should be submitted a second time to the people of every province by way of a referendum and no province would be bound to accept them by virtue of their right to self-determination.

Finally, following the results of this consultation by referendum, the provincial authorities will ask the federal government to take all legal, political and administrative steps to respect the wishes of the provincial governments, duly elected by their constituents. Mr. Speaker, in a letter dated June 12, 1968, the right hon. Prime Minister of Canada wrote to the premier of Quebec and said among other things:

This renewal will give us the occasion to provide Canada with a new constitution which will remedy the deficiencies and drawbacks of the one we have been living with since 1867 and which will ratify a new pact between all citizens of Canada.

Now, Mr. Speaker, if we want to ratify a new pact between all Canadian citizens, it must be by referendum. It was not done in 1867, and maybe this is one of the wrongs of this constitution. But if we want this constitution to be recognized, accepted and respected, not only by the provinces but by all Canadians, I think we must give them the opportunity to decide, through a referendum, whether they want to accept the provincial proposals regarding what should be administered by the federal government and by the provinces. Mr. Speaker, if it is a renewed, amended or entirely new constitution that we are seeking for the next 50 to 100 years, then this constitution must stand on a solid foundation and that requires going to the Canadian people.

There is an aspect of the Prime Minister's proposal on constitutional reform which deals specifically with the representation or the changes in the Senate. It is proposed to abolish the Senate and to replace it with a House of Federation whose members would be partially appointed by the federal government and partially by the provinces. That is perhaps an improvement over what we have known so far in terms of appointment of senators, but I think, Mr. Speaker, that if we want a Senate that is truly representative not only of the regions of Canada but of all Canadians, we must go much further than what the constitutional reform bill proposes. Such a Senate could, in my view, be appointed partially by the federal government, partially by the provinces and partially by public bodies. It would then represent in some way Canadian corporations and public bodies, of which I could name a few, for example, the Canadian Federation of Municipalities, the Canadian Federation of Agriculture, the workers' unions, union-management associations, chambers of commerce, the Canadian Bar, the College of Physicians and so on. Those corporations could be called upon to appoint senators, and since of course they do not change as frequently as do federal or provincial governments—which could bring about rather frequent re-shuffles in the Senate personnel set up along the lines of this proposal—the participation of public corporations would I believe stabilize considerably the Senate chamber, and stabilize it to such an extent that they could be given the task not only of monitoring the legislations brought forward by the Canadian parliament, but most of all to deal with commissions of inquiry, for example. So I think we could get a truly representative Senate made up of men from all walks of life who could do efficient services with regard to commissions of inquiry and replace those we already know, which operate at tremendous costs and which we could dispense with since we would already have the people needed to undertake the same studies and inquiries.

Mr. Speaker, if the right hon. Prime Minister is looking for ideas, here is one which is not put forward lightly. The Social Credit Party of Canada is not the only one making suggestions, for I know that the public bodies have already done so, and I am making representations on their behalf calling on hon. members to seriously consider this method of appointing senators.

Mr. Speaker, there are other peculiarities in this bill which have caught my attention, and evidently for lack of time, I do not think I shall be able to examine every point. There is one,

however, on which I should like to devote a few minutes, for I think it is very important. In the section which deals with political and legal rights and freedoms within the constitution, I read "the right of the individual to life, and to the liberty and security . . ." and "the right of the individual to the use and enjoyment of property . . ." Well, Mr. Speaker, it is all very nice to talk about rights, but rights without powers do not mean much. Until now, these rights were included in the Canadian constitution, but many Canadians did not have the power to benefit from them.

It is a fact that in Canada today—and I am not dreaming up these figures, because we often see them in the news following studies or statistical data—it is a fact that 20 per cent of the Canadian people, and maybe even more, live below the proverty line. Now, Mr. Speaker, for all those people who have a right to life, to freedom and to security, the use and enjoyment of property do not mean anything. We are a population of tenants in Canada and those who are not tenants live in houses owned by the BCN or other banks, guaranteed by the Central Mortgage and Housing Corporation. So I think the proportion of the Canadian people who own their house is very low. For these people, then, use and enjoyment of property are very limited.

Mr. Speaker, I think we should add to the constitution something that would allow all Canadians not only to have some rights but also the power to translate those rights into reality, the power to use and enjoy their own property. We talk about conflicts between capitalists and socialists. I for one would like all Canadians to be capitalists and to have their own home in Canada. I see a Canadian constitution granting these rights through the powers it would give to each and every Canadian. No matter what kind of constitution we give ourselves, if it does not provide that assurance to all Canadians, they will never respect it because too many of them will be right in questioning the value of their country, their government and their parliament.

So, Mr. Speaker, if we are sincere men, if we are truly representative members of parliament, this is precisely the point of view we must never abandon now that we have started considering this constitutional reform: to ensure that all Canadians of all nationalities, from one coast to the other, have the right and the means to feel they are Canadians everywhere in their country.

● (1742)

[*English*]

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the amendment to the motion. All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Broadbent), which was negatived on the following division:

● (1752)

(*Division No. 57*)

YEAS

Messrs.

Allard
Beaudoin
Benjamin
Brewin
Broadbent
Caouette (Villeneuve)
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Gauthier (Roberval)
Knowles (Winnipeg North Centre)
Lambert (Bellechasse)
Laprise
Peters
Rodriguez
Saltsman—16.

NAYS

Messrs.

Alexander
Alkenbrack
Andras (Port Arthur)
Andre (Calgary Centre)
Andres (Lincoln)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Bawden
Beatty
Béchard
Bégin (Miss)
Blaker
Blouin
Boulanger
Breau
Brisco
Buchanan
Bussières
Caccia
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Collenette
Comtois
Condon
Corbin
Crosbie
Cullen
Danson
Darling
Daudlin
Dawson
De Bané
Demers
Dick
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ellis
Epp
Flynn
Francis
Friesen
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goyer
Grafftey
Gray
Halliday
Harquail
Herbert
Hnatyshyn
Holmes
Holt (Mrs.)
Horner
Howie
Huntington
Isabelle
Jamieson
Jarvis
Jelinek
Johnston
Kaplan
Kempling
Knowles (Norfolk-Haldimand)
Lajoie
Lalonde
Langlois
Laniel
Lapointe
La Salle
Lawrence
Leblanc (Laurier)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Miss) (Kingston and the Islands)
MacFarlane
MacKay
Maine
Malone
Marchand
Martin
Mazankowski
McGrath
McKenzie
McKinley
McKinnon
Milne
Muir
Munro (Esquimalt-Saanich)
Murta
Nicholson (Miss)
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pelletier
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme

Messrs.

Railton	Sauvé (Mrs.)	Towers
Roberts	Schellenberger	Trudeau
Robinson	Smith (Saint-Jean)	Turner
Roy (Timmins)	Stevens	Watson
Roy (Laval)	Stewart (Marquette)	Wenman
Rynard	Tessier	Whiteway
		Wood
		Yewchuk—136.

● (1812)

Mr. Speaker: I therefore declare the amendment lost. The question then is upon the main motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

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

At 6:15 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

The House resumed from Monday, June 26, consideration of Bill C-36, to amend the Export Development Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, and motions Nos. 2 and 4 (Mr. Crosbie).

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on motions Nos. 2 and 4 in the name of the hon. member for St. John's West (Mr. Crosbie).

Is it the pleasure of the House to adopt the motion?

Some hon. Members: No.

The Acting Speaker (Mr. Turner): Those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): Those opposed will please say nay.

Some hon. Members: Nay.

[The Acting Speaker (Mr. Turner).]

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): In accordance with Standing Order 75(11) the recorded division on the motion stands deferred.

Mr. Sinclair Stevens (York-Simcoe) moved:

Motion No. 5.

That Bill C-36, an act to amend the Export Development Act, be amended in clause 5 by adding immediately after line 33 at page 5 the following:

"(4) The corporation shall, within three months after the termination of each year, transmit to the minister a report approved by the board on the activities of the corporation for that year, including accounts prepared under this section, section 30, and section 21, and the minister shall cause such report to be laid before parliament within fifteen days after receipt thereof or, if parliament is not then sitting, on any of the first fifteen days next thereafter that parliament is sitting.

(5) Every report tabled under this section stands permanently referred to any committee of the House of Commons established for the purpose of reviewing matters relating to finance, trade, banking, and economic affairs."

● (2012)

He said: Mr. Speaker, in speaking to the motion which is in my name, I would like to emphasize that I feel that if the Export Development Corporation is given the authorizations which are set out in this bill, it will be virtually out of control. The government seems to have shown very little tendency to try to scrutinize tightly the activities of this corporation. We cannot count on the Minister of Industry, Trade and Commerce (Mr. Horner) to keep a tight hand on the corporation. We know that from past experience. In fact, we find it wondrously strange that this minister, who at one time said he was the guardian of private enterprise and free enterprise and who was the champion of the free enterprise system, has not only joined the socialist Liberal government which has been ruling this country for ten years but also now is one of the stoutest advocates of government intervention, including the type of financing he is sponsoring through the EDC. He is now saying that more government assistance should be extended to help the various sectors in our society. At one time he claimed he stood up ruthlessly for free enterprise. In truth, the man is a phony.

Mr. Lumley: Shame.

Mr. Stevens: I say that because I think we must analyse what is happening here tonight and put it into perspective. In 1969 the EDC had an authorized capital of $25 million. Through three separate amendments that authorized capital was increased from $25 million to $400 million. If we pass this bill tonight, we will authorize an increase in that capital from $400 million to $1 billion. However, that is just the beginning. On the insurance side—what is called the corporate insurance side for the EDC—we find that while its total authorization in 1969 was $250 million, and as a result of three separate amendments has reached $2.5 billion, tonight we are being asked to consider an authorization of $10 billion on that account alone. We are taking the present authorized insurance

sector of EDC from $2.5 billion to $10 billion simply by passing the bill tonight. That is on the corporate side.

On the government insurance side we find tonight that it is being proposed that we raise the authorizations from $1 billion to $3.5 billion, a jump on that account of $2.5 billion. However, most importantly, on the corporate loan account which initially had an authorized limit of $600 million in 1969 and at present is $4.25 billion, tonight it is being proposed that we increase that amount to $10 billion with this bill alone. That is for the corporate account.

On the government account we find that the government wants to increase the EDC loan amounts from $200 million, which they were initially in 1969 and which are now at $850 million, to $2.5 billion. As my colleague the hon. member for St. John's West (Mr. Crosbie) pointed out earlier on other motions, we believe that when we add up those aggregate authorizations, which come to $26 billion, that is too much to give to any Crown corporation which appears to be out of control to the extent this Crown corporation appears out of control. His amendment suggested that $16 billion would be ample for the foreseeable future to give in authorizations to EDC. If the House decides to pass the amendments we have already debated, the net effect will be a reduction of these authorizations from $26 billion to $16 billion.

The thrust of my amendment would be to make a permanent reference from now on. If my amendment is passed, we would get the annual reports of the EDC referred to the appropriate standing committee of this House for detailed examination year in and year out.

What we are saying is that it is not good enough for parliament to be passing these massive authorizations, knowing that we will have absolutely no check on this corporation thereafter. It is not good enough, and we are suggesting in motion No. 5, which is in my name, that there be a permanent reference to the appropriate committee of this House so that there can be some detailed study of what in fact this corporation has been up to in at least the previous year.

I say this because during the committee hearings when we considered the proposals of the government, it was rather startling to learn the attitude of the officials of the EDC and, in particular, the president of the EDC, Mr. John MacDonald. He has a great name, John MacDonald. This country had a great prime minister at one time, a Conservative named John Macdonald, and I would be very surprised if that great prime minister would ever have countenanced the program which the present John MacDonald, head of the EDC, is proposing for the Canadian public through the EDC.

Mr. Danson: The president is sober.

Mr. Stevens: I refer to page 33:12 of the May 11 report of the Standing Committee on Finance, Trade and Economic Affairs. John MacDonald was asked to give us a little more detail about some of the doubtful accounts already on the books of the EDC. The hon. member for St. John's West was doing some of the questioning, and among other things he asked for an up to date list of any countries about which the EDC was concerned. Mr. MacDonald replied:

It goes right back to the year 1965. The countries touched on are Chile, Egypt, India, Kenya, Liberia, Pakistan, Panama and the Philippines, which had one or more reschedulings.

Hon. members will recall from an earlier speech I made on this bill that this rescheduling is a rather clever wording. When a loan gets into trouble, the EDC simply brings the officials of the country involved in and tells them that it would look better on the EDC's books if they would sign a new note. The EDC agrees to throw in all the interests, take all the accumulated interest and principal, and sign a new note. That way it looks current to the EDC as well as to the country involved, and everyone is happy. Mr. MacDonald was saying that each of those countries had had one or more reschedulings. When he says that, it is interesting to note that some countries have been rescheduled more than once. They will do it one year, and if they still fall into default, they will do it the second year. Mr. MacDonald said:

● (2022)

In the years from 1964 through to the present time it gives the gross amount rescheduled—

He is referring to a statement he had tabled.

—the amount repaid, that rescheduled again and the amount outstanding. The gross figures are $65 million; $65.3 million has been rescheduled in total; $21.9 million has been repaid; $5.3 million rescheduled again—

That is the gimmick when they fall into default for the second time and they get them to sign up again. He went on to say:

—a further extension, and we have $38 million outstanding at the moment.

The chairman of the committee then said that he had just one last short question. Then MacDonald was asked again whether there are any additional bad loans that he is a little worried about. Mr. MacDonald replied:

The countries that are of concern at the moment in the international community are Zaire, which is under recheduling, and Turkey which is under discussion. Peru may, but has not yet become a subject of discussion.

Let us take a quick look at what we are talking about. Mr. MacDonald has said that they were taking a pretty serious look right now at three countries which may be in some trouble, namely Peru, Turkey and Zaire. If you refer to the annual report of the EDC for the last year ending December 31, 1977, you will find that the total amount for which they have signed agreements with Peru is $114,118,000. Of that amount they have already disbursed $81,662,000. They have received $9,084,000 back in repayment, with the total outstanding balance as far as Peru is concerned of $72,578,000. They still have $32,456,000 to be disbursed to Peru.

The point I am making is that surely this House would be negligent if we gave these massive authorizations which the minister is asking us to consider tonight without having some provision to ensure that EDC at least once a year can be examined by a committee of the House to find out what it has been doing, what loans it is rescheduling, and what countries it is concerned about as far as repayment is concerned. I say that

in the context of Peru alone. According to Mr. MacDonald, it may become the subject of discussion, to use his words, and if it does, that will be $72 million that the Canadian public may have to reschedule, to use his words, or eventually even write off.

Mr. MacDonald also said that Turkey is under discussion. Here is the picture with regard to Turkey. The total amount of signed financial agreements with Turkey is $298,288,000. Of that amount they have $126,929,000 already disbursed, of which $18,248,000 has been repaid, leaving a total outstanding of $108,681,000. Let us take another look at this. Here we have the president of the corporation saying he is a little concerned about Turkey and about the $108,681,000 which was already disbursed to that country and not repaid.

I am pleased you are seated, Mr. Speaker, because you know what? They have $171 million of undisbursed funds waiting to go out to Turkey, to a country about which the president of this corporation is concerned, as he tells us. Surely a committee should have the right to review this situation on an annual basis to find out what is happening with Turkey in this case.

Let us take a look at Zaire, the other country which, as the president of the corporation said, has already been rescheduled, to use that beautiful term. They have financing agreements amounting to $14,993,000, and of that amount $14,726,000 has already been disbursed. Nothing has been repaid and they still owe $14,726,000, with $267,000 sitting in the kitty waiting to go out. That is the first reason I suggest we would like the amendment in motion No. 5 to be passed. It will give this House, through the appropriate standing committee, at least an opportunity to take a look once a year at the activities of EDC to see to what extent they will cost the Canadian public millions and millions of dollars in possible write-offs if they are not run in a prudent and responsible way.

I have referred to the authorizations which the corporation now has, but let there be no doubt that this corporation is so out of control that if the bill which is before us is not passed tonight, it would, in all likelihood, run over its present authorization ceiling because the corporation has given out commitments to such an extent that there is no way in which it could stay below the ceiling under which it is now required to stay.

Let me clarify here. I am not suggesting that the corporation is necessarily legally obligated. What I am saying is that it has certainly given encouragement and, if you like, moral commitments to various people to make extensive financial arrangements, and if it even lived up to only half of the so-called moral commitments, it would be way over the authorization that either this or the previous parliament has given to the corporation.

What I am saying was spelled out again in the committee as reported at page 40:11 of the committee's proceedings on June 6. On that page I am reported to have asked the president of EDC the following question.

I would be correct in saying of $6 billion in moral commitments, approximately half is out to either communist countries or OPEC countries.

[Mr. Stevens.]

I should make it clear that it was already established by the president of EDC that there was approximately $6 billion in moral commitments that were outstanding which they were hoping to honour, at least substantially, in the future. What I was trying to do was identify to whom those moral commitments were made, and what did I find? After asking Mr. MacDonald if I would be correct in saying that of the $6 billion in moral commitments approximately half is out to either communist countries or OPEC countries, I said:

I calculated you are up to about $2.7 billion of a pipeline to either OPEC or communist countries.

Mr. Hegan, who is vice president of finance for EDC, responded by saying:

Yes, Mr. Stevens. On what we have discussed at this juncture, that is correct. As I said in the introductory remarks, the character of our commitments will follow very closely the credit-worthiness characteristics and the efforts of Canadian exporters. One would find amongst the countries with oil revenues and some of the eastern European countries a strong credit-worthiness.

Let us put that into perspective. I have said that they have run over, certainly in moral commitments, the authorizations that parliament had given them, and not only have they run over those authorizations but they have done so to the extent of about $2.7 billion in favour of communist and OPEC nations. Surely a committee of the House should have the right to inquire to what degree the EDC is right in extending that kind of financing to a communist state. Communist states function in an entirely different way as far as their labour structure and wage scales are concerned. Consequently, by our encouraging development in some of those communist states, we are encouraging further unfair competition with our own producers in Canada. I will come back to that a little later.

● (2032)

The other thing we have to ask ourselves is to what extent should we, as EDC has been doing and proposes to do, be lending money to OPEC nations? Has the government totally forgotten that Canada is a nation which is running up significant current account deficits with the world, whereas the OPEC nations are running up huge current account surpluses? Let me put it into perspective, Mr. Speaker. We have a Crown agency proposing to lend hundreds of millions, even up into the billions, of dollars to the OPEC nations. These nations in 1974 had a current account surplus in the aggregate of $70.5 billion. In 1975 they had a current account surplus of $39.5 billion and in 1976 it was $41 billion. This figure was repeated generally in 1977. The figures which I have been referring to do not come from the government, but from where we get so much of our detailed economic information, the international economic report of the president of the United States transmitted to Congress in January of last year.

The point I am trying to make is that when we are dealing with a corporation which has requested authorization of $26 billion, it behooves this parliament to ensure that if they are granted any such authorization they are required to return to a committee of this House to give an accounting of their activities at least once a year, such as I am suggesting in motion No. 5. I say that because how else can you get some type of perspective into EDC or at least an explanation for the

Canadian public as to why it feels justified in loaning hundreds of millions of dollars to OPEC nations which have current account surpluses of the magnitude I have been referring to, while we are running current account deficits of something over $4 billion per year.

I say that because I feel that so much could be done to help domestic industries with at least part of the money EDC is proposing to lend various countries around the world. Let me put it this way, Mr. Speaker. The fishermen on our east and west coasts need financing to help refurbish their fishing fleets. Money is needed to build the Bay of Fundy project, and more money is needed to develop the hydroelectric potential in the lower Churchill and in Labrador. And we all know that Montreal is still without proper sewage treatment facilities. These funds could be used to complete such projects as these.

There is also the Toronto area urban transportation problem. The Toronto area, Mr. Speaker, an area that I am familiar with, is a startling example of the inconsistencies of this government. In Toronto we need $58 million to help in the realignment of trackage coming in from the west of Toronto to Union Station. We cannot put any more commuter trains on the lines without that realignment. Railways are a federal responsibility and yet to date the government in Ottawa has consistently refused to lend or in any other way provide the $58 million which is needed for that realignment on the west side of Toronto.

Does it make sense that we have a government which says there are no funds available to help commuters get to and from work in the Toronto area and yet have a Crown corporation which is proposing to put out hundreds of millions of dollars that in many cases will help to build transportation facilities in foreign countries? I see that the minister is in the House, and I wish, before this debate concludes at the report stage, that he would get up and at least offer the government's explanation as to why there should be funds available to help people in other countries with their transportation needs but no funds available to help, for example, the commuters in the Toronto area with their transportation needs.

I know that the justification for much of the Export Development Corporation activities is the hope that they will create jobs in Canada. But would it not be doubly advantageous if we could not only create jobs in Canada but, in creating those jobs, build some of the infrastructures we need in this country, such as the commuter type of transportation facility which is needed to help our own people in their own livelihoods?

I would like now to go to the Canadian west. The grain handling facilities have needed improvement in efficiency for years. In many areas farmers have to leave the grain in the fields in the hope that they can get it off early enough in spring to avoid the rains and subsequent rotting. As we know, British Columbia would like to revitalize its pulp and paper industry. But to such projects as these Ottawa states that there are no funds available or very limited funds. However, the government seems to have funds to help countries like Poland, Cuba, Iran, Romania, the United States and even Russia with similar projects which are being completed in those countries.

The $26 billion package the government is proposing to award in this bill to EDC represents more than 10 per cent of all the goods and services produced in Canada this year. That is the magnitude of the figures we are talking about. To put it another way, the $26 billion is approximately two and a half times the total federal budget a mere ten years ago. For one Crown corporation to have such authority is unbelievable, but to have such authority without the proper scrutiny of a committee of this House is irresponsible. That is why I am proposing in motion No. 5 that there be this reference at least once a year to somehow police EDC activities.

Some of my colleagues have pointed out that not only is the bill proposing to give EDC this massive authorization, but there is nothing in it to prevent the corporation from loaning money to the very nations which are going to use those funds to become more competitive with us in international trade in subsequent years.

My colleagues have mentioned the $160 million loan for a pulp and paper mill in Poland, money the EDC put up despite the fact that our own pulp and paper industry is struggling to stay alive in the face of increased competition abroad, and despite the fact that everyone expects the Polish people to be one of our major competitors in the European paper market.

EDC has rationalized this decision by pointing out that Poland would buy Canadian equipment for its plant. However, this just does not hold up because in a state run society, as I have already mentioned, the Polish worker is paid far less than his Canadan counterpart, and ultimately Poland will be able to undercut Canadian prices. The pulp and paper industry, which is operating at something like 75 per cent capacity now, will be hurt even more, costing thousands of Canadian jobs.

The Polish loan is only the tip of the iceberg. The EDC, for reasons of its own, seems bent on clobbering this industry. Recent EDC projects include loans of $102.6 million for a forestry development in Iran, $57 million for paper mill projects for Argentina, and still more millions for pulp and paper concerns in Peru and Romania.

• (2042)

Mr. Rodriguez: And the United States.

Mr. Stevens: As the hon. member points out, they are also putting money into the United States to help build steel mills and pulp and paper facilities there. The EDC is putting up $400 million to help others compete with our forest industry. The government, it seems, expects Canadians to help everybody but themselves.

Just recently I spoke to the president of a pulp and paper concern. This company in fact was referred to in the hearings before the Standing Committee on Finance, Trade and Economic Affairs. He pointed out that the financing the EDC is extending to other pulp and paper concerns all over the world is so favourable that if his company wished to build comparable facilites in Canada there is no way they could get

comparable financing. He also pointed out that if the company wished to extend or modernize their pulp and paper facilities, they were in the ludicrous position of having to go to other countries to see if they could get the same financial treatment that EDC is giving to foreign concerns. This would put them back in a competitive position while the EDC pursues its financing activity in foreign countries. Surely at some point the minister will see how ludicrous the situation has become where industry after industry is basically selling state financing as opposed to selling their goods.

The unfortunate thing is that while one year's work may be gained now, 15 or 20 years ahead the Canadian public will pay heavily when today's borrowers default on these loans. We have been a source of ready and cheap money for projects in the United States, in Russia, in the oil rich nations of Saudi Arabia, Kuwait, Iran and Venezuela. In fact, by the end of 1976 EDC had loaned a total of $275.8 million to the Arab bloc and oil exporting countries, and this year it granted Algeria a staggering line of credit of $1.2 billion.

If hon. members are interested in what Algeria is doing with our money, which is relatively long-term funding at a low interest rate, they should read the current edition of *The Economist*, the British magazine. If they do, however, they will not sleep tonight. The Algerians are proposing to invest that money and make 180 per cent on it as they develop their petrochemical resources.

Has sanity been lost in this country, Mr. Speaker? We are told that we do not have sufficient funds to develop the tar sands and Arctic gas resources, but apparently we have a $1.2 billion line of credit that can be made available to Algeria to develop their natural resources, such as gas, at a profit to them of 180 per cent. This is another example of why we would like a reference to a committee of this House in order to get this thing aired at least once a year.

Imagine, Mr. Speaker, at the end of 1976 the OPEC nations had accumulated more than $45 billion in trade surpluses while Canada hobbled along with a current account deficit of $4 billion per year, and if you aggregate that it is about $16 billion. Yet we are loaning them money. We are in deficit while they are in substantial surplus.

Equally perplexing are the loans to Cuba, Russia, Bulgaria, Romania and other communist countries. It is no doubt desirable to encourage trade with the east, but must we subsidize it with low-cost loans, on average at about 8 per cent interest, while our own industries are forced to pay much higher rates or cannot even get money? Would it not be much better if the government invested at least a portion of this $26 billion at home where we need jobs, where industry needs a hand and many infrastructure projects should be completed to help our commuters get to work in Toronto, Montreal, Vancouver, or Edmonton? Our fishermen need new fleets to enable them to haul better catches and farmers in the west need better facilities to help harvest their crops. That is why we would like a committee review of the activities of the EDC. It cannot be left with the authorizations that are proposed in this bill without tighter scrutiny by a suitable committee of this House.

[Mr. Stevens.]

I see my time is almost up and I want to give others an opportunity to speak on my amendment if they so desire. But this situation is serious, Mr. Speaker. In five to ten years Canadians will be asking why there was such negligence in 1977 and 1978—why authorizations were granted so irresponsibly to the Export Development Corporation without better scrutiny by parliamentarians.

That is what is at stake, Mr. Speaker. That is why I urge hon. members to support my suggestion that there be a permanent reference to a standing committee of this House to ensure that we have an ongoing scrutiny of the activities of the EDC. What we are asking for is not unique. There is a permanent reference with respect to Air Canada's activities and whose annual report will be referred to the Standing Committee on Transport and Communications on an yearly basis. Surely if it is right for Air Canada it should also be right for the Export Development Corporation, which will become one of the major Crown corporations of Canada if not the largest.

That is the case I should like to put in support of my amendment as set out in motion No. 5. I will have more to say about motion No. 6 and possibly I will speak again on third reading, but I urge all hon. members not to accept the EDC bill lightly. In future, they are going to be called to account for any irresponsibilities of the present time. I caution them that those irresponsibilities will surface if we do not ensure that there is proper committee review of this corporation's activities such as I have suggested.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I do not intend to speak for very long but I should like to say a few words to set the record straight. I would inform you, Mr. Speaker, that I intend to speak at length at third reading stage of the bill.

I should like to set the record straight on one specific point, however. In the past number of years the Export Development Corporation has been before one committee or other of this House of Commons on an average of every six months. It certainly can be called when the estimates of the Department of Industry, Trade and Commerce are considered every year. I see little purpose in the hon. member's amendment and I suggest that the House vote against it.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, if that is the minister's rebuttal of what the hon. member for York-Simcoe (Mr. Stevens) has said, he obviously does not recognize the reality of what goes on around here at estimates time. He knows as well as I do that on May 30 the estimates are deemed to have been reported back to the House and that there is no way of keeping the EDC henchmen of that department before the committee for any protracted period of time in order to get answers. I was in attendance during debate on the last two bills. These are the only occasions that we have had an opportunity to question the Export Development Corporation. In the last six years we have had representatives of the EDC before the committee twice with bills. It is at the committee stage when we attempt to get answers from the corporation.

● (2052)

There are some reasons why I support the amendment of the hon. member and there are some things about the EDC that strike fear into my heart, and they ought to strike fear into the hearts of every member of this House and indeed of the nation. The first instance that really struck me as frightening occurred on a day when the president appeared before the committee. I was questioning him about loans to countries that have less than what might be called acceptable human rights practices. Specifically we dealt with Chile. The president of EDC said: "We do not moralize". I asked him: "Does that mean you will do business with the devil?" And, Mr. Speaker, he said: "We would do business with the devil depending on his creditworthiness". So as long as he is creditworthy the corporation is prepared to do business with the devil.

The attitude that has been taken by the officers of the Export Development Corporation is my first concern. Even the United States has become most enlightened in respect to the way in which they hand out aid and lend money. Indeed President Carter, when speaking to the Organization of American States, told the Latin American states, who are members of the OAS, that in effect the United States expects them to clean up their act respecting human and civil rights if they expect to receive any aid and loans from the United States, which goes to show that the U.S. is concerned about moral aspects.

The minister and his henchmen in the EDC cannot act as a collection of Pontius Pilates, washing their hands and saying: "Well, we do not worry about their moral attitudes and moral commitments." That is despicable. Now the minister is smiling—

Mrs. Campagnolo: He is smiling at your hypocrisy.

Mr. Rodriguez: It is a big joke to have some sort of moral behaviour in the way we do business in this country and the way our Crown corporations do business.

Mr. Horner: Mr. Speaker, I rise on a point of order. The hon. member interpreted my smile as if I was being hypocritical regarding the intent of his remarks. I was smiling at the evangelistic approach which the hon. member takes to the matter. When he discusses morals, he could well campaign in Alberta and I would invite him to Crowfoot. I am sure his fervent fever would be well received.

Mrs. Campagnolo: To Camrose.

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest to the hon. minister that that is not a point of order but a point of debate.

Mr. Rodriguez: Mr. Speaker, I do not want to extend that debate but I could say that we experienced a visit from the hon. member for Crowfoot (Mr. Horner) to Nickel Belt. He came there to speak. Some reports said it was the most boring speech ever heard. They went on to say that people were put to sleep with statistics which often times were questionable. Indeed, I wish the hon. minister would return to the evangelistic fervour which I have seen expounded in my office when he was a member of the official opposition; it seemed to fit him better then. Some may say the smile the minister has on his face—

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that he return to the motion under discussion.

Mr. Rodriguez: Mr. Speaker, I was just about to do that. In passing I would say the smiles can only be gas or some such thing.

Some hon. Members: Oh, oh!

Mr. Rodriguez: Another concern arose about the EDC and was brought out in committee. At one time the president of the EDC sat there, rubbed his hands and said: "We made $13 million profit last year. We are in business to make profit and we will double that next year."

An hon. Member: With no taxes.

Mr. Rodriguez: With no taxes, the hon. member says. But there is the concept, Mr. Speaker, of money-grubbing, making money, profiteering. These people are the same ones who will stand up and argue that they are really trying to help third world countries deal with their economic problems. One would say that they are trying to take advantage of third world countries and make all these millions of dollars.

The way in which the EDC goes about this whole business of lending money in the international market is a real concern. From time to time there is a useful editorial in the *Northern Miner* on the mining industry. Even though I take a subscription to it, I do not use this paper as my handbook for speech making or comments on the mining industry. However, if one is selective it can be put to use. One has to assume the people who write the *Northern Miner* and who contribute to it have some knowledge of the mining industry and have some concern about the way in which we develop this industry in Canada.

In this connection I quote from the *Northern Miner* of November 3, 1977. The following appeared in their editorial of that date:

Although Guatemala and Indonesia cannot be charged with having precipitated the current situation—

The "current situation" means the lay-offs of workers in the Sudbury basin. The editorial goes on to say:

—looking further down the road to the years when nickel markets improve, the reality is that there will be more nickel producers laying a claim to a share of the nickel market. And no amount of castigation of Inco's policies or motives will alter that fact. We sowed, so shall we reap.

The Export Development Corporation loaned Inco $77 million for developing its subsidiary operations in Guatemala and Indonesia. I have heard all the arguments in committee. I have heard all the arguments with respect to the EDC. The Export Development Corporation, I am told by officers of the company, is like a stock record. They say the purpose of the EDC is to encourage and to expedite the export of Canadian prod-

ucts and services. That basically is the thrust of the Export Development Corporation.

Next we are told that there are certain criteria which govern loans that the EDC makes. First of all is the product viable? Second, is the borrower creditworthy? Third, will the project go ahead? Those are the three criteria on which loans are disbursed by the Export Development Corporation. In the case of Inco's loans, Inco-Guatemala and Inco-Indonesia, one could not doubt that Inco was creditworthy; that is, the parent company. They are creditworthy.

Another criterion was the viability of the project. I have some difficulty as to how the EDC came to the conclusion that the project was a viable one. We have been through this in committee and I will go through it again, again and again until we get through to the people who are responsible for running the Export Development Corporation. Firstly, Inco's operations in Guatemala and Indonesia are lateritic nickel. A lot of energy is needed to smelt lateritic nickel, which is different from the sulphide nickel found in the Sudbury Basin where the ore contains sulphur which acts as an energy agent in reducing the ore. So, in effect, nickel would have to go to $3 a pound before it actually becomes profitable to develop the lateritic nickel of Indonesia and Guatemala. Nickel is now $2.15 a pound. It would have to go to $3 a pound because both those countries have to import a considerable amount of oil at world market prices. That makes the smelting process of that lateritic nickel extremely expensive.

● (2102)

The next step in the game of those corporations operating in Indonesia and Guatemala is to establish a subsidiary in those countries. They then go to the EDC for a loan in order to establish and look for oil so that they can bring that oil on to the market and supply it to their subsidiaries to smelt the nickel. At that point it becomes extremely profitable to exploit those resources. That would have an adverse effect on Canadian nickel and Canadian employment. That is the reality of the situation.

The EDC says that looking at the long term, the project would go ahead anyway. One surely has to set some priorities among the projects for which they have application. Once the money has been loaned, a more advantageous project may come along which does not challenge the Canadian employment picture down the road. The EDC would then not have the money to get into the other project. It is therefore a matter of setting priorities with regard to how the money is loaned.

There must be a sense of responsibility on the part of the Export Development Corporation to ensure that when money is loaned it will not have a disastrous effect on the long-term Canadian employment scene. Does that sound unreasonable? Well, it is not. I have looked at the American version of the Export Development Corporation. I got out the ground rules for the EX-IM Bank in the United States. I want to quote clause 2(B)1(B) which governs the activities of the EX-IM Bank:

[Mr. Rodriguez.]

—in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

It was under that very section that the United States EX-IM Bank turned down an application for a loan from an American steel company to build a steel plant in Trinidad. If you look down the road, you can see that in the long term it would have a disastrous effect in terms of American employment. However, that does not bother the EDC. They are proud to say they made millions of dollars in profit. That is their basic motivation. It would not matter if it were Hitler himself; they would even do business with him.

Indeed, this was taken to the ridiculous when the Minister of Industry, Trade and Commerce appeared before the committee. I put this example to him. If an automotive parts company in Canada applied for an EDC loan in order to establish a plant in the southern United States, would EDC make the loan, even though it might have a disastrous effect on the automotive industry in that country? The minister replied yes, they would make the loan. That is ridiculous. What is the basis for that? Why are they not farsighted with regard to the way loans are made through EDC?

We have very serious problems. This country accepted over 1,000 refugees from Chile, not because they were being treated properly by that government but because they were put out of the country and living in refugee camps in Argentina, Panama City and Mexico City. When they came to this country, we heard their horror stories. We heard of President Allende committing suicide by shooting himself with a machine gun 16 times.

Today I picked up a press blurb from the EDC saying they had just completed a loan to Chile of over $40 million. However, we cannot get information on some 1,600 people who are missing. We make a great deal in this House, and quite rightly so, about the dissidents in Russia. We pass Standing Order 43 motions galore. We express a great deal of concern for the plight of dissidents, people who want to leave the Soviet Union to go to Israel. Yet in this situation we have 1,600 people about whom we have no word. We have been promised by the chief of the junta that we will get this information. However, EDC is prepared to lend over $40 million on a long-term basis at very favourable interest rates at the same time as we are accepting refugees from that unfortunate country.

These people have to be checked and questioned. The bureaucrats in our Crown corporations and government departments have become our masters. One would think they are the ones running the country. No one would believe it is the elected members.

This government which goes along with that sort of clothes closet approach is not doing a service to Canada. They should be the first to say this sounds like a reasonable amendment, that EDC should appear every year before a standing committee of the House in order to be questioned by, and be accountable to, parliament. For the minister to stand in his place and

offer in exchange for that sort of detailed and extensive appearance and questioning one or two meetings during the estimates period is really an insult to parliament and the people of Canada.

There are very serious problems with the way in which we are lending money. The people of this country are concerned. I know those in my constituency are extremely concerned. The fact is that while Inco workers are becoming employed, their government is using their taxes and the credibility of Canada to borrow money in order to lend it to the very people who created the unemployment problem in their area. That is a real slap in the face for them.

The minister also said that EDC loans to companies such as Inco assist third world countries to develop. I say that loans to multinational resource companies do nothing of the sort. In the case of Guatemala, the loan was made to a subsidiary of Inco, a very large and powerful multinational mining company.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue only with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I am sorry the minister has left the chamber. In addition to elaborating on some of the points made by my hon. friend from York-Simcoe (Mr. Stevens), I wish to correct a few of the remarks the minister contributed to the debate on motion No. 5.

● (2112)

As I understand it, the hon. gentleman said my hon. friend was in error and that there was no need for any reference back to the House because the corporation was always available to the finance committee for examination. I thought the minister had learned more than that during his 20 years in the House. Perhaps we did not teach him very well over here, but, of course, the finance committee has no right to hear from officials of EDC unless there is an appropriation to be voted on, and the stated purpose of this bill is to remove the necessity for the corporation to come back to parliament for more money.

I wish to advance a few arguments in support of the motion by my hon. friend from York-Simcoe. The first has to do with accountability. The House should know it is the Canadian taxpayer who is eventually responsible for the commitments of the EDC. Despite the fact that the corporation is increasing its borrowing from the private sector, it is the Canadian taxpayer who stands in the breach. Any time the management fails to keep things on a profitable plane it is the Canadian taxpayer who will have to pick up the pieces.

It is interesting to note that as of April, two months ago, the corporation owed the government $1.3 billion while its loans from outside sources amounted to less than $600 million. When Mr. MacDonald was questioned in the committee about the relationship of EDC to parliament, he said:

> We quite frankly stated that we were an agent of the Government of Canada and my presumption is that if this corporation and its board of directors made a mess of it and went bankrupt then the Government of Canada would have to stand behind it.

So there can be no question about where responsibility lies. Because of this situation we say the corporation should be required to come back once a year to account to parliament. The taxpayer, as a co-signer, relies on parliament to protect his interests. If the government wants to extend the corportion's already wide limits, then the voters have a right to expect parliament to insist on accountability by the corporation on an annual basis.

As things rest, everything depends on the judgment of the corporation's management. We are talking about a lot of money. It was disclosed in committee that there is no limitation contemplated other than the statutory ceilings we are talking about in the case of individual deals backed by the corporation. The agency is now in the position of making commitments to the value of $6 billion. There is nothing which would prevent bad judgment on the part of the directors from bankrupting the organization in the event of a bad deal, though I agree this is not likely to happen when there is such a big cushion to rely on.

Mr. MacDonald was asked in the committee whether there was some limit beyond which the corporation would not lend in connection with an individual deal. He replied that there was not. There was no limit beyond which the EDC might go in pledging the credit of the Government of Canada. Mr. Speaker, it is hard to conceive of a corporation which does not operate on the basis of there being some limit governing its deals. Even Citibank has set limits on the size of the loans it makes to other countries, and it is worth noting that Citibank declined to lend Canada more than $175 million in connection with the recent bond issue. We say, therefore, that in the absence of an upper ceiling a regular referral is necessary to enable parliament to keep an adequate watch on what is going on.

Up to this point I have been looking at things from the point of view of the taxpayer. Now, perhaps, we should look at them from the point of view of parliament in relation to the corporation. It is obvious that the EDC has become quite a political animal and that it is incurring criticism from many quarters. It has taken to publicly criticizing in print paid for by its own funds a member of parliament, naming him in local newspapers and in its own newsletter. It has run special advertisements in the *Financial Post* at a cost of over $20,000 at the same time as this bill was before the House, in addition to running other advertisements in newspapers across Canada.

We must remember that the EDC is a Crown corporation, that it is responsible to parliament and that it should not be

attempting to mobilize political pressure on parliament for its own aims. This question of the accountability of EDC to parliament is critical and central to the amendment proposed by my hon. friend.

I do not wish to take up time unduly but I think I must say a few words about the attitude taken by the minister himself—I see he has returned. I refer to his irresponsible statement earlier, his remark about the committee always having access to officials of EDC, when he should have known that the corporation's affairs cannot be referred to the committee unless there is an appropriation to be voted upon.

It is interesting, too, to note the statement made by the minister accusing the opposition of unduly delaying the progress of this bill. The record will show that the Export Development Corporation first approached the government seeking higher ceilings last October. It took only a month or so for the government to approve new ceilings, but it took five months, until March 20 of this year, before Bill C-36 was brought before the House. So only three months have elapsed, including second reading and days spent on committee hearings, and it seems likely we shall be getting rid of the bill this week.

● (2122)

Better control is needed over a corporation which has a record like that of EDC and which is now asking for such limits. Control is needed over a government which would give such powers and such expansive limits to a corporation which does not have to come to parliament on a regular basis. All the Canadian taxpayer has to rely upon is the promise of the present administration that some future legislation might be coming along this fall. However, if that is the case, we are not quite sure why we have to have this bill before us right now. I urge all hon. members, in the interests of protecting their own voters, if not their own votes, that they should be supporting motion No. 5.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it.

And more than five members having risen:

[Mr. Clarke (Vancouver Quadra).]

Mr. Deputy Speaker: This motion being the last motion, I will now call in the members.

Mr. Knowles (Winnipeg North Centre): Oh, no. What about motion No. 6?

Mr. Baker (Grenville-Carleton): There is one more, Mr. Speaker.

Mr. Deputy Speaker: I had the impression that motions Nos. 5 and 6 were to be debated and voted on together, but since they are to be debated and voted on separately, the vote on motion No. 5 stands deferred and the House will now proceed to the consideration of motion No. 6 in the name of the hon. member for Nickel Belt (Mr. Rodriguez).

Mr. John Rodriguez (Nickel Belt) moved:

Motion No. 6.

That Bill C-36, an act to amend the Export Development Act, be amended by adding immediately after line 34 at page 5 the following new clause:

"7. The corporation shall, before it implements the increase in authority provided by this Act, take into account the effect of such implementation on the Canadian economy and specifically the long and short term effect on employment in Canada."

He said: Mr. Speaker—

Mr. Dionne (Northumberland-Miramichi): Dispense.

Mr. Rodriguez: It is good to see that the hon. member for Northumberland-Miramichi (Mr. Dionne) is in the House tonight. It should be funny.

Let us look at the amendment we have before us. It calls upon the EDC to incorporate a certain criterion before approving a loan. It proposes that the criterion should be that the EDC take into account the long-term and short-term effect on employment. Is that an unreasonable amendment?

I want to reiterate that the EX-IM Bank of the United States is governed by a particular clause which provides that loans issued take into account long-term and short-term effects on employment in the United States. It is difficult for a Canadian worker, whether he works in the pulp and paper industry or in the nickel industry, to see stories about employment being created in his own industry while at the same time he reads in the newspapers that his government has subsidized the company he works for to establish a branch plant operation in a third world country. For him that spells disaster in the long term.

Inco has been granted loans to operate in Guatemala and Indonesia. The EDC claimed it was creating 4,000 man-years of work by lending $77 million to Inco, but Inco laid off 2,300 workers in the Sudbury basin. In the Sudbury basin we do not have an infrastructure around the nickel and copper industries.

Mrs. Campagnolo: Not again.

Mr. Rodriguez: The Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) can say "not again" all she wants, but she knows very well she has problems in her own riding.

Mrs. Campagnolo: We lost 500 jobs under the NDP.

Mr. Rodriguez: There is unemployment in the minister's riding. Why does she not get out of that government and walk across the floor as her buddy did today? Twenty-three hundred workers were laid off, but the public relations people say 4,000 man-years of employment were created. That was for the short term. In the short-term analysis we have no doubt that with the $77 million loan to Inco the EDC did create 4,000 man-years of work, but it was very high technology and short-term work.

We in the Sudbury basin do not have an infrastructure around the nickel and copper industries. We have no research and development based around that resource. The resource is ripped out of the ground, put in boxcars and shipped out to be processed abroad and then sold back to us as finished products. When any attempt is made by entrepreneurs in the basin to diversify operations, they are told that there is no venture capital for that. No wonder there is not. Our Crown corporation, the EDC, is raising money in Canada's name and lending it to multinational mining companies so that they can go abroad and exploit the resources of third world countries. Much the same was done to us many years ago.

There is a legitimate question in the minds of Canadian workers. As they lose their jobs they see loans being made to the companies they work for. Their companies go abroad, not to develop for the benefit of companies abroad, but for the benefit of themselves.

We have the same situation in the paper industry. I am glad to see that the hon. member for Northumberland-Miramichi is in the House. The EDC made a loan to Bear Island Paper Company. It is a partnership of Bato Company Incorporated, Dow Jones and Company Limited and the Washington Post Company. That was a loan for $47 million to Virginia for the establishment of a pulp and paper operation. It will be probably one of the most modern plants.

● (2132)

The paper workers there have a concern. They have written to me expressing their concern about the pulp and paper companies in this country which have not modernized their operation so that workers can be more productive. When I was out in Vancouver I found that the MacMillan Bloedel Company's pulp and paper section was decrepit and that their plant needs to be modernized.

In Timiskaming the pulp and paper mill has been closed down. What happened there? EDC has come up with $47 million to develop the pulp and paper industry in the United States which, as EDC has admitted, will be filling markets that are currently being filled by Quebec plants. I just do not see the sense in that sort of operation. Here we have pulp and paper mills in this country having to compete and fill markets, and the EDC is lending money for the long term at favourable interest rates to develop competition for these pulp and paper mills in Canada and moving into the southern United States of all places, which is not noted for modern industrial relations techniques. They have right to work laws on their books, no strike laws on the books, their minimum wage is $2.35 an hour, their plants do not have to be heated in the winter and their government gives them years and years of tax free holidays. Those are the hidden realities, but the EDC steps into the breach, as Mr. MacDonald, the president, would say, because "we can make a buck and we are not interested in the long-term effects."

The EDC uses three criteria in making loans. The first is that the plant be creditworthy. Is the operation going to make money? Is it a flexible operation? Will the operation go ahead anyway?

Mr. Kaplan: I wonder if I could ask the hon. member a question. Does he honestly believe that if Canadian companies do not participate in the development of the nickel resources in the United States, they would lie undeveloped, or that if Canadian companies which manufacture this mining equipment did not get the business developing in Indonesia or Guatemala, that the great nickel resources in these countries would lie undeveloped? Does he believe that these countries with their rich nickel resources are lying starving and waiting, and that without Canadian participation they would remain undeveloped and in poverty?

Mr. Rodriguez: Mr. Speaker, the hon. member mentioned nickel resources in the United States. He also spoke of Indonesia and Guatemala. It is a good question and I should give the parliamentary secretary credit for asking a good question. Probably he was not in the House when I mentioned the EX-IM Bank because I am always making comparisons. Section 2(B) of the act governing the EX-IM Bank says:

—in authorizing any loan or guarantee, the board of directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States.

It was brought out in committee that in the United States there was an application from a borrower to establish a steel plant in Trinidad. An American company wanted to build that steel plant and it applied to the EX-IM Bank for a loan. The EX-IM Bank considered all the criteria applied by EDC, and in applying the fourth criterion said that to develop the steel plant in Trinidad would, in effect, be competitive and create unemployment in the future among American workers. So the loan was turned down. That does not prevent some other bank, the Japanese equivalent of EDC or the German equivalent, from lending money to build the steel plant in Trinidad.

I am saying to the hon. member that the resources in Guatemala, for example, are not developed by that country, although the impression is left that that is so. I do not know how many times I have to bring this to the attention of the hon. member, but in effect it is an Inco subsidiary that is developing the ore in Guatemala and Indonesia, and it is developing it not for the benefit of the Guatemalan people but for the benefit of the multinational mining company. If Guatemala itself were applying for the loan, then all the criteria would come into effect; that is, the criteria for putting technology into the hands of third world countries and helping them to exert some control over their economic destiny.

But that is not what we have here. We have EDC, promoting imperialism in third world countries, because in effect that resource is being scraped off the top of the ground, put in ships and shipped out to Wales where the final processing is done and the manufacturing of the finished product takes place. It does not take place in Guatemala. So the resource is exploited, but not for the benefit of the people. When the operation is fully operative in Guatemala, only 700 people will be hired. It is a highly capital intensive operation. The labour intensive part of the operation is at the processing and finishing end of the project.

So the suggestion that somehow or other we are helping Indonesia and Guatemala develop their resources through EDC loans is not correct. We are not doing that at all.

Earlier I spoke about pulp and paper mills. We did the same thing with steel plants. One of the things we need to do in Cape Breton is to modernize the steel plant, and it takes a lot of capital to do that. EDC lends millions of dollars to a Canadian company to go down into the United States eastern seaboard to develop a modern steel plant, which makes it very difficult for the Cape Breton steel company to compete for those markets with the kind of decrepid equipment they have and the resulting lack of productivity.

An hon. Member: You are comparing apples and oranges.

Mr. Rodriguez: I am not comparing apples and oranges at all. I would like all these yahoos who are making comments to come up to Nickel Belt, where they will be invited to a public meeting at which I would like them to stand up and make all these comments about EDC doing such a great job.

● (2142)

There is also another aspect. The jobs which are created in the short term accrue primarily to the southern part of the province of Ontario. The jobs are created in Toronto and Montreal and some are spun off to Vancouver. Thus, we have the EDC stimulating employment in areas which are already heavily industrialized. For example, if a plant has an order to complete, it will more than likely expand its operation where the original plant is located. So what we have is EDC acting with one set of ground rules while DREE operates with another set of ground rules. Then there is the taxation system which operates with a different set of principles. There is no cohesion whatsoever with respect to the manner in which the loans are given. There is no plan to diversify industrial development into areas which need it.

There is also the question of the effect of employment and the loans of the EDC. In none of the questioning during the EDC committee was there any indication from the officers of that corporation that they even consider the long-term effects on Canadian employment. They are more concerned with showing a good profit. There is also the fact that they do not make moral judgments on the regimes with which they do business.

It seems to me that in this particular instance we should consider the concept—and no one can deny that it is a good one—that when dealing with Canadian finished products and services there is a good argument to be made for an Export Development Corporation which assembles capital for the export of Canadian finished products. However, when it begins to come into areas where Canada for years has been very predominant, for example the resource sector, it seems to me that it begins to undo whatever good it may have accrued in terms of job creation in the long term.

The taxpayers of this country must be assured that no corporation which they support with their tax money is used to create their unemployment some years down the road. This is what is going to happen. There is no question at all, for example, that when the nickel industry starts coming on stream it will have an adverse effect on the areas dependent on the development of nickel. We cannot get diversification in our areas. We saw today where we would love to have an auto parts plant build some cars and sell them to southern Ontario for a change, but we cannot even get that in the Sudbury Basin. It seems the only strength we have is nickel and copper, so why, if there is money to be loaned, is it not loaned in the Sudbury area so we can diversify our industrial base?

That is a very legitimate question, Mr. Speaker, and a question which people are asking. In spite of the gentle answers and smiles we received in committee, it is a very legitimate question for a man or woman who has worked five years in a nickel or copper mine and who depends on that industry for their income. While the EDC officials may come before the committee and make very esoteric and flim-flammy arguments about how we are, in effect, helping Third World countries and really creating employment, it does not answer the question raised by the Canadian taxpayer who feels the effect of the unemployment created by the loans of the EDC.

I suspect that members opposite will vote against this amendment which we have put before the House. I notice that they are banging their desk tops. That is an indication that they will vote against an eminently wise and judicious amendment. It is obvious they are not concerned about unemployment in this country, particularly the hon. member for Northumberland-Miramichi (Mr. Dionne) who has close to 30 per cent unemployment in his area. He should not be sitting there braying like a donkey; he should be interested in what this amendment says.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, the hon. member is correct when he says the rate of unemployment in my area is high. That is why I have been doing something about it over the last four years. I would not think of braying like a donkey, because I think that is his department.

Mr. Rodriguez: Mr. Speaker, the hon. member has been working for four years to improve the 30 per cent unemployment rate since he first came to this House, but it is still 30 per cent. That is work only a Liberal can do, and it is either very bad mathematics or playing around with Canada Works or Young Canada Works grants. I wish that he would participate

in the debate on this amendment because it is an extremely important question with respect to his own area where there is pulp and paper industry. The hon. member should be concerned about the effect of that $47 million instead of getting up on spurious points of order. Rather, he should participate in serious debate on how we can make the EDC work for the benefit of Canada, not to the detriment of Canada.

The first and foremost consideration is how this loan will affect employment in Canada in the long term. It is a very wise amendment and I urge hon. members to support it. Let us make the EDC accountable to Canadian taxpayers.

Mr. Gordon Towers (Red Deer): Mr. Speaker, I am particularly concerned about this bill and I had hoped that the minister would have given greater consideration to it. This matter was brought to his attention in committee, and it does not seem as though there was very much done about it. Instead, it seems that the government is intent upon supporting business in other countries at the expense of developing our own.

We in Alberta are very concerned about developing our own oil and gas industry. It seems that we will have to do it alone with very little help from the federal government. However, when you consider that the EDC has a line of credit in Algeria of $1.2 billion and we in Alberta are having difficulties developing the petrochemical industry, it is a gross injustice.

I would like to put on the record a quote from *The Economist* of June 17, 1978 which states that Algeria will spend $28 billion on oil and gas projects between now and 1985, according to a master plan prepared by the American consulting engineers, Bechtel of San Francisco. It will build ten new gas processing plants, six plant extensions, eight reinjection units, 6,000 miles of pipeline, eight gas liquification plants and three oil refineries. The whole oil and gas program will last 30 years. In return Algeria expects to get $250 billion from oil and gas sales over those 30 years.

• (2152)

If those estimates are correct the Algerian government will receive a return of 180 per cent on its investments. It needs every penny of it because 100,000 school leavers will be available on the labour market between 1985 and 2000. By 1993 Algeria plans to sell oil only in its refined state and not as crude.

You can see, Mr. Speaker, that Alberta does have a grudge and I hope hon. members opposite recognize this. We want to sell processed gas and build petrochemical plants too. We want to get into the business, but as long as the government insists on helping other countries we will be held back. It is all right, of course, to do this in certain cases, but to do it at the expense of our own country to me is incomprehensible.

The minister comes from Alberta. I hope he will give consideration to the fact that we in Alberta want to get the business too. We do not want to be cast aside because of policies that are hurting us so badly.

I understand, Mr. Speaker, it is the intention to have a vote tonight so I shall continue my remarks on third reading.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is on the amendment of the hon. member for Nickel Belt (Mr. Rodriguez). Is it the pleasure of the House to adopt the said motion? All those in favour of the said motion will please say yea.

Mr. Rodriguez: Yea.

Mr. Deputy Speaker: All those opposed please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the nays have it. I declare the motion lost.

Motion No. 6 (Mr. Rodriguez) negatived.

Mr. Deputy Speaker: Accordingly, I am to take the recorded vote on motion No. 1 and other motions at this time. Call in the members.

• (2232)

Mr. Speaker: The question is on motion No. 1 which will also dispose of the vote on motion No. 3.

The House divided on motion No. 1 (Mr. Crosbie) which was negatived on the following division:

(*Division No. 58*)

YEAS

Messrs.

Alexander	Ellis	Malone
Alkenbrack	Elzinga	Mazankowski
Allard	Epp	McKenzie
Andre (Calgary Centre)	Firth	McKinley
Baker (Grenville-Carleton)	Forrestall	McKinnon
Baldwin	Friesen	Munro (Esquimalt-Saanich)
Bawden	Halliday	Murta
Beatty	Howie	Nowlan
Beaudoin	Jarvis	Orlikow
Benjamin	Jelinek	Paproski
Brisco	Johnston	Patterson
Cadieu	Kempling	Peters
Caouette (Villeneuve)	Knowles (Winnipeg North Centre)	Pigott (Mrs.)
Clark (Rocky Mountain)	Knowles (Norfolk-Haldimand)	Ritchie
Clarke (Vancouver Quadra)	Lambert (Bellechasse)	Rodriguez
Crosbie	Lambert (Edmonton West)	Rynard
Crouse	Lawrence	Schellenberger
Dick	MacKay	Stanfield
		Stewart (Marquette)
		Towers
		Wenman
		Whittaker—58

NAYS

Messrs.

Andres (Lincoln)	Bussières	Comtois
Baker (Gander-Twillingate)	Caccia	Corbin
Béchard	Campagnolo (Mrs.)	Cullen
Bégin (Miss)	Campbell (Miss) (South Western Nova)	Danson
Blais	Campbell (LaSalle-Émard-Côte Saint-Paul)	Daudlin
Blouin	Caron	Dawson
Boulanger	Clermont	De Bané
Breau	Collenette	Demers
Buchanan		Dionne (Northumberland-Miramichi)

Messrs.

Dupont
Dupras
Duquet
Flynn
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Gray
Guay
Harquail
Herbert
Holt (Mrs.)
Horner
Jamieson
Kaplan
Lajoie
Lalonde
Lamontagne
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
Lefebvre
Loiselle
(Chambly)
Lumley
MacDonald
(Cardigan)
MacFarlane
MacGuigan
Maine
Marchand
Martin
McRae
Milne
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pelletier
Philbrook
Pinard
Portelance
Prud'homme
Railton
Roberts
Robinson
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Tessier
Turner
Watson
Wood
Young—81

Mr. Speaker: I therefore declare the motions lost.

● (2237)

The next question is on motion No. 2, which will dispose of the vote on motion No. 4.

The House divided on motion No. 2 (Mr. Crosbie), which was negatived on the following division:

(*Division No. 59*)

YEAS

Messrs.

Alexander
Alkenbrack
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Bawden
Beatty
Beaudoin
Benjamin
Brisco
Cadieu
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Crosbie
Crouse
Dick
Ellis
Elzinga
Epp
Firth
Forrestall
Friesen
Halliday
Howie
Jarvis
Jelinek
Johnston
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Lawrence
MacKay
Malone
Mazankowski
McKenzie
McKinley
McKinnon
Munro
(Esquimalt-Saanich)
Murta
Nowlan
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Rodriguez
Rynard
Schellenberger
Stanfield
Stewart
(Marquette)
Towers
Wenman
Whittaker—58

NAYS

Messrs.

Andres
(Lincoln)
Baker
(Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Clermont
Collenette
Comtois
Condon
Corbin
Cullen
Danson
Daudlin
Dawson
De Bané

Messrs.

Demers
Dionne
(Northumberland-
Miramichi)
Dupont
Dupras
Duquet
Flynn
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Gray
Guay
Harquail
Herbert
Holt (Mrs.)
Horner
Jamieson
Kaplan
Lajoie
Lalonde
Lamontagne
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
Lefebvre
Loiselle
(Chambly)
Lumley
MacDonald
(Cardigan)
MacFarlane
MacGuigan
Maine
Marchand
Martin
McRae
Milne
Nicholson (Miss)
O'Connell
Olivier
Ouellet
Pelletier
Philbrook
Pinard
Portelance
Prud'homme
Railton
Roberts
Robinson
Roy
(Timmins)
Roy
(Laval)
Sauvé (Mrs.)
Tessier
Turner
Watson
Wood
Young—82

● (2242)

Mr. Speaker: I therefore declare motions Nos. 2 and 4 lost.

The question is now upon motion No. 5 in the name of the hon. member for York-Simcoe (Mr. Stevens).

The House divided on motion No. 5 (Mr. Stevens), which was negatived on the following division:

(*Division No. 60*)

YEAS

Messrs.

Alexander
Alkenbrack
Allard
Andre
(Calgary Centre)
Baker
(Grenville-Carleton)
Baldwin
Bawden
Beatty
Beaudoin
Benjamin
Brisco
Cadieu
Caouette
(Villeneuve)
Clark
(Rocky Mountain)
Clarke
(Vancouver Quadra)
Crosbie
Crouse
Dick
Ellis
Elzinga
Epp
Firth
Forrestall
Friesen
Halliday
Howie
Jarvis
Jelinek
Johnston
Kempling
Knowles
(Winnipeg
North Centre)
Knowles
(Norfolk-Haldimand)
Lambert
(Bellechasse)
Lambert
(Edmonton West)
Lawrence
MacKay
Malone
Mazankowski
McKenzie
McKinley
McKinnon
Munro
(Esquimalt-Saanich)
Murta
Nowlan
Orlikow
Paproski
Patterson
Peters
Pigott (Mrs.)
Ritchie
Rodriguez
Rynard
Schellenberger
Stanfield
Stewart
(Marquette)
Towers
Wenman
Whittaker—58

NAYS

Messrs.

Andres
(Lincoln)
Baker
(Gander-Twillingate)
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)

Messrs.

Caron	Gillespie	Marchand
Clermont	Gray	Martin
Collenette	Guay	McRae
Comtois	Harquail	Milne
Condon	Herbert	Nicholson (Miss)
Corbin	Holt (Mrs.)	O'Connell
Cullen	Horner	Olivier
Danson	Jamieson	Ouellet
Daudlin	Kaplan	Pelletier
Dawson	Lajoie	Philbrook
De Bané	Lalonde	Pinard
Demers	Lamontagne	Portelance
Dionne (Northumberland-Miramichi)	Langlois	Prud'homme
	Laniel	Railton
Douglas (Bruce-Grey)	Lapointe	Roberts
Dupont	Leblanc (Laurier)	Robinson
Dupras	Lefebvre	Roy (Timmins)
Duquet	Loiselle (Chambly)	Roy (Laval)
Flynn	Lumley	Sauvé (Mrs.)
Foster	MacDonald (Cardigan)	Tessier
Francis	MacFarlane	Turner
Gauthier (Ottawa-Vanier)	MacGuigan	Watson
Gendron	Maine	Wood
		Young—83

● (2247)

Mr. Speaker: I therefore declare the motion lost.

Motion No. 6 having been disposed of earlier this day, the question is therefore on the motion of the Minister of Industry, Trade and Commerce (Mr. Horner) that Bill C-36 be concurred in. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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

Mr. Paproski: Next sitting of the House.

Mr. Speaker: I sense that the bill will be read the third time at the next sitting of the House.

It being after ten o'clock, pursuant to Standing Order 40 the House will proceed to the questions raised upon the adjournment.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, because of an oversight it will be impossible this evening to provide an adequate answer to the question of the hon. member for Vaudreuil (Mr. Herbert). It has been agreed that we will proceed with question No. 2 which stands in the name of the hon. member for Provencher (Mr. Epp).

Some hon. Members: Agreed.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

ABORTION—REQUEST FOR REVIEW OF ABORTION LAWS

Mr. Jake Epp (Provencher): Mr. Speaker, the year 1979 has been designated as the International Year of the Child by the United Nations in commemoration of the signing of the UN declaration on the rights of children some 20 years ago. The purpose of that declaration was to enhance the living standards of children around the world, to improve their nourishment, their education and their total development. All members support that resolution.

On June 9 of this year I asked the Prime Minister (Mr. Trudeau) whether he would mark the International Year of the Child in Canada by reviewing Canada's abortion laws. My basic argument at that time was, and still remains, that the greatest gift society can give to a child is, of course, the gift of life. The Prime Minister responded by saying it was not up to the government to give life but rather for God and parents.

Most of us recognize that life is a gift of God, but what I was asking the Prime Minister that day was whether he would review Canada's abortion laws which are removing the right to live inasmuch as they are taking life away from 60,000 Canadian children. The facts before us are a condemnation of each one of us. In 1976 there were 54,536 legal abortions performed in Canada, an increase of 10.4 per cent over the preceding year. It is estimated that an additional 4,000 Canadians had therapeutic abortions performed outside Canada's borders. We know that the figure for the last calendar year exceeds 50,000.

The government has argued that it is not involved in this taking of life by Canada's hospitals and medical personnel who should be dedicated to the preservation of life and the alleviation of suffering. The point is that the government is involved, and it is very directly involved with its grants system.

● (2252)

Planned Parenthood of Canada has largely become an abortion referral agency. More than 90 per cent of its funding comes from federal government grants. The Department of National Health and Welfare has granted $600,000 in the last fiscal year. The Canadian International Development Agency has granted $39,865 in the last year. One might ask whether the purpose of the Canadian International Development Agency is to provide aid to the third world. What is it doing granting aid to Planned Parenthood of Canada?

I could go on, but I know that my friend and colleague, the hon. member for Surrey-White Rock (Mr. Friesen), will delve into this subject further. However, I want to impress on the government that this blot on society cannot go unchecked any further, because all statistics—and I do not want to speak

about statistics; I want to speak about people—indicate that legal abortions are increasing on the average by 10 per cent per year.

What is happening to respect for life? What is happening to our civilization? Has life become expendable? All of us have been horrified time after time by pictures of the holocaust of World War II in which life became cheap. I ask sincerely whether we are any different today. If life is expendable for the unborn child, how much longer will it be before life becomes expendable at the other end of the age spectrum? When will society decide to remove life from those who are aged, infirm or terminally ill?

I do not want to play God, but I want to impress upon my colleagues here today—and this subject crosses all political partisan viewpoints—the point that we as a civilization are doomed if we do not respect life. We can have it no other way.

In the study of nations, if one wants to look at comprehensive studies like Arnold Toynbee's from a secular point of view where nations have lost their moral bases and justified everything on the basis of expediency, those nations are doomed.

These are serious words, but I am totally convinced as I stand here that we are going down that road. If we have any respect for life at all, I plead with the government to make the International Year of the Child a year of life and a year in which 60,000 Canadians will not face the spectre of death. I ask the government to reconsider. The Badgley committee stated that if abortions were to continue, the value of life would be lowered. I believe that as a civilization and as a nation we are at the crossroads. I plead with the government to reconsider and to give life to Canada's youngest citizens.

● (2257)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I am not quite sure that I can respond on behalf of the minister to all of the comments of the hon. member this evening. I respect a great number of the points the hon. member has made. One thing I could say on behalf of my minister would be that the federal government would very much like to see an even handed and equally fair administration of the laws of Canada right across the country and throughout each of the provinces. It does not assist us to have our laws interpreted unfairly or differently in the provinces and regions of Canada.

Whereas the abortion provisions fall within the Criminal Code and are a matter of federal jurisdiction, hospitals come under the control and administration of the provinces, and the enforcement of our Criminal Code and the administration of our justice is also under the control of the provinces. Therefore, it is up to the provinces to co-ordinate their approach to and their interpretation of this subject matter.

Without doubt the issue of abortion is a deeply emotional and moral one, and there are bound to be definitive and strongly held feelings on various sides of this issue. It would appear that no matter what words might be used in such a law, their scope will often be determined by the canons of local medical custom—and those in turn are often set by varying social values in the different regions of this country.

I should point out to the hon. member that my colleague, the Parliamentary Secretary to Minister of National Health and Welfare (Mr. Robinson), will undoubtedly expand on some of his points and questions in relation to Planned Parenthood, and I understand the hon. member for Surrey-White Rock (Mr. Friesen) will also raise some of those points this evening.

I could point out to the hon. member for Provencher (Mr. Epp) that provision is made in the Criminal Code for provincial ministers of health to review information relating to the circumstances of therapeutic abortions. The justice minister has said that he is not in a position to instruct the provinces on the matter. However, he has stated that he and his colleague, the Minister of National Health and Welfare (Miss Bégin), either directly or through their officials, would be meeting with provincial health officials once those officials have had a thorough opportunity to study the findings of the Badgley report, and the provincial review of the abortion procedure may be one of those topics to be discussed.

I could go on to read some portions of the Badgley report, but I think the hon. member is perhaps familiar with them and time will not allow me to do so this evening. Perhaps I could discuss this privately with him, if he so wishes.

ABORTION—FUNDING OF ABORTION CLINICS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, on June 9 the Prime Minister (Mr. Trudeau) made one of his cute remarks, which was designed to deflect attention away from the real issues, saying that only God and parents can give life. He said that in partial answer to the question posed to him by the hon. member for Provencher (Mr. Epp). My question to him was based on the fact that while it is true that only God and parents can give life, it is the abortion clinics which take that life away. I asked the Prime Minister whether or not he would reconsider the policy of this government in funding abortion clinics or groups in society which offer abortion counselling to people and withdraw some of that funding to those organizations.

● (2302)

There are two principles involved in government funding of organizations. Number one, the government has no business funding organizations which have the goal of changing lifestyles. That deals with social programming and programmed responses, and it is a system of robbing citizens of genuine choice.

I have before me the press release of Planned Parenthood Association of British Columbia dated May 16. It says:

> The problem is that more babies are being born to those least prepared socially, emotionally or intellectually to function as parents. Many of these disadvantaged-from-birth children will likely become mentally and physically ill, with a potential for violence that is of serious concern.

It appears to me that Planned Parenthood is becoming something omnipotent when they can predict which children—not yet conceived, not yet born—are going to become problems in society. It seems to me that Planned Parenthood is reducing family planning to predetermined choices made by some omnipotent person who decides who has the right to be born. I remember a European leader who just 40 years ago decided that only those people who are blond and blue-eyed ought to have the right to bear children.

I hope that this government will not continue to fund organizations which are of that kind of mentality, whether it be different criteria that they use or not. It so happens that my mother had a grade three education and my wife's mother had a grade one education, neither of which were in one of Canada's official languages. I suppose that on the criteria which Planned Parenthood has established neither of those people would have qualified to bear children. My experience with them, however, has been that they were intellectually brilliant people irrespective of their lack of education. That is the first principle, that the government has no business in funding organizations which are determined to change lifestyles.

The second principle is that voluntary organizations must prove broad public support to obtain government funding. If they establish public support by raising money locally, which would indicate that they are enjoying public support, then perhaps the government could examine whether or not the organization deserves broader funding from taxpayers across Canada. The government should fund such organizations only to the extent of matching dollar for dollar.

The kind of budget which Planned Parenthood has established indicates to me that there is no broad public support for that organization. This is indicated by the fact that it could raise only $30,000, while on the other hand it is asking the government to supply $650,000 a year. The hon. member for New Westminster (Mr. Leggatt) asked the government on April 20 to provide increased funding to Planned Parenthood because they were not keeping up with the cost of living. His rationale was the fact that there were 12,956 teenagers who gave birth in the past year.

There is more education on sex today than ever before. There is less restraint in talking about sex, and there are more teenage pregnancies, but the hon. member for New Westminster or the government presumes that more education will reduce this incidence. The government has no business getting into the funding of organizations which do not enjoy broad public support, and I hope the parliamentary secretary will not bring up the business of how much they give to Serena. That is not the same argument, nor is it the same kind of organization. It is an organization that works for itself.

It seems to me that this whole organization is now deciding that fertility and pregnancy is some kind of disease, that unplanned children or unexpected children are some kind of pestilence on the corporate body. We need to reconstruct our thinking on that. I ask the government again to reconsider their funding policies of Planned Parenthood, to decrease that funding, and to justify it only on the basis of legitimate family planning and counselling, not on abortion clinics which this organization broadly supports.

● (2307)

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, it is my understanding that essentially the hon. member's question was the representation that funding in respect of certain groups be withdrawn. I recall that on or about April 6, 1978, I indicated to the hon. member that the Department of National Health and Welfare is attempting to reduce the dependence of these organizations on federal funds. I would point out to the hon. member also that in so far as I am aware the federal government does not provide funds to organizations to change lifestyles. Maybe that is a point upon which the hon. member requires more explanation, but it is not the case.

It may be of assistance to the hon. member for Surrey-White Rock (Mr. Friesen) to look back upon the historical development of family planning services and the provisions of the Criminal Code, as well as established programs financing, in order to understand the funding policies of the federal government in this area.

In August 1969, parliament amended the Criminal Code in order to allow for the dissemination of information concerning contraception. In the same year, parliament amended the Criminal Code to allow for therapeutic abortions when, in the opinion of a therapeutic abortion committee, the continuation of pregnancy would or would likely endanger the life or health of the woman.

Following the tabling of the report of the committee on the operation of the abortion law, which stated that most people across Canada from whom information was obtained did not wish to see changes in the law, the federal government indicated that it was not prepared to propose changes in the Criminal Code at the present time.

The Department of National Health and Welfare provides sustaining grants to two national voluntary agencies, namely Serena Canada and the Planned Parenthood Federation of Canada, in accordance with their objective of providing family planning services and information on all contraceptive means. These agencies received $175,000 and $600,000 respectively, based on the extent of their activities in the area I mentioned. The department does not fund agencies whose activities are predominantly directed towards implementing changes in Canadian law, nor does it align itself with either the pro-abortion or anti-abortion positions.

On September 11, 1973, the Minister of State for Federal-Provincial Relations (Mr. Lalonde), the former minister of national health and welfare, stated:

> In terms of general policy, the federal government does not regard abortion as an acceptable method of birth control; I should like that point to be made very clear. It does, however, recognize that unwanted conceptions may occur as a result of failure to use an effective method of contraception or any contraception at all. In these cases, there may be justification for therapeutic abortion, not because the pregnancy was unplanned but because it may have given rise to

conditions which, in the opinion of a therapeutic abortion committee, provide appropriate grounds for termination in accordance with the Criminal Code.

The minister went on to say:

Birth control clinics are often visited by women seeking advice about unwanted pregnancies. To turn them away without help would be inhumane and could be regarded as tantamount to an attempt by the clinic's staff to impose their personal views about a subject on which society has expressed its collective will through the law.

On March 4, 1977, he also announced that the federal government would work with provincial governments to ensure that family planning services are made available to all those who wish to use them, and at the same time would intensify its own planning information program.

Mr. Deputy Speaker: Order, please. A motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

At 11:10 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Wednesday, June 28, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

LOTO CANADA

EXTENSION OF PROGRAM—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on an important matter under Standing Order 43. In view of the fact that this House and the Canadian people were assured in 1976 that no extension or expansion of federal lotteries in any way would take place beyond the agreed upon termination date at the end of 1979 without the consent of parliament and the provinces, and in view of the fact that decisions have already been made unilaterally by this government for the Loto Canada Corporation to spend over $120 million over the next four years on a new, expanded slot-machine style operation, without any consent whatsoever, and this with the questionable non-tender contract of $23 million already let in a somewhat undemocratic way, I move, seconded by the hon. member for Provencher (Mr. Epp):

That any further plans to expand or extend Loto Canada beyond the end of 1979 be terminated and that the whole matter of federal lotteries be brought before the appropriate standing committee forthwith in order that parliament can deal with these questionable, though important, proposals accordingly, as required by legislation set by this parliament.

Mr. Speaker: Is there unanimous consent for the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

INCREASED MILK QUOTAS TO INCREASE CHEESE PRODUCTION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of extreme urgency to a section of the Canadian cheese industry and in particular to my own constituency of Leeds. I refer to a lack of sufficient milk quota given to small cheese factories producing cheddar cheese such as the Plum Hollow cheese factory and the Forfar cheese factory in Leeds. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Minister of Agriculture immediately take all steps possible to correct this serious situation for cheddar cheese producers who are in many cases unable to meet public demand for their product because of low milk quota and, finally, in keeping with the fact that Canadian goods should be purchased wherever possible, the House congratulates the Leader of the Opposition for his foresight in seeing that among the all-Canadian products used at his reception of last week was excellent cheddar cheese produced by the Forfar cheese factory in the electoral district of Leeds.

Mr. Speaker: Order, please.

* * *

THE CANADIAN ECONOMY

FORECAST LOW LEVEL OF ECONOMIC GROWTH—MOTION UNDER S.O. 43

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity arising out of remarks made last night by the Minister of Finance (Mr. Chrétien) who suggested that Canadians must learn to "take it on the chin" in the months to come and voluntarily reduce their standard of living in order to save the country from economic disaster.

In light of the fact that, as the Minister of Finance admitted in the same speech, the Canadian economy has grown at a rate below its long-term potential throughout the period he has been Minister of Finance, and in light of the fact that all economic forecasts except his show an extremely poor rate of growth in the coming months, with consumer demand one of the weakest elements, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That the Minister of Finance learn to "take it on the chin" by reducing his salary to the sum of $1 per year until such time as the Canadian economy begins again to grow at a rate sufficient to reduce substantially the number of unemployed Canadians, which now stands at the tragic figure of over one million.

Mr. Speaker: Order, please. Such a motion can be introduced for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

AGRICULTURE

REQUESTED PROTECTION AGAINST DUMPING—MOTION UNDER S.O. 43

Mr. William Knowles (Norfolk-Haldimand): Mr. Speaker, under the provisions of Standing Order 43 I wish to place before this House a matter of urgent and pressing necessity related to agriculture. Whereas Canadian fruit growers are now marketing a first quality, fresh strawberry crop for which the trade has been paying $4.80 per flat with no complaints; whereas this past weekend California berries, which all winter sold for $8 to $10 per flat, are now being dumped on our fresh produce market at only $3 per flat; whereas the Canadian retailer now invents spurious reasons for rejecting first-grade, home-grown strawberries—fruit which I personally inspected—and whereas Canadian farmers are, as a result, left with a perishable commodity with no market or with a market paying a price less than the cost of production, I move, seconded by the hon. member for Oxford (Mr. Halliday):

● (1412)

That the Minister of Agriculture take such measures as may be necessary to protect our Canadian producers of food against unjustified dumping practices by foreign competitors.

Mr. Speaker: Introduction of such a motion for debate, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST FOR INCREASE IN INCOME SUPPLEMENT TO PERSONS 65 AND OVER—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to the provisions of Standing Order 43, I request the unanimous consent of the House to move a motion regarding a very important problem.

Given that people of 65 and over who live in their own houses and whose only income is the old age security and the income supplement are in a very difficult financial situation, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

That the House recommend that this problem be studied and that the income supplement be increased to help those people live decently.

Mr. Speaker: Order, please. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

TORNADOES

REQUESTED ASSISTANCE FOR VICTIMS OF BUCKINGHAM, QUEBEC, DISASTER—MOTION UNDER S.O. 43

Mr. Gaston Clermont (Gatineau): Mr. Speaker, under the provisions of Standing Order 43, I request the unanimous consent of the House to move a motion relating to a matter of urgent and pressing necessity.

Yesterday afternoon, around 5.30 p.m., a tornado struck the town of Buckingham and more particularly the ancient municipality of Masson which were heavily damaged. I therefore move, seconded by the hon. member for Pontiac (Mr. Lefebvre):

That the federal government, in co-operation with the Quebec government, give assistance to the victims of this disaster.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

ENCOURAGEMENT OF AUTO INDUSTRY TO LOCATE IN ATLANTIC PROVINCES—MOTION UNDER S.O. 43

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I rise under the provisions of Standing Order 43. Whereas the government has indicated its intention to assist financially in the most welcome expansion of the auto industry, and whereas a more balanced industrial capacity is required across Canada, particularly in areas of chronically high unemployment, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Minister of Industry, Trade and Commerce and the minister of DREE be directed to meet with their counterparts in the Atlantic provinces with a view to encouraging a portion of the anticipated expansion to be located in the Atlantic provinces where unemployment is the highest in the nation.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM PEOPLE'S REPUBLIC OF CHINA

Mr. Speaker: Before beginning the oral question period, may I ask hon. members to join with me in signalling the

presence in our gallery of some very distinguished visitors. This is a somewhat historic event and the beginning of what we hope will be a number of useful exchanges between the elected assemblies of both countries. Present in our gallery is a delegation from the National People's Congress of the People's Republic of China, headed by the leader of their delegation, the Vice-Chairman of the National People's Congress, the Hon. Chi Peng-fei.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

CONSUMER AFFAIRS

INCREASES IN CPI—MONITORING OF FOOD PRICES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Consumer and Corporate Affairs. Today, the Ontario Food Council announced a 4.1 per cent increase in its monthly food basket, which means we can anticipate substantial increases in the consumer price index. The monitoring agency set up under the Economic Council of Canada will have no investigatory powers: it will not, in fact, study the underlying causes of food prices and energy prices. It will not even have the powers of the Food Prices Review Board or the Prices and Incomes Commission.

● (1417)

In the midst of charges by producers of profiteering and price gouging in food prices, who will examine into that matter; or does the minister subscribe to the view expressed by his colleague, the Minister of Finance, that one million unemployed in this country, the poor and the old age pensioners have to tough it out and take it on the chin. Is that his view?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, it is not, Mr. Speaker. With regard to the first part of the question, I must tell the hon. member that I have no responsibility for the group under the Economic Council. I will be watching it closely, with my colleagues, to see whether in fact it can do the job. We feel it can do the job, in view of the recommendations made by many people, for monitoring prices in the post-control period.

With regard to food prices in general, for the past week or so I have been working with the Minister of Agriculture and the Minister of Finance on a program to help in the area of food prices. We hope we can announce something soon.

THE CANADIAN ECONOMY

MONITORING OF FOOD PRICES POST-AIB

Mr. James A. McGrath (St. John's East): Mr. Speaker, I would direct my supplementary question to the Minister of Finance whom I presume does have responsibility for the new agency. Perhaps I can redirect and rephrase my question to him. In view of the announcement by the new monitoring agency that it will not in fact be monitoring food prices or energy prices—two of the major components, in the current round of inflation, in the consumer price index—and in view of the charges of price profiteering and price gouging and the impact this is having on low income consumers, indeed on all Canadian consumers, who is going to look into this matter? We no longer have the Food Prices Review Board. The AIB will soon be going out of business. Who will be looking after this question?

Hon. Jean Chrétien (Minister of Finance): As I said last week, Mr. Speaker, I have asked the AIB to look at that in the meantime because many of the processors and distributors are still under the AIB. I have asked them to see if some are profiteering from the present situation. Last night, when returning from Toronto, I spoke with Mr. Renouf, the president of the AIB. He said he was looking into that matter. I want to tell the hon. member that last fall and last winter, when I was proposing an agency to replace the AIB, there were hundreds of questions from his party asking me not to proceed with that kind of supervision.

Mr. McGrath: Mr. Speaker, the minister again hauls out that old chestnut when he knows he has misled the House. He did not place a measure in front of this House to set up a monitoring agency for the post-controls era. He knows that is not true. In view of the minister's admonition to the Canadian people to tough it out and take it on the chin, and in view of the anticipated wage demands in the post-controls era and the impact this will have on food prices and energy prices, why, as the first order of priority, is the new monitoring agency under the Economic Council of Canada studying the consumer price index, a study that is already under way by Statistics Canada? Surely that is indicative of their misleading or mixed-up order of priorities.

Mr. Chrétien: Mr. Speaker, we are very preoccupied with these developments. However, I want to say to the hon. member that there were a lot of complaints with regard to having the AIB, that we should get out of controls and let the marketplace decide. That is exactly what parliament did when we decided not to have the AIB, starting on April 15, two months ago. Therefore, the marketplace has to decide. The hon. member cannot have it both ways, complaining because there is too much control and, now that the marketplace is in operation, saying there are problems with that.

Oral Questions

STEPS TO CURB INFLATION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is directed to the Minister of Finance. The minister now tells us that they have abdicated their responsibility in economic terms and that the Canadian people should take it on the chin—a most insensitive statement on the part of the minister.

In view of the statement by the Prime Minister that parliament will have a lot of work to do in economic terms and that was the reason he did not call the election, can the minister tell us what specific initiatives the government is going to take regarding food prices and the general inflation problem? In view of the fact that we look forward to a falling standard of living, will the minister also tell us how much, in terms of dollars, the Canadian family will lose in purchasing power over the course of the next year, according to his department's estimates?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member knows very well that in the last four or five years Canadian purchasing power has increased very substantially compared with most nations of the world. The hon. member knows as well as anyone that this parliament will be adjourning on Friday. He wants to create the impression that he is very concerned.

● (1422)

We have done a lot of things in the last two months. The budget legislation which was passed contained something on energy, something for research and development, something for small business, and so on. It is, of course, very convenient for the hon. member to pretend to cry just before he leaves for a holiday.

Mr. Hnatyshyn: With responses like that, it will be the government which will take it on the chin: it is the government which will be crying after the next election.

Some hon. Members: Oh!

Mr. Hnatyshyn: The minister refuses to tell us what the expectations are for next year. During the past year, the buying power of the average wage earner has fallen by $262, the equivalent of a week's wages. The minister says that ordinary Canadians will have to take a cut in income and that there will be a 5 per cent increase in productivity. Will the hon. gentleman tell the House where that 5 per cent increase in real wealth will go, having regard to his statement last night that the average Canadian worker will have to take a cut?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I explained yesterday that it was impossible in an economic system such as ours to secure all Canadians against price increases on imported products, like food products imported during the winter. I also indicated that it was necessary, in the present circumstances, to accept higher prices for cattle products, because that industry has suffered great losses over the last few years and if we want to maintain that industry it is normal that we should be ready to expect to pay a little more for those products.

A little earlier during that same question period an hon. member from the same party as that of the hon. member who has just put that question was asking for still more protection for Canadian farmers to eliminate foreign competition which, of course, tends to push prices down.

[*English*]

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. I saw him wandering around behind the curtain just a few moments ago.

Mr. Speaker: Then I will recognize another hon. member for the moment.

* * *

[*Translation*]

TORNADOES

REQUESTED ASSISTANCE FOR VICTIMS OF BUCKINGHAM, QUEBEC, DISASTER

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I have a question for the Minister of State for Urban Affairs.

A violent windstorm swept part of the Ottawa River valley yesterday. According to the preliminary investigations, it seems the city of Buckingham has suffered most, particularly in the sectors of Masson and Beauchampville. Up to now, the victims number 172. In fact, 44 houses were completely destroyed, among them a six-apartment house.

Can the minister tell us whether he intends to come to the help of these victims and how?

Hon. André Ouellet (Minister of State for Urban Affairs): Yes, Mr. Speaker. The hon. member for Gatineau contacted me on this matter very early this morning. The Central Mortgage and Housing Corporation has sent officers from their Hull office to the scene to estimate the extent of damages and to advise local municipal authorities that CMHC is prepared to help, as much as possible and in accordance with the corporation's rules, the citizens who have lost their homes or who will have to repair them substantially.

Mr. Beaudoin: Mr. Speaker, I should like to put a supplementary question.

I would like to know whether the Quebec Housing Corporation has intervened in this matter, has the federal government been asked to intervene or help finance those requests?

Mr. Ouellet: To my knowledge, the Quebec government has made no request.

[*English*]

URBAN AFFAIRS

ROBERT CAMPEAU REAL ESTATE DEVELOPMENTS IN HULL, QUEBEC

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Minister of State for Urban Affairs. On June 2, 1975, the NCC advisory committee on design and the executive of the NCC saw the presentation of what was planned for les Terrasses de la Chaudière project. The minutes stated the project was not approved by the advisory committee on design. The project was resubmitted later, on July 7, September 9, September 16 and November 4, and on each occasion approval was withheld. Can the minister explain why this project was proceeded with over the objections of his officials who have specialized knowledge and concern for the over-all orderly development of this area?

● (1427)

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I was not a minister then. I would have to check the minutes of those meetings. Apparently, the hon. member is obtaining internal documents of the corporation. I presume he has friends working for him. I will check his allegations and report later to the House.

[*English*]

Mr. MacKay: Mr. Speaker, the friends to whom the minister refers are also friends of the taxpayers of this country: I want him to understand that.

Some hon. Members: Hear, hear!

Mr. MacKay: In the absence of the Minister of Public Works, I would like to ask the Minister of State for Urban Affairs a supplementary question. Since the Minister of Public Works has made a statement that Mr. Campeau owned or had options on some 178,000 square feet of les Terrasses de la Chaudière project which the minister claimed at that time amounted to 80 per cent or 90 per cent of the land required and provided the *raison d'être* for this $300 million deal with Campeau Corporation, and in view of reports in today's Ottawa papers that such is not the case and that the records at the land registry office in fact indicate something entirely different, I wonder if the minister will be good enough to resolve this difficulty or report the same to his colleague. When can we expect to find out who is correct, the minister or the land records?

[*Translation*]

Mr. Ouellet: It is obvious, Mr. Speaker, that the hon. member is trying to ruin some reputations. I think that in the past most of his statements proved to be unfounded. I could again check the facts, but it seems obvious that if it turns out as it did before the hon. member says things which after a thorough investigation will be shown to be incorrect.

[*English*]

ENERGY

TAKEOVER OF HUSKY OIL—DEVELOPMENT OF HEAVY OILS

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Today's press reports the pipeline commissioner, Mr. Mitchell Sharp, as saying that the government knew last week that Alberta Gas Trunk Line company was considering acquiring control, or a substantial portion of the shares of the Husky Oil company. I want to ask the minister if that statement is correct and, if the government knew that this was likely to take place, why did it allow Petro-Canada to be left without any assistance or any support, with the result that public control of this vast reservoir of heavy oil has now slipped out of the hands of Petro-Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there were indications last week that AGTL and Mr. Blair were considering the possibility of adding to the investment they had already made in the acquisition of shares of Husky Oil. There was no indication as to what their course of action was going to be or as to whether they were going to pursue adding to the investment they had already made. They were operating in an entirely legal way in acquiring shares for their own purposes, so there was no question of law involved. It was not a question of the government saying "Thou shalt not". They were operating in a perfectly legal way, as far as I know.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the press release from Petro-Canada says:

—Petro-Canada assumes that AGTL has . . . indicated its commitment and capacity to carry out the necessary development.

I want to ask the minister what that assumption is based on. Has Alberta Gas Trunk Line given any assurance to the government or to Petro-Canada that it intends to develop these oil deposits? Has the minister any assurance that AGTL will do so with a greater sense of urgency than did the Husky Oil company, whose failure to do so was the reason Petro-Canada offered to purchase the shares of that company?

● (1432)

Mr. Gillespie: Mr. Speaker, the remarks made by the president and officers of AGTL lead one to believe that that particular corporation is very much interested in expediting the development of heavy oils. I cannot conceive of any reason why, given the parameters of government policy with respect to the priority of development of heavy oils, and the large investment they are making in the acquisition of Husky stock, there would be any other possible interpretation with respect to the interest and commitment of AGTL toward the development of the heavy oils and that they would proceed with them in a vigorous manner.

Mr. Douglas (Nanaimo-Cowichan-The Islands): If that is all the assurance the minister has, I am really sorry for this country. There is no indication that they will be any more

aggressive than Husky Oil, unless the minister has some commitment. Therefore, I want to ask the minister whether this time, instead of leaving Husky Oil to dither around on its own, he intends to set a policy and to make an approach to AGTL with a view to undertaking a joint operation among AGTL, Petro-Canada and either, or both, of the provincial governments in order to ensure that this area will be developed in order to offset the growing danger of Canada being increasingly dependent on imported oil.

Mr. Gillespie: Mr. Speaker, I suppose there would be a temptation to say the federal government hopes that Petro-Canada would move forward with an offer to assist AGTL in its plans, in the same way that there might be a temptation to express the hope that the Saskatchewan and Alberta governments would do the same thing. I think we have to take the position, certainly the implied position, of AGTL in moving forward at this time with its obvious intent, which is to say, the development of heavy oils.

There may well be opportunities for the governments involved and Petro-Canada to assist them, but I think that quite clearly the onus is now on AGTL to show the Canadian people what their plans will mean in terms of the development of the heavy oils in Saskatchewan. They know very clearly, as you do, Mr. Speaker, that the development of heavy oils is a priority so far as Canada is concerned.

* * *

LOTO CANADA

JUSTIFICATION FOR EXTENSION OF PROGRAM

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the minister responsible for federal lotteries. Notwithstanding the fact that the recent $23 million Loto Canada contract has been let in a somewhat undemocratic, if not immoral, way I should like to give her a second chance to answer a question she refused to answer last week. The issue is simple: this House was assured by the government in 1976 that any further extensions of federal lotteries must be approved by parliament, yet the minister has now gone ahead unilaterally in setting in motion a program estimated to cost $120 million over the next four years for the extension of Loto Canada.

I should like to ask the minister if she can tell the House how she can justify approving these or any expenditures for the extension of federal lottery programs without approval by the House, as required in the legislation.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I can justify it quite clearly because there are only 18 months to go under the present sharing formula. There was never any agreement that we would terminate the lottery at that time.

I should like to read into record, if I may, a motion of the miscellaneous estimates committee, put forward by the hon. member for Vegreville, which reads as follows:

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Mr. Chairman, I think the motion is self-explanatory. As the minister has indicated, Loto Canada does not terminate—

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Jelinek: Mr. Speaker, obviously, the minister is still not answering my question.

Mr. Ouellet: You don't like the answer.

Mr. Jelinek: That is not so, and the Minister of State for Urban Affairs was responsible for it and was misleading the House at that time.

Some hon. Members: Order.

Mr. Jelinek: My supplementary question to the minister responsible for federal lotteries is as follows. In view of the fact that when the first federal lottery was approved by the House in order to help defray the Olympic deficit—that is what it was for—it was done in good faith by the opposition, will the minister now abide by those commitments and bring this whole issue before the appropriate standing committee in order that the House can deal with the matter accordingly?

Mrs. Campagnolo: On several occasions I have answered that question in the House. I have said I will bring such legislation either before the House, or the regulations to the committee. I have, indeed, made that commitment and will carry it through, as my predecessor said.

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PUBLIC SERVICE

TRANSFER OF EMPLOYEES TO HIGH-PRICED OFFICES IN HULL, QUEBEC

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the President of the Treasury Board, if I can catch his attention. It has to do with the cost of les Terrasses de la Chaudière and the fact that the Minister of Public Works has said, generously, that this would cost the taxpayer only $6 million more under the Campeau deal than it would if the Crown had dealt with the matter. I say to the minister that the estimate is rather low because it does not include rental costs, etc.

I ask the minister, what is the justification for this, and what conceivable benefits can the government and the people of Canada have from moving servants out of offices which cost $8 to $10 a foot in one part of the national capital, across the river to another part of the national capital to office space which costs $13.72 a foot? Would the President of the Treasury Board tell us what possible tangible benefit there would for the people and the Government of Canada from such an outlandish arrangement for moving people into such high-priced property, high-priced in operation and in cost to the government?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the hon. member is obviously ignoring the policy implications of attempting to bring the Hull downtown area into the ambit of the national capital. It would be very desirable, of course, if all this could be done at no cost whatsoever, but there is a policy implication involved here which has to be weighed against the straight dollars and cents involvement, which we are attempting to keep to an absolute minimum, premium or penalty, as the hon. member may describe it.

Mr. Baker (Grenville-Carleton): It may well be a policy matter, but as I understand it there is also the policy that matters of this nature are done by tender, not by stealth—and that is what has happened in this case.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Time after time, public servants have advised against this transaction, which was reconsidered time after time. In fact, there was a danger that Mr. Gallant and his committee would resign—

Some hon. Members: Order.

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

Mr. Baker (Grenville-Carleton): There was a danger that Mr. Gallant and his committee would resign because of what the government was doing. I put a question to the minister and I would like an answer. Is it only to be justified for policy reasons and for the ambit of the national capital that we spend $6 million a year on the capital cost on the one hand and $3 million a year more on rental over the period of at least 35 years? Is that to be the cost, and is that how the government justified it? Is that the only justification for such outlandish financial disaster?

Mr. Andras: Mr. Speaker, I do not agree with the details of the hon. member's preamble, I would want to examine it extremely carefully, and I doubt very much the accuracy of his figures. My colleague, the Minister of Public Works, has dealt with this question in the House often and, so far as I am concerned, to my satisfaction. I think he has stated clearly the conditions under which that transaction was negotiated and I think they are reasonable.

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EXTERNAL AFFAIRS

TRAINING OF TURKISH PILOTS AND SALE OF CANADIAN AIRCRAFT

Mr. D. M. Collenette (York East): Mr. Speaker, my question is to the Secretary of State for External Affairs. It concerns statements he is purported to have made in Ankara last week, when he left the impression that Turkey may be interested in buying planes from Canada and in resuming the training of Turkish pilots in this country. In view of the U.S. arms embargo to Turkey because of that country's aggression in Cyprus, can the minister assure the House that Canada will not provide military assistance to Turkey until there is a satisfactory resolution of the Cyprus issue?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, in answer to the last part of the question, certainly that kind of assurance can be given because any discussion between Canada and Turkey was very tentative and very long range. I should remind the hon. member and the House that Turkey is our ally in NATO and that what the Turkish government was requesting was that we examine the possibility of some co-operative efforts with regard to arms for them, as our NATO ally, at some point in the future; and, of course, under the NATO agreement as well we are also obliged to consider any request for the training of their pilots in this country. But I emphasize once again that there is no relation between those discussions, which were initiated by Turkey, and the current U.S. embargo. This is a matter of ongoing co-operation between NATO allies. I hope at some point in the future matters can be worked out satisfactorily between us.

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● (1442)

ENERGY

CMHC SUPPORT OF SOLAR INSTALLATIONS

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Now that CMHC has stated its unwillingness to support solar installations and went so far as to call people in the Department of Energy, Mines and Resources zealots if they support them, can the minister state whether he agrees with the statement?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, that is quite false.

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AIRPORTS

REPORTED CONSTRUCTION OF SUPERMARKET AT MIRABEL TO SELL IMPORTED GOODS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the Minister of Transport. As has been widely reported in the press, the minister's department is planning to fill part of the large amount of unused space at Mirabel airport with a supermarket to sell imported goods to Canadians as a means of trying to offset the more than $50 million a year deficit which Canadian taxpayers have to pay for this white elephant every year.

Is this plan the best that his department can devise for making some use of an airport which obviously never should

have been built, because the second planned terminal for Dorval would have handled easily the projected traffic for the next 25 or 30 years?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, no such plan has been brought to my attention to this point, although there is a development planning committee trying to work on the entire development of the Mirabel area. I say once again to the hon. member that he will be proven false by the events of history. Mirabel, which we can now talk about as a white elephant in a happy way, will prove itself to be one of the most useful airports in Canada.

Some hon. Members: Hear, hear!

Mr. Hees: Mr. Speaker, is the minister not aware of the fact that a very large number of Montrealers travel to Europe and other parts of the world through the Toronto airport rather than undergo the inconvenience, delay and inefficiency of Mirabel? If the minister considers Mirabel is an outstanding success, would it not be interesting to hear him outline to the House his idea of a disaster?

Some hon. Members: Hear, hear!

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TRADE

INTERNATIONAL ECONOMIC BOYCOTTS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In a publication issued by the Department of Supply and Services, on behalf of his department, entitled "Markets for Canadian Exporters—Saudi Arabia", there is a section entitled "Insurance Certificate" which reads as follows:

> Two copies must be prepared by the insurance company stating that the company is not on the Arab blacklist.

Such a certificate clearly is contrary to the government's present policy on international economic boycotts. How is it that the government is providing exactly contrary advice to Canadian companies, thus facilitating compliance with an unacceptable boycott undertaking?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, in answer to the hon. member's question, Saudi Arabian authorities recently amended their insurance and steamship certificate requirements in a manner which now conforms with the Canadian government policy on international boycotts. The new requirements will be incorporated in the revised edition of the magazine "Markets for Canadian Exporters".

Mr. Orlikow: Mr. Speaker, have instructions gone out to his department to stop circulating this document, which was received by some members of parliament yesterday, until a new publication is ready?

[Mr. Hees.]

Mr. Horner: In the current edition an addendum will be added which will note the significant change.

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INDUSTRY

REVITALIZATION OF SHIPYARD AT HALIFAX, N.S.

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Does he have any progress to report with regard to the revitalization of the Halifax shipyard, which is only a shadow of its former self and about which the minister expressed hope some months ago?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the Halifax shipyard has remained a very big concern to the government because it is our opinion that the present owners really want to sell it. Our difficulty is in obtaining a new purchaser in co-operation with the Nova Scotia government. I suppose the difficulty remains until we can find new owners who are prepared to go ahead with some developments in which we are prepared to assist them.

Mr. Stanfield: Mr. Speaker, is not part of the difficulty, with a viable operation, the lack of an adequate dry dock, which was put before the government many months ago? Can the minister report to the House whether a decision has been taken with respect to this matter?

Mr. Horner: Mr. Speaker, this is the problem. We are prepared to assist in refurbishing and enlarging the dry dock facilities in Halifax, but on condition that the owners really want to go ahead with that development. The current situation is that the present owners would like to sell their interests in the Halifax shipyard. Until we can find new owners, in co-operation with the government of Nova Scotia, then really an investment on our part would not be correct.

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[*Translation*]

TORNADOES

REQUESTED ASSISTANCE FOR VICTIMS OF BUCKINGHAM, QUEBEC, DISASTER

Mr. Gaston Clermont (Gatineau): Mr. Speaker, my question is directed to the right hon. Prime Minister. In addition to the assistance which could be provided through the Central Mortgage and Housing Corporation and which the Minister of State for Urban Affairs has just indicated, could the right hon. Prime Minister advise whether there exist other ways of helping the severely affected families in the city of Buckingham in general and in the former municipality of Masson in particular, because of the extensive damage caused by a tornado which raged through this community yesterday afternoon.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am grateful to the hon. member for bringing this matter to my attention this morning. The Minister of Finance whom I have contacted has indicated to me that the federal proposal is still available to the provinces, which means that beyond a certain threshold, a disaster becomes something to which we are prepared to contribute financially. In this respect, the minister has advised me that we have not received an application from the province of Quebec. I suppose they are trying to assess the extent of the disaster before contacting the federal government.

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[*English*]

FISHERIES

GROUNDFISH LICENCE FOR VANCOUVER, B.C., COMPANY

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. As I understand it, since May 15 the minister has received more than one letter from the Sumas Fisheries Company, of Vancouver, relating to licensing for fishing groundfish within the 200-mile limit. Since Sumas Fisheries is seeking licences or unsubsidized deep sea vessels under the Canadian flag, which operations should employ more than 240 people on a year-round basis, serving markets now being supplied by foreign vessels fishing in Canadian waters for hake and cod, why has the minister withheld these licences from a bona fide Canadian operator but is prepared to licence Japanese, Polish, Soviet Union and Korean fishermen to take the same stocks?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, the hon. member distorts some of the facts of this situation. We are endeavouring to move Canadian fishing enterprises into the stocks which they have not fished traditionally. To this end, I approved the licence for a large groundfish trawler operated by the Prince Rupert Co-op. We will look at this type of proposal. We are replacing the foreign fleet within the Canadian zone. I will examine this proposal to see if, in fact, it fits into the policy which I have enunciated previously.

Mr. Crouse: Mr. Speaker, in light of the minister's response, since the principals of Sumas Fisheries Company are prepared to turn in their existing licences on two ships provided those licences may be transferred to two new ships which they have under construction, why is the minister blocking the development of this type of private enterprise, particularly since groundfish catches during the past three years have been substantially lower than the scientific estimates of available stocks, especially ocean perch and hake, which showed a surplus of 85,000 metric tons in each of those years?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I would have to check to see that the type of vessel proposed is not of such large expansion in size and power that it means a completely new type of vessel. I will try to give the answer to the hon. member within the next day or so.

* * *

● (1452)

LOTO CANADA

SOURCE OF PROPOSED PURCHASE OF COMPUTER SYSTEMS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I would like to address a question to the Minister of State (Fitness and Amateur Sport). I am wondering, in relation to Loto Canada, whether the minister has any knowledge that General Instrument of Canada Limited does not have the manufacturing capability for producing either the terminals or the computer systems in Canada, and if she can say, in fact, that they will not be manufacturing either the terminals or the computer systems for the $23 million contract which was awarded, and all that technology will be carried out in Maryland.

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I have had full consultation on this contract. Indeed, there were four consultants—the Department of Supply and Services was also involved in the contract—and a full investigation of the other Canadian potential suppliers was undertaken. The result is that we are not just talking about $26 million, we are talking about $121 million, and of that amount some 80 per cent will remain in Canada with companies that pay taxes in Canada.

Some hon. Members: Hear, hear!

Mr. Dick: Mr. Speaker, although the government side may applaud the answer, the question has not been cleared up. What I am asking is, does the minister know that none of the technology necessary for the manufacture of these terminals or the computer systems in the initial $23 million contract will be carried out in Canada?

Mrs. Campagnolo: Mr. Speaker, if any of it were available in Canada to our specifications I would, of course, be purchasing it here.

Mr. Dick: It is available now in Canada.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF PETROLEUM AND MINERAL RESOURCES, SAUDI ARABIA

Mr. Speaker: Order, please. Before recognizing the hon. member for Huron-Middlesex, may I ask hon. members to join with me in recognizing the presence in our gallery of a distinguished visitor, His Excellency the Minister of Petroleum

and Mineral Resources, of Saudi Arabia, Sheikh Ahmed Zaki Yamani.

Some hon. Members: Hear, hear!

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AGRICULTURE

REALLOCATION OF MILK QUOTAS FOR ONTARIO DAIRY PRODUCERS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I have a question for the Minister of Agriculture. In recent years, the manufacturing and domestic consumption of dairy products has decreased considerably in other provinces in Canada, whereas in the province of Ontario manufacturing and consumption has significantly increased. With the present federal milk quota allocations to the provinces, Ontario is seriously short of milk requirements, as mentioned by the hon. member for Leeds in his motion under Standing Order 43.

Is the Minister of Agriculture prepared to make the necessary reallocation of quotas to the provinces so that dairy producers and manufacturers in his home province can receive some semblance of justice?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure that if the hon. member checks the history of the industrial dairy market and industry, he will find that the province of Ontario decreased in industrial milk production significantly and let other provinces produce it. I have to look at this situation, as Minister of Agriculture for Canada, not only for the province of Ontario but for all other provinces. We are still in a surplus position in industrial dairy production in Canada. We have a tremendous supply of cheddar cheese and we have a surplus of butter and skim milk powder at the present time: there is nothing deficient in it at all. If the supply management committee sees fit to allocate to any province or to all provinces extra quotas, that will be their recommendation and I generally follow their recommendations.

Mr. McKinley: Mr. Speaker, can the minister advise the House if the supply management committee will meet shortly to consider the situation?

Mr. Whelan: Mr. Speaker, I believe they made a commitment several weeks ago, and I am given to understand that they are to meet before the provincial ministers' meeting takes place at Yorkton in the first part of July.

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THE CANADIAN CONSTITUTION

DATE OF FIRST MINISTERS' MEETING

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I wonder if the Prime Minister could tell the House whether firm dates have been set for the first ministers' meeting on the constitution and, if so, what those dates are?

[Mr. Speaker.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, when we met in February, the first ministers and I agreed that we would look at a date in the fall: September was mentioned, but no firm date has been arrived at yet. I have instructed my office to try to set up dates in the last part of September.

Mr. Clark: Mr. Speaker, could the Prime Minister tell the House whether it is still the plan of the federal government to convene a meeting with provincial ministers to discuss some of the federal proposals for constitutional reform before there is an opportunity for the premiers and the Prime Minister to meet?

Mr. Trudeau: Mr. Speaker, as the House will remember, several federal ministers were engaged in the past two weeks in briefing the premiers, not only on the substance of the white paper, but on the general tenor of the bill which was presented in this House. The Minister of State for Federal-Provincial Relations, in particular, has made himself available to provincial ministers of interprovincial affairs and attorneys general should they wish to meet with him. I know he has volunteered to meet with them as a group, or in two groups, east and west, depending on their convenience. My understanding is that they do plan to meet amongst themselves and that the minister has made himself available.

We know, of course, that the premiers will be meeting also in the first part of August to discuss general problems and, no doubt, the constitution. We have made sure they know that federal members of parliament and officials are available to discuss and explain every part of our bill which was given first reading this week.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST FOR INCREASE IN INCOME SUPPLEMENT TO PERSONS 65 AND OVER

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of National Health and Welfare.

Last week, the minister sent to the offices of hon. members a letter indicating that a study, in conjunction with the New Horizons Program, had revealed that barely 25 per cent of our senior citizens of over 65 years of age were aware of the program. The minister then had a booklet printed which she wants to distribute.

I therefore ask the minister how much she intends to spend in publicizing the program, and how many more of our senior citizens of over 65 she wants to inform about the program, since only 25 per cent of them are now aware of it?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, first of all I should like to remind the hon. member that the New Horizons Program has existed for

only five years and a half and that we are quite proud of the fact that it is the program Canadians like best. I should also like to add that the senior citizens' clubs born with the help of the small amounts we have offered them must group over two million retired Canadians. It seems that 25 per cent of them have been reached by various projects so, in reply to the question of the hon. member, I would say that of course we want to reach the maximum possible number of people, without however trying to impose modes of life that do not agree with them; still, 45 civil servants are making a special effort as social organizers; as soon as they get the names of senior citizens, they get in touch with them and even help them organize small groups of at least ten members, thus increasing the number of those who benefit from the program.

* * *

[*English*]

POST OFFICE

CONSULTATIONS WITH UNIONS BEFORE REDUCTION IN MANPOWER

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Postmaster General. In view of the fact that last Friday the Postmaster General told this House that any proposals to reduce manpower in the Post Office were exactly that, proposals, and that they would not be put into effect until after consultations with the unions, in view of the fact that I now have in my possession a document entitled "London Post Office Business Plan, 1978-1979", with a starting date of April 1, 1978, and in view of the fact that no consultation concerning the implementation of this plan has been undertaken with either LCUC or CUPW, can the minister explain to this House why his department is going ahead with the implementation of such plans at a time when the minister is telling the House that no such plans will be undertaken without consultation with the unions involved?

● (1502)

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I think my statement in the House on a previous day was very clear. It was that no permanent postal employees would lose their jobs as a result of departmental change, but that manpower reduction will be done through attrition, with consultation in the union.

Mr. Rodriguez: Not prior to consultation?

Mr. Lamontagne: I should like to mention that with the LCUC, consultations are very easy and before any change is made it will be done with the LCUC. It is a different story with CUPW, considering that consultation with CUPW is very difficult and sometimes they are forbidden to talk with management.

Committee Reports

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—FIFTH REPORT OF STANDING COMMITTEE

Mr. Bob Kaplan (York Centre): Mr. Speaker, I have the honour to present the fifth report of the Standing Committee on Finance, Trade and Economic Affairs, and if the House gives its consent I intend to move concurrence in this report later this day.

REGULATIONS AND OTHER STATUTORY INTRUMENTS—FIFTH REPORT OF STANDING JOINT COMMITTEE

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have the honour to present the fifth report of the Standing Joint Committee on Regulations and Other Statutory Instruments. The Secretary of State (Mr. Roberts) has indicated great anxiety to receive the report. If consent is not given to a motion for concurrence which I will move later this day, we can debate the matter to the extent the House wishes next Friday.

[*Translation*]

NATIONAL RESOURCES AND PUBLIC WORKS

Fifth report of Standing Committee on National Resources and Public Works—Mr. Leblanc (Laurier).

* * *

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to subsection 17(2) of the Anti-Inflation Act I wish to table in both official languages copies of six reports sent to the Administrator by the Anti-Inflation Board.

* * *

COMMITTEES OF THE HOUSE

FINANCE, TRADE AND ECONOMIC AFFAIRS—CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. Bob Kaplan (York Centre) moved that the fifth report of the Standing Committee on Finance, Trade and Economic Affairs, presented to the House earlier this day, be concurred in.

Mr. Speaker: Order, please. The motion as presented, since it relates to a report filed only today, would require the unanimous consent of the House for presentation at this time.

Does the hon. member have the unanimous consent of the House to present this motion at this time?

Some hon. Members: Agreed.

Motion agreed to.

REGULATIONS AND OTHER STATUTORY INSTRUMENTS—MOTION FOR CONCURRENCE IN FIFTH REPORT OF STANDING JOINT COMMITTEE

Mr. G. W. Baldwin (Peace River) moved that the fifth report of the Standing Joint Committee on Regulations and Other Statutory Instruments presented to the House earlier this day, be concurred in.

Mr. Speaker: Order, please. The motion refers to a report tabled earlier this day. Accordingly, the motion cannot be presented at this time without the unanimous consent of the House. Does the hon. member have the unanimous consent of the House?

Some hon. Members: Agreed.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have not even had a chance to look at the report and I should like to do so.

Mr. Baldwin: Mr. Speaker, I would be agreeable to my motion standing and time may be found to consider it later without debate; otherwise we may have the opportunity to have a fairly extensive debate next Friday.

An hon. Member: Monday!

Mr. Baldwin: Friday. Monday is a holiday. The minister can take his choice.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 898, 919, 943, 1,524, 1,600, 1,601, 1,692 and 1,817.

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

[*Text*]

VILLE-MARIE WHARF

Question No. 898—**Mr. Caouette (Témiscamingue):**

1. For each year since 1965, did the government invest money in the Ville-Marie wharf in the constituency of Témiscamingue and, if so, in what amount?

2. Does the government own the lands near the wharf and, if so, what are the boundaries?

[Mr. Speaker.]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): 1. No record is available of any monies spent on this wharf prior to 1973. The following expenditures have been made since this department assumed the administration of this facility in 1973. 1973, wharf repairs, $8,000; 1975, Minor Repairs, $2,851; 1977, wharf repairs, $8,682.

2. The right of way of the wharf is a continuation of St.-Anne Street, Ville-Marie. In 1974, a water lot was surveyed and an application was made to the province of Quebec for the 0.71 acre waterlot on which the wharf is located. To date no confirmation has been received from the province on our request.

EXPENDITURES IN ABITIBI

Question No. 919—**Mr. Laprise:**

Has the Department of Public Works (a) carried out projects in the constituency of Abitibi in (i) 1975-76 (ii) 1976-77 (b) planned to carry out projects in the constituency in 1977-78 and, if so, what are they?

Hon. Judd Buchanan (Minister of Public Works): (a) The following projects have been carried out by DPW: (i) 1975-76. Location/Description: DPW-Funded: Amos—General alterations to Post Office; Amos—Interior Landscaping for Canada Manpower; Amos—General alterations to Post Office; Duparquet—Post Office alterations; LaSarre—Fitting up 2nd floor, Government of Canada Building; LaSarre—Interior landscaping for Canada Manpower; LaSarre—General alterations to Post Office; LaSarre—Installation of electric sign for Canada Manpower; Macamic—Improvements to electrical system, Government of Canada Building; Normétal—Post Office alterations; St-Marc-de-Figuery—Installation of unit-heaters, Farm School; Val-d'Or—Ventilation and alterations, Federal Building; OGD-Funded: Lac Tiblemont—Repairs to wharf. (ii) 1976-77: DPW-Funded: Radisson-Baie James—Post Office fitups; Val-d'Or—Federal Building, extension and renovations; OGD-Funded: Duparquet—Wharf repairs; Joutel, Rivière Harricanna—Wharf and launching ramp; Lac Mourier (Malartic)—Wharf and approach repairs; Lac Preissac—Tourist wharf; Laferté (Lac Lois)—Wharf and approach repairs; Launay, Lac Chicoby—Wharf and approach repairs; Palmarolle (Rivière Dagenais)—Wharf repairs; Preissac, Lac Preissac—Wharf demolition; St-Mathieu de Figuery, Lac Figuery—Wharf repairs. (b) Planned projects for 1977-78. Location/Description: DPW Funded: Matagami—Post Office improvements; Radisson-Baie James—Post Office fitups; *OGD-Funded:* Clerval, Lac Abitibi—Wharf and ramp repairs; Lac Chibougamau—Wharf and ramp construction.

GATT NEGOTIATIONS

Question No. 943—**Mr. Mazankowski:**

1. Will the outcome of the upcoming GATT negotiations have a major effect on most sectors of the Canadian economy and, if so, what consultations were held between the government and the business and labour groups who will be effected by the GATT talks?

2. Will the position bargained for by Canadian negotiators be submitted to Parliament for approval or will it be unilaterally imposed?

3. Have steps been taken by the government to develop a programme which will assist sectors of the economy effected by the outcome of the GATT talks in adapting to the new trade environment and (a) if so, what are they (b) if not, will the government develop such a programme well before bargaining is almost completed in order to give business and labour time to begin adjusting before it is too late?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. The "hard bargaining" phase of the multilateral trade negotiations has commenced but it is not possible at this time to foresee what the precise impact of the eventual results might be for the various sectors of the Canadian economy. Changes in the level of protection in both foreign markets and in Canada are to be expected, however, in respect of both tariff and non-tariff barriers to trade. The government, over the past several years, has invited all Canadians who might have an interest in the results of the negotiations to make known their views. Over 400 written briefs and 150 follow-up submissions have been received by the Canadian Trade and Tariffs Committee from individual firms and from industry and business, from agricultural and fisheries interests, from labour and consumer associations and other groups. More than 100 oral consultations have been held with those submitting briefs. All provinces individually and, in some cases, jointly, have submitted views to the government; there has been a great number and variety of meetings with the provinces at the ministerial and other levels. Numerous direct representations have been received and meetings held by ministers, departments concerned and by the Canadian coordinator for the multilateral trade negotiations with private sector interests. As the negotiations have evolved, the coordinator and senior officials have had, and continue to have, confidential discussions with the provinces and the private sector.

2. Our negotiators in Geneva are working under the instructions of the government. It is expected that the results of the negotiations, as approved by governments, will be made public simultaneously by all the countries concerned at a time and place to be agreed by the participants. The trade concessions received and granted by Canada will be tabled in parliament.

3. Assistance to industry in one form or another has been an important element in the work of the federal government for many years, and a considerable range of programs is already available to facilitate adaptation of industry and labour to various kinds of changes. To help producers, business and workers adjust to the freer trade environment which will result from the negotiations, the government is now considering possible improvements in these programs as well as new programs which may be required. It is expected that adjustment assistance will be available to help those concerned take advantage of new export opportunities as well as to adjust to more intensive import competition. The provinces are being consulted in the course of developing these programs. The approval of parliament for the funding of programs will be sought through departmental estimates.

Order Paper Questions

ACCESS ROUTES BETWEEN ALBERTA AND BRITISH COLUMBIA

Question No. 1,524—**Mr. Schumacher:**

1. Since 1970 to date, what studies were done by (a) independent groups (b) governmental groups at each level of jurisdiction (c) private industrial sources, and presented to the government for consideration, on the East-West transportation access routes between Alberta and British Columbia and, in each case, on what date were such reports presented?

2. For the same years, what specific recommendations were (a) made (b) implemented (c) rejected (d) passed for further study, concerning the access routes and, in each case, in what way do they effect the (i) Province of Alberta in general (ii) City of Calgary and area in particular, and by whom were these decisions taken?

3. Since 1970, what specific recommendations were made and by whom, regarding re-routing the Trans-Canada Highway in favour of twinning the Banff National Park Highway and, in each case, what is the status of such recommendations and proposals at the present time?

4. Were any objections received to any proposal to twin these highways and, if so (a) on what date (b) from whom (c) for what reason?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Transport Canada and the Department of Indian Affairs and Northern Development as follows: 1 and 2. The information requested is not readily available and to provide an acurate reply would entail a lengthy and manual search of government files which cost in manpower and time, would be excessive and prohibitive.

3. In late 1972 the consultant firm Lombard North Group, Calgary, commenced an Environmental Impact Study, for Public Works Canada, of twinning the Trans-Canada Highway through Banff National Park. The study, published in January 1975, recommends potential corridors for the additional two lanes of the Trans-Canada Highway. Current proposals resulting from discussions among Transport, Public Works, and DIAND, call for twinning only the 8.4 mile section of the Trans-Canada Highway between Banff East Gate and the Banff townsite interchange, plus upgrading of the highway from Banff townsite to the vicinity of Healey Creek at mile 16. Traffic studies and a detailed environmental impact study will be undertaken in 1978.

4. Numerous written and oral briefs have been presented to Indian and Northern Affairs (Parks Canada) the contents of which are summarized in a report entitled "Public Hearings Report, Mountain Parks and Lake Louise Area" issued in 1974 (INA Publication No. QS-2097-000-EE-A1). (a) The public participation program on the twinning project was held in 1975 in the form of workshops and meetings. (b) Most conservationist groups including the National Provincial Parks Association, Alberta Wilderness Association and Parks for Tomorrow Group have opposed the twinning project. (c) General statements of objections were received following the public participation meetings. The conservationist groups opposed various aspects of environmental impact, e.g. access, increase in traffic, general crowding and suggested that Parks Canada should consider the following options to twinning: (1) reroute the Trans-Canada Highway outside of the park; (2) introduce public system and improved train service; (3) restrict traffic.

Order Paper Questions

EXPORTERS' AGREEMENTS WITH FOREIGN COUNTRIES

Question No. 1,600—**Mr. Gauthier (Roberval):**

During the past ten years, did exporters and sub-contractors sign agreements with foreign countries and, if so, in each case, what was the (a) name of the (i) exporter (ii) sub-contractor (iii) country (b) subject of the agreement?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: Exporters with which EDC has arrangements do sign sales contracts with buyers in foreign countries, and in many cases the foreign buyer is the state or a state agency. Sub-contractors sign agreements with the prime contractor. (a) in each case (i) in each case of loan financing shown in EDC's Annual Reports for each of the last 10 years, the exporter of record had a written agreement with a foreign buyer. Each of such Reports has been distributed to Members of Parliament and that information is a matter of public record. Sub-contractors' agreements are made with the prime contractor and not with the foreign country. In cases of EDC's credits insurance and foreign investment guarantees, the information as to any sales or investment agreement by a Canadian or Canadian company is given to EDC in confidence; EDC cannot publish particulars without the party's consent without a breach of that confidence. To do so would assist the party's competitors domestic and foreign. Parliament has not requested a Crown Corporation to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places that responsibility for such matters on its Board of Directors. (ii) sub-contractors do not make agreements with foreign countries, but with prime contractors. (iii) as to the countries, please see the general answer first above. (b) As to the subject of the agreements, please see the general answer first above.

LOANS TO FOREIGN COUNTRIES

Question No. 1,601—**Mr. Lambert (Bellechasse):**

In the 1977-78 fiscal year, did Canada grant loans to foreign countries and, if so (a) to which countries (b) what was the amount in each case (c) what was the interest rate in each case (d) what conditions were attached to the loans?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Canadian International Development Agency is concerned:

Loans to Foreign Countries 1977-78 F.Y.

(*a*) Country	(*b*) Amount	(*c*) Interest Rate	(*d*) Conditions
Cameroon	$ 5,675,000.00	0	10 years grace, 50 years repayment
Colombia	5,000,000.00	3%	7 years grace, 30 years repayment
Guatemala	3,500,000.00	0	10 years grace, 50 years repayment
Guyana	350,000.00	"	"
"	7,000,000.00	"	"
India	32,000,000.00	"	"
"	10,000,000.00	"	"
Indonesia	3,800,000.00	"	"
Ivory Coast	5,000,000.00	"	"
"	3,500,000.00	"	"
"	2,600,000.00	"	"
"	17,000,000.00	"	"
Madagascar	14,000,000.00	"	"
Pakistan	45,000,000.00	"	"
"	10,000,000.00	"	"
"	15,000,000.00	"	"
"	16,000,000.00	"	"
"	40,000,000.00	"	"
"	30,000,000.00	"	"
"	10,000,000.00	"	"
Senegal	880,000.00	"	"
Sri Lanka	10,000,000.00	"	"
Thailand	10,000,000.00	"	"
Zaire	4,050,000.00	"	"
"	10,300,000.00	"	"

In so far as the Export Development Corporation is concerned: (a) Its loans were made to foreign countries and to foreign companies to finance the sale of Canadian capital goods and services. Details of each loan signed in the calendar year 1977 are shown in EDC's 1977 Annual Report, distributed to Members of Parliament, and that information is a matter of public record. For the period January 1 to March 31, 1978, it has announced the loans to the foreign buyers described in the table hereto.

Export Development Corporation

Country	Borrower	Project	Principal Exporter	Amount
U.S.A.	Rocky Mountain Airways Inc.	Dash 7 aircraft	de Havilland Aircraft	$3.6 m.
Ireland	Aughinish Aluminum Ltd.	Alumina plant	Alcan International	$30.6 m.
Morocco	Gov't of Morocco	3 flight simulators	CAE Electronics	$9.4 m.
U.S.A.		mini-steel mill	Co-Steel International	$47. m.
Argentina	—Alto Parana S.A. —Celulosa Puerto Piray S.A.	2 pulp & paper projects	SNC-Rust Limited Sandwell & Co. Ltd.	$57. m.
Brazil	Caraiba Metais S.A. Industria and Comercio	copper mine	Patrick Harrison & Co.	$3.1 m.
U.S.S.R.	Bank for Foreign Trade of the U.S.S.R.	oil & petro-chemical valves	Velan Engineering Ltd.	$5.7 m.
U.S.A.	—Bear Island Paper Co. —Brant-Allan Ind. —Dow-Jones Virginia Co. —Washington Post Co.	newsprint mill	E & B Cowan Ltd.	$47 m.

(b) Please refer to (a). (c) By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the

[Mr. Pinard.]

responsibility for such matters on its Board of Directors. (d) Please refer to (a).

In so far as the Department of Finance is concerned: None.

SALARY INCREASES TO PUBLIC SERVANTS

Question No. 1,692—**Mr. Lambert (Bellechasse):**

Since January 1, 1978, have any public servants received an increase in salary, and (a) if so, what was the percentage increase (b) if not, does the government intend to grant an increase and, if so (i) on what date (ii) what will be the percentage (iii) will it be retroactive to January 1, 1978?

Hon. Robert K. Andras (President of the Treasury Board): Since January 1st, 1978, individual public servants may have received an increase in salary, depending on the following circumstances: (a) (i) As of May 23rd, 1978, some 33,090 public servants received salary increases effective during 1978, as follows:

Group	No. of Employees	Wage Increases %	Effective Date
Foreign Service	973	5.95	20/03/78
Air Traffic Control	2,194	5.49	01/01/78
Ships' Crews	2,438	5.05	23/01/78
General Labour and Trades	19,500	4.68	30/01/78
Administrative Trainees	250	5.30	01/01/78
Personnel Administration	3,072	4.90	01/04/78
Senior Administrative and Foreign Service	1,531	5.14	01/04/78
Senior Executive Equivalents	435	5.01	01/04/78
Senior Scientific and Professional	129	5.57	01/04/78
Senior Translators	108	2.60	01/04/78
Senior Chaplain	1	4.00	01/04/78
Senior Librarians	58	6.00	01/04/78
Senior Executives	1,223	5.27	01/04/78
Postal Management	529	5.96	01/04/78
Organization and Methods	649	5.74	01/04/78

(ii) During the period January 1st—May 23rd, 1978, individual public servants may have received a salary increase if they were eligible for merit or incremental increases within their salary band. The amount of any such increases vary from group to group, subject to their particular pay plan. (iii) Any individual public servant who received a promotion during this period would likely have received an increase in salary. (b) Salary increases for other groups will be granted as follows: (i) Effective dates of salary increases are not granted on the same date for each group but rather the date will vary between groups. (ii) Percentage increases for each group will vary with the salary comparability status of the group. Groups of employees having compensation increases with effective dates prior to April 14, 1978 are still subject to A.I.B. guideline limitations. (iii) Retroactivity provisions for bargained groups are subject to negotiation between the parties but retroactivity where it has applied has usually become effective on the first day following the termination date of the previous collective agreement. In addition there are some pay plans for public servants not included in collective bargaining which expired during the period January 1—May 23, 1978. Revisions to these pay plans, announced after May 23, 1978, would also be retroactive.

DVA—CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,817—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Veterans Affairs?

2. How much was committed on each contract and to whom?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a) (1) Consultation on the development and application of a methodology for longitudinal survey of veterans affairs employees which will measure improvement in administrative practices. (2) Consulting services during the process of gathering and analyzing data on which to base strategies for improving administrative practices. (3) Determination of overhead. (b) None.

2. (1) $883.90 to Mr. Gérald Lefebvre, Réseau de développement d'organisations inc., 5055 avenue Gatineau, Montréal, Québec. (2) $4,123.65 to Mr. Yvan Joly, Réseau d'évaluation et de recherche sociale enr., 1532, boul. Gouin est, Montréal, Québec. (3) $1,711 to Bureau of Management Consultants, Department of Supply and Services, Ottawa, Ontario.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered.

* * *

POINTS OF ORDER

MR. BEATTY—DELAY IN ANSWERING QUESTION NO. 1,332

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I should like to draw the attention of the parliamentary secretary to question No. 1,332 which I placed on the order paper on February 22. The question relates to the trip that was taken to western Canada by the Minister of Labour (Mr. Munro) in opposition to the attempt by Mr. Harold Ballard to buy the Hamilton Tiger Cats. Surely information requested about the minister's itinerary and whether he flew by government aircraft should be available by now.

The question also relates to the minister's public assertion that the Minister of Agriculture (Mr. Whelan) was coming forward with grants to extend seating in Ivor Wynne stadium. Surely that information should be available now too. I wonder if the parliamentary secretary could indicate, as the question has been on the order paper since February 22, why he has yet to provide an answer.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the number of the question is all I need. I am quite capable of reading the order paper. I can assure the hon. member that we will give his question all the attention it requires within the next few weeks.

[*English*]

MR. ELZINGA—DELAY IN ANSWERING QUESTION NO. 423

Mr. Peter Elzinga (Pembina): Mr. Speaker, I wish to draw the attention of the parliamentary secretary to question No. 423 which was on the order paper for the entire last session as well as this session of parliament. It is obvious the government has something to hide in this regard. I wonder if we could be given a commitment that an answer will be forthcoming before this session is completed.

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTIONS FOR PAPERS

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

[*English*]

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

● (1512)

GOVERNMENT ORDERS

[*Translation*]

EXPORT DEVELOPMENT ACT

MEASURE TO AMEND

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce) moved that Bill C-36, to amend the Export Development Act, be read the third time and do pass.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I am particularly pleased to participate in this debate on Bill C-36. This bill gives me an opportunity to make some rather laudatory comments on a Crown corporation. We seldom have the opportunity in the House to agree with the objectives of a piece of legislation. There is always a stumbling block somewhere which prevents us from giving our support or at least an unconditional support. On the other hand, this bill which aims essentially at making the Export Development Corporation more dynamic does not have those difficulties. Its intentions are clear and its objective is commendable. Moreover, consideration of the operations of the corporation during the last few years confirms the confidence we should have in it. The Export Development Act adopted in 1969 gave extensive powers to the Export Development Corporation. The corporation may borrow money, grant or guarantee loans, enter into insurance contracts, grant export credits and guarantee export and foreign investment transactions.

An amendment to the legislation contained in this bill would allow the corporation to issue bid bonds when a Canadian exporter is bidding on a foreign contract. Those are very extensive powers, Mr. Speaker. For all practical purposes, those are the powers of a commercial merchant bank. But since this is a Crown corporation, it has a special responsibility towards the Canadian people through parliament. Before giving it more authority, we must first determine whether its activities are in Canada's and the people's best interests, and second, whether its financial performance deserves a vote of confidence.

On the first point, I must say its record is rather positive. I think that the best way to show this is to analyse its activities and their effects in each of its spheres of operation. Let us start by export loans. These loans are made to importing countries so that they buy goods or services from a Canadian supplier. The effect of this is to maintain, if not create jobs. For the first time, in 1977, the value of export financing climbed over the billion dollar mark. This represents an increase of more than 30 per cent over last year's figure of $763 million. Loans to Canadian exporters reached approximately $600 million. Canadian export sales supported by these loans helped more than 50 exporters and 250 main subcontractors.

If I have anything to blame the corporation for regarding beneficiaries of loan agreements it is that these companies often operate in the larger Canadian centres, that they are large companies, whereas it is urgent to encourage small and average firms. I would cite as an example a firm that operates on the south shore area, in the Bellechasse riding, and which cannot avail itself of the opportunities offered by the corporation because it cannot afford to pay agents to find out what its production is.

The fact still remains that this company could profitably increase its production of machinery for export, which would create jobs in Canada. I bring this matter to the attention of the minister so that, when he receives representations from this or other similar companies, he pays particular attention to them. I know, Mr. Speaker, that this is due to the heavy concentration of enterprises in these areas, but I still think an effort could be made to contact in a more effective way the

businesses which are located outside larger centres. As to the export credit insurance program, this service provides to Canadian export businesses global or specific insurance contracts for risks that are not covered by commercial policies. The risks covered include war or revolution in the buying country, default of payment on the part of the foreign buyer and other risks. Those insurance policies encourage the export of Canadian goods by removing certain risks which, unfortunately, are very real in some countries.

In 1977, Mr. Speaker, our insured exports reached a record $1.45 billion. The increase in the value of insured exports last year amounted to some $100 million. The corporation also offers services to companies which want to invest abroad thus enabling Canadian businessmen to invest without fear of the political hazards that could make them lose their investments.

Mr. Speaker, the matter of Canadian investments abroad is a touchy subject. Some would oppose them saying that money would benefit Canada more if it were invested here. The reasoning is logical and valid, and I should like to give as an example the development of the Canadian merchant marine. Some companies could accept coastal trade contracts on the St. Lawrence River and in the Great Lakes, but they lack the money to build the ships that are needed, and our shipyards do not operate at full capacity for lack of investments and funds necessary to develop our merchant marine. So I think that in that regard, even if through its Department of Industry, Trade and Commerce the Canadian government were to grant subsidies of from 17 to 20 per cent to Canadian shipyards where ships are built for other countries, that help would not be enough to meet our own needs. I see the hon. member for Lévis (Mr. Guay) nodding in agreement; I think we both agree on that score because our electors are extremely interested in and concerned about our shipyards.

Mr. Speaker, that reasoning may seem sound at first glance, and it is extremely so, but the corporation does not take sufficiently into account two important factors: first, an investment abroad is seldom possible precisely because it is abroad. Let me give you an example: If I produce pulp and paper, chances are I can export a big part of my production, which is what usually happens. New markets are accessible to me but, to take advantage of them, I should have to invest with foreign partners in a mill located in their land. I know the equipment for that mill will come from Canada, and also that the know-how of Canadians will be required to get the mill off the ground. Finally, I know that if I do not take advantage of that opportunity, investors in that country will go to another land for the money and techonology they lack. So we must be cautious and take that occasion. We must also remember that every contact which can be established following such investments might bring contracts. It is always advantageous in business to make oneself known. It is not by staying home in complete isolation that one can show dynamism.

In our era of instant world communications, a man who is unable to look beyond his immediate circle does not go very far. The figures are there to prove it. The Canadian investment insurance program had an impact of over $1 billion in our country. This is a positive contribution to the Canadian balance of payments. Following that very positive statement about particular operations of EDC, I would now like, Mr. Speaker, to point out some interesting aspects relating to the general operation of the corporation. These figures and facts as well as my related comments will be, I am sure, all valuable arguments in favour of the adoption of this bill which, we should recall, would give EDC better opportunities to help Canadians benefit an ever more international economy.

Allow me to point out, Mr. Speaker, that the corporation is increasingly applying to international markets for funds. Indeed, it borrows abroad to lend abroad. As a result, as far as the balance of payments is concerned, a credit operation is converted into a cash transaction. In addition, that procedure allows it not to draw from the consolidated revenue fund as it used to do. The adoption of that bill will only increase its borrowing capacity on international markets and thus encourage Canadian exports.

Mr. Speaker, the point on which I disagree was underlined yesterday when I voted for some amendments presented in the House, because I would rather have us maintain an intermediate position. I feel that although the increase may not be excessive, it does exceed our possibilities. Anyhow, I said and I repeat that I am for the bill, I will vote for it and I am convinced that my colleagues will do likewise. However, it should be pointed out that when making private investments in the United States the corporation was given a triple-A credit rating. In the financial field that means something. A triple-A credit rating is really extraordinary, the corporation being the first Canadian issuer to be thus recognized by both firms. It is one more proof of the respect shown to the corporation on the financial market. I would also like to point out the 30 per cent increase from 1976 of the balance of financial services enjoyed by Canadian exporters in 1977. That increase raised to $2,600,000 the value of the financial services offered by the corporation. For the first time it exceeded the $4 billion level in its loans on foreign markets.

For once it is good to see Canadians lending money on foreign markets rather than the other way around. This does not mean, Mr. Speaker, that I give up my idea that the Bank of Canada should lend money to the governments of the provinces and of Canada under very favourable terms, as it was often said and as I repeat, including only administration fees. But since we live in a world, it is understood that we must do business with the rest of the world, and it is through this corporation that I see a means of gaining recognition without neglecting the domestic sector, so as not to put all our eggs in one basket. Mr. Speaker, according to its own calculations, the

Export Development Corporation has contributed directly or indirectly to provide employment in Canada.

Finally, I would like to note that this public corporation is profitable as its net profits for 1977 amounted to $18.7 million, which is an increase of 6 per cent over 1976. I think that the administrators of the corporation should be congratulated. We sometimes bitterly criticize public servants and the executives of Crown corporations, but when we think that they deserve congratulations, we must have the honesty to say so. This is what I am now doing. Mr. Speaker, those profits represent a rate of return of 11 per cent on funds invested by the Canadian government on behalf of the taxpayers. This investment amounted to $171 million in early 1977. This is a very respectable return, especially when it is compared to that of other Crown corporations.

In closing, Mr. Speaker, I want to state that the Export Development Corporation is a Crown corporation of which Canadians can be proud. Its good reputation throughout the world reflects on Canada and the whole Canadian population. Moreover, it greatly contributes to Canadian industrial and economic expansion. It is for those reasons that I support Bill C-36. Its passage will enable the corporation to serve even better the needs of Canadian exporters and this will benefit the whole country.

However, Mr. Speaker, I would like to note that, as I have already said, the corporation is not sufficiently concerned about the small businesses which could eventually export their products and their innovations and which provide and would provide even more employment for our specialized manpower. I also want to emphasize the fact that the Minister of Industry, Trade and Commerce, does not co-operate fully with small businesses. I realize he is new in his position, he does his best but he cannot learn everything in one day even though he has been a member of parliament for some time. He has been minister only since he crossed the floor of the House. Everyone has to learn. We must give him a chance. However, it is our duty to ask him to give particular consideration to small businesses, since the large businesses can better fend for themselves.

In closing, because I must attend a very important committee meeting, which means that members of parliament are very busy, even if a number of Canadians as well as gentlemen of the press would suggest that we have nothing to do. We must do the right thing whenever it is possible, and we must do so quickly, putting to use the time Providence has deemed appropriate to give us. To summarize, I shall support this bill and I urge very sincerely once again the minister to pay particular attention to the requests for assistance he receives from small businesses, for they provide over 60 per cent of all jobs in Canada. Thank you, Mr. Speaker.

[Mr. Lambert (Bellechasse).]

• (1522)

[*English*]

The Acting Speaker (Mr. Turner): If the Minister of Industry, Trade and Commerce (Mr. Horner) speaks now, he will close the debate.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. I think you will find that on third reading the rule about a minister closing the debate does not apply. Last night the Minister of Industry, Trade and Commerce (Mr. Horner) said to the House, as recorded at page 6804 of *Hansard*:

I would inform you, Mr. Speaker, that I intend to speak at length at third reading stage of the bill.

We would rather like to hear him as early as possible. I hope you will see the minister now.

The Acting Speaker (Mr. Turner): Does the hon. minister want to get up on a point of order? The hon. member for Red Deer (Mr. Towers).

Mr. Gordon Towers (Red Deer): Mr. Speaker, I am rather disappointed that the Minister of Industry, Trade and Commerce (Mr. Horner) did not see fit to make his comments now.

Mr. Horner: I did.

Mr. Lessard: He tried.

Mr. Towers: I would rather welcome the opportunity to listen to his remarks and then reply to him.

Mr. Knowles (Winnipeg North Centre): Then let him speak now.

Mr. Towers: In reviewing this bill, we have to realize that we are dealing with the last of the big spenders. The Export Development Corporation is, to all intents and purposes, removing its ceiling, going from $8.5 billion to $26 billion. That is a tremendous increase; we must wonder about that.

This government has allowed the manufacturing industry in Canada to depreciate to the point where we are now running at a deficit of $11.1 billion a year. Last year there was a 37 per cent increase in the amount of business being done by the Export Development Corporation. Generally speaking, the Export Development Corporation is involved in exporting our manufactured products.

Why does the federal government and the Canadian manufacturing industry run up such a tremendous deficit in the world of trade, while at the same time financing of the manufacturing industry through the Export Development Corporation has increased 37 per cent? The only realistic answer one can come up with is that we probably do a better job of financing than some of the other countries. We are doing it, however, at the expense of the Canadian taxpayer and, at the same time going into an increasing debt load. We recognize that last year our debt increased considerably in Canada and that a greater debt load will be carried this year.

● (1532)

From 1966 to 1976 the real growth in the g.n.p. was 4.7 per cent and in manufacturing production during the same period it was 3.9 per cent. In the period 1971 to 1976 the real growth in the g.n.p. was 4.6 per cent and manufacturing production was down to 3.7 per cent. From 1973 to 1976 the real growth in the g.n.p. was 3.1 per cent and manufacturing production was 1.6 per cent.

This shows the trend the Canadian manufacturing industry is on as a result of policies of the government. There seems to be no change taking place to correct this situation. While we realize that the financial aspect of the Export Development Corporation assists to a degree in correcting our deficit balance of trade, in so far as manufacturing is concerned it is a very expensive way of doing it. In the years 1966 to 1977 the manufacturing industry's share of national employment fell from 25 per cent to an estimated 19 per cent. During the same period the compound annual growth rate in manufacturing employment was only .7 per cent.

The figures I have referred to prove that we are exporting a large number of our graduate students. Last night I put on record the fact that the Export Development Corporation is bank-rolling Algeria, providing credit for that country. It is understandable that they want business. It is anticipated that in the next 15 years they will have over 100,000 graduates who they want to put to work.

One of the things I must impress upon this House is that we in Alberta also have graduates for whom jobs will be needed. We do not want to see them all leave the country. We want petro-chemical industry jobs with all the derivative plants which will result as a consequence of development. Certainly if we help develop manufacturing industries in other countries we must be prepared to see our graduates follow those industries in order to get jobs. This is the part which really worries me. I believe we should be giving Canadians top priority in the consideration of what we should be doing with the amount of money at our disposal.

The minister has been a farmer and knows that if he is away tending his neighbour's chores rather than looking after his own, his own place soon falls into disrepair. This is what I am afraid will happen if we do not recognize the fact that we have to take care of industry in Canada. Coming as he does from Alberta, the minister knows we must have development out there if we are to provide jobs for students who are graduating. All he has to do is read any newspaper at this time of year to realize the number of students who are graduating. This would surely lead him to recognize that we need permanent jobs for these people, not temporary work which is made available by exporting some of our manufactured products. We need permanent jobs so we have to change policies which have been established by the present government.

In committee, Mr. Speaker, I brought one matter to light which I believe deserves more consideration than it has received this far. I am not condemning the minister since I know he is new to his position and has not had the necessary opportunity or, perhaps, the facility to look seriously at the problems which are being created by the export of some of our manufactured products. I wish to refer, Mr. Speaker, to the minutes of proceedings of the committee which was held on Tuesday, May 23. I posed the following question, as reported at page 28 of issue 36:

> I realize, Mr. Chairman, that my colleague, Mr. Crosbie, got into this in his earlier questioning, but is any examination done before a deal is made through the Export Development Corporation with the company in Canada with perhaps another company in Canada that was going to be given a disadvantage because of a sale? Perhaps it had a contract, or some type of an agreement with a country, and this type of financing may inhibit their operation. Do you ever have an examination of this kind?

This is what I was referring to when I suggested that the minister should take a serious look at this question. Mr. MacDonald replied in this way:

> I think I have stated many times that we are not totally economically ignorant; we appreciate there can be repercussive effects. But the next question we ask ourselves is, what can we do about it? Have we any power over Chile, the United States, Poland, whatever country you want to take?

Further to that I find that the Export Development Corporation entered into contracts with the country of Chile to the amount of about $32 million between 1961 and 1976. The company I referred to which is having a problem with the policies of the federal government is a company known as Avalon Aviation Limited, located at the industrial airport in Red Deer. This company is in the water bombing business. Perhaps the minister would take it upon himself to answer the questions raised in the letter from Avalon which I would like to put on record. If he cannot do so in his speech, perhaps he will do so later. The letter from which I quote is dated June 13, 1977 and is addressed to the Secretary of State for External Affairs (Mr. Jamieson):

> In order to balance cash flow and provide year round employment, our company has been operating water bombing services in Latin America for the past four years. We established our contacts and negotiated contracts without assistance from the federal government.
>
> Canadair has used the Quebec Government Air Service's personnel and aircraft to promote the sale of a water bomber before the CL-215 was on the drawing board.

It is my understanding that the federal government, through the Department of Industry, Trade and Commerce, has invested about $30 million in Canadair. That is not chicken feed in anybody's language. In fact, when you don't even ask for interest on it it does give a corporation a real advantage; and when you have the advantage of no interest and then receive benefits on the other hand through the Export Development Corporation, it puts corporations which are trying to compete at a disadvantage. The letter continues:

> In the past twelve months, Canadair, now a Crown corporation, has continued this practice, promoting the operation of CL-215's and PBY's by the Quebec Government Air Service in Argentina, Venezuela and Chile.
>
> We cannot fault the government in their attempt to assist in the marketing of the Canadair CL-215. However, in view of our continued Canso PBY programs in Latin America, we find it most frustrating to have our own government as a competitor. You are probably not aware, but our contracts were won in competition with U.S. carriers.
>
> If the Government of Canada continues to support the Quebec Government Air Service Canso PBY program, we would be interested in receiving similar subsidies. On the other hand, in view of our success in Latin America to date, it

may be of mutual advantage to have us work with the Canadian Government in water bombing projects.

There is the possibility that the federal government does not know that Canadair is using these sales practices. In any case, we will do everything in our power to retain our Latin American contracts.

● (1542)

It seems to me, Mr. Speaker, that this is just a straightforward request from a legitimate Canadian corporation for consideration and, perhaps, help.

The following was written in a letter dated January 13 to the Minister of Industry, Trade and Commerce:

I was informed by our agent in Chile early in November 1977 by telephone, followed later by a complete written report, that Canadair had offered the service of one CL-215 for 90 days and 175 hour guarantee to the Chilean Government for the price of $235,000.00, half of this amount being applied to the purchase of a CL-215. The purchase price to the Chilean Government, without spares, was $3.2 million.

On August 15, 1977 Mr. Ponce, Director of CONAF, and his secretary arrived in Montreal as guest of Canadair. They were taken to Quebec City, then Montreal, Nice, France, Marignane, France, for 1½ days, then Paris, London, Montreal. In Montreal they were given a 1 drop demonstration by one of Canadair's CL-215's. They then returned to Santiago, Chile. They were accompanied throughout the trip by Mr. Sergio Besa, Canadair Chilean representative, and Mr. Robert Aver, Canadair Canadian representative.

On October 23, 1977, the above-mentioned Canadair representatives presented to the Chilean Government the proposed contract agreement as referred to above.

Due to a report by Mr. Maldonado to Mr. Ponce that the CL-215 could not operate from available paved runways due to length, also its inability to operate from dirt strips, and its low cross-wind performance, it was decided this aircraft wasn't feasible for their operation. Besides that, prior to Canadair's proposal, CONAF had contacted Canadian and American operators for bids on the PBY-5A Water Bombers. The result was that they could have 2 PBY-5A Water Bombers for the price of one CL-215 from Canadair, for namely $235,000.00, which is only 25 per cent of the true operational cost of the CL-215 to a private operator.

Unfortunately, due to Canadair's expensive promotional trip for Mr. Ponce and his secretary, and Mr. Maldonado's report on the CL-215, it was concluded that they could not sign the agreement with Canadair. Due to the fact that Mr. Ponce was obligated to Canadair for his trip to Canada, France, etc. his decision was not to allow any foreign operators into Chile during this fire season. This means that Avalon Aviation Ltd. has been deprived of a contract in Chile this season.

On November 18, 1977, I went to Chile and I spent $2,000.00 of my Company's money to try to salvage the contract. However it was worth every cent of it because I have obtained additional information regarding sales practices by Canadair marketing division. There is no justification for the federal government to allow Canadair to conduct sales practices within or outside Canada which are detrimental to Canadian Registered Companies.

That letter is signed by R. H. Murdock.

Further to that I would like to put on the record another letter dated February 6, 1978. This letter is also to the minister, and it reads as follows:

Dear Sir:

This letter is for the records. In the late summer of 1976, Avalon Aviation Ltd. leased a PBY-5A Water Bomber to Haydn Air Charter for fire suppression for the Norwegian Government. The aircraft was again on contract for the 1977 fire season.

Haydn Air Charter, in negotiating for a fire suppression airplane for the 1978 fire season in Norway, found that Canadair has a sales representative by the name of Mr. Olsen, a charter operator in Norway, to contract the CL-215 to the Norwegian Government through his company, again at cost well below the break-even operational cost for the C1-215.

[Mr. Towers.]

How can members of the federal cabinet, which includes yourself, state publicly that the government is doing everything in its power to assist and promote off-shore sales for small Canadian businesses, then allow a federally owned company, namely Canadair, to enter into leasing and operating aircraft in foreign countries? Avalon Aviation Ltd. promoted this particular operation through Haydn Air Charter during the above mentioned seasons.

As I said before, the Canadian commercial operator cannot compete with Canadair, either in Canada or abroad, when Canadair is being subsidized by the federal government.

Surely the federal government cannot stoop so low as to continue to offer to lease and operate the CL-215 in Canada and overseas in competition with the Canadian operators of fire suppression aircraft, at below cost, just because they lacked sales for it.

I feel I am failing in my efforts to convince you that the CL-215 could become a public scandal if the truth was made known. It is certainly a burden to the Canadian economy regardless of the outcome.

At his own expense Mr. Murdock had to go to Chile to try to redeem that contract. He was unable to do so. It cost him $2,000 to make the trip. He did go to Norway, and he did manage to salvage that contract.

I will read into the record part of a letter dated February 21, 1978 and addressed to the minister, as follows:

Dear Mr. Horner:

—Is Canadair contracting the CL-215 to other foreign or provincial governments in competition with Canadian Commercial Operators? How do you think we feel if Canadair, a federally owned company is, by their sales practices, depriving Avalon Aviation Ltd. of renewing existing contracts.

The Department of Industry, Trade and Commerce, federal forestry and others, have advanced millions of dollars towards the construction of the CL-215. I have no doubt in my mind that the officials of your department will agree to anything in order to retrieve these investments and it would appear, from your replies, that your department sanctions their sales practices.

The February 1978 issue of *Canadian Aviation* magazine also mentions the sale of two CL-215's to Thailand for 8.9 million dollars. That is not bad for a 3.2 million dollar airplane and don't tell me that the balance is for spare parts. You state that these transactions are on a cash basis, but we all know that the financing is backed by the Canadian Export Development Corporation.

As a company Avalon Aviation Ltd. is associated with business organizations and any meeting that we have with officials of your department will include members of one of these organizations.

I am prepared to meet your officials at any time, under these arrangements. I am not prepared to accept federal government policy statements regarding support of small businesses. It is about time these small businesses knew what is really going on in this country.

There are other letters I could bring to the minister's attention, but I think this gives a general summary to the minister and to the House. The minister, the department, and the Export Development Corporation particularly, must be very careful when negotiating that they do not impinge upon other Crown corporations or small businesses which are trying to keep their businesses going. Coming from Alberta, I am sure the minister recognizes that during the fire season it is advantageous for us in Alberta to have Canso planes available to fight fires. There is no other way to control fires.

I thank the House for the time I have had to bring this matter to the attention of the minister. I hope he and his department will give those letters I have put on the record due consideration. I hope they will meet with Mr. Murdock and solve this problem once and for all. He is being unfairly and unjustly treated. This individual went out on his own to get contracts. He subsidizes the federal government. He pays taxes. He paid a share of the $30 million subsidy which went

to Canadair. He pays his share of the money which goes to the Export Development Corporation. I hope the minister will see fit to clarify this abominable situation.

The Acting Speaker (Mr. Turner): Order, please. I point out that if the minister wishes to speak now, he will need unanimous consent. Does the minister have unanimous consent?

Some hon. Members: Agreed.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I would like to correct some of the errors, erroneous statements and, I suppose, misunderstandings which have been in evidence in the debate, but first I would like to thank the hon. member for Bellechasse (Mr. Lambert) for his complimentary remarks about the Export Development Corporation.

He was not quite so complimentary about me. He suggested to the House that I do not have a sympathetic ear for small business. I certainly do not know where or how he arrived at that conclusion. Small businesses are very dear to my heart. I have been involved in a number of them over the years. Some have turned out to be successful and some not so successful. I am fully aware of the problems small businesses have, and it was with a great deal of pleasure that I sat in on the cabinet discussions which eventually bore fruit and resulted in the small business package which the Minister of State (Small Business) (Mr. Abbott) was able to announce earlier this month.

● (1552)

With regard to the speech of the hon. member for Red Deer (Mr. Towers), I think I should comment on it before I start my own remarks. Canadair is a Crown corporation mainly because it was sufficiently bold to venture into a major new project in developing what might be called the wide bodied executive jet. It took a great deal of additional financing and, I suppose, an expression of confidence on behalf of the government of the day and the then minister of industry, trade and commerce, who was able to encourage Canadair to go into the production of the wide bodied executive jet which has turned out to be one of the most successful phenomena in the air industry today. Over 130 orders have been placed, with money on the line, and it is my hope that next month the plane will make its own inaugural or initial flight and will live up to all the expectations that prospective buyers have placed in it.

Some hon. Members: Hear, hear!

Mr. Horner: I know that this will make the former minister of industry, trade and commerce and the government extremely happy and will give Canada something of which to be proud.

Canadair employs in the order of 2,600 employees. Naturally the company is in the business of manufacturing and selling airplanes. It is not subsidized, and in fact this year it turned to the world market to raise money and had no difficulty doing so. It paid back what the government has invested in it by floating bonds on the world market. So, first of all, Canadair is not subsidized, it is in the business of manufacturing airplanes, and it employs a great many Canadians; therefore, it should have the scope of the world market in which to sell those airplanes.

It has been said that Canadair is carrying on unfair trade practices and is selling airplanes at reduced rates in order to entice new customers. I do not think that this is true. Is the CL-215 a good water bomber? Certainly it has been used in many countries throughout the world and has established its own reputation. In fact, it is in demand throughout many areas in the world. I am not saying Canso is not just as good, or even better in some regards, but certainly we as a country must acknowledge the fact that both airlines and both companies can and do place their airplanes on world markets.

The Export Development Corporation has been greatly misunderstood, Mr. Speaker. Some hon. members who have taken part in the debate have complained about the advertising carried out by EDC and that it has spent too much money on advertising. I am certain that if the board of directors of EDC have read or listened to the debates in the House, they will double their advertisement fund next year. Because if they realize the gross misunderstanding that exists in the minds of the people's representatives with regard to EDC operations, that is what they should do.

Mr. Clarke: What about the champagne?

Mr. Horner: So in fact, I would encourage EDC to advertise more fully for two reasons: first, so that Canadians will appreciate what EDC is doing to assist Canadian business and the creation of jobs throughout Canada; and second, to make all Canadian manufacturers and exporters more fully aware of the services it provides.

Mr. Rodriguez: Break out the champagne.

Mr. Horner: The hon. member might like champagne, that is his choice, I am not one who prefers it.

Mr. Rodriguez: EDC loves it.

Mr. Horner: The hon. member for Red Deer referred to the manufacturing industry. Apparently he is not aware that there has been a growth in jobs in the first quarter of this year in the manufacturing industry to the tune of 9,000. I think that is a significant number. Some sectors of our economy are, in fact, overheated because the demand for steel is so great in Canada that Canadian steel mills are having difficulty supplying our markets. So there was a considerable improvement in the manufacturing sector in the first quarter of 1978.

The hon. member for Red Deer also spoke about our total trade and the role which the manufacturing sector plays in it. It is true that the percentage of jobs created by the manufacturing industry in the labour force has decreased from about 24 per cent to 20 per cent in the past number of years, but that has happened in every industrialized country in the world, not

only in Canada. The reason is that consumers are demanding more and more services, which has resulted in a growth of the service industries. That is why in every industrialized country in the world today there is an increase in the growth of jobs in the service industries and a marginal decrease in the number of jobs in the manufacturing industries.

Opposition members love to refer to the trade deficit in manufactured goods as a growing deficit and as a shame. That is not so, Mr. Speaker. If one goes back and looks at our total trade ten years ago as compared with our imports over exports today, one would find that the percentage of our deficit in our total trade is relatively the same, or even slightly improved.

Mr. Friesen: Does CMA agree with you?

Mr. Horner: Yes, they certainly do. The hon. member can check the figures, if he likes. Ten years ago, our total trade amounted to $10 billion and our deficit in manufactured goods was about $3 billion. In 1977, our total trade was $44 billion—a substantial increase—and there was an increase in the deficit in manufactured goods. But in looking at manufactured and semi-processed goods we find that there has been a tremendous increase in our trade with the world. In fact, two-thirds of Canada's exports or in manufactured and semi-processed goods, not raw materials, as members of the opposition have sometimes said in the House.

In 1977, looking at agricultural commodities alone, less than 10 per cent of our total trade was in agricultural commodities. Many people in western Canada believe that we survive as a trading nation mainly because of our wheat sales. In fact, less than 10 per cent of our total sales are in agricultural commodities and less than 20 per cent of our total exports are of natural gas, oil and minerals. So if you take a look at those figures you see that the other portion is manufactured goods and semi-processed goods, including forest products, an industry which is thriving in the province of British Columbia. This gives you an idea of what the total trade picture is.

How does EDC assist total trade? Much has been said about their excessive demand for money in this legislation and it is suggested that we are granting EDC too much money because hon. members opposite fear that somehow or other EDC will squander it and help a host of communist countries. First of all, I want to make it abundantly clear that EDC is helping the Canadian manufacturing industry in all parts of Canada. It will certainly help the Avalon Company. If it wants help, it can come to EDC and receive that help. EDC has assisted Versatile Manufacturing Limited in Winnipeg, shipyards on both the east and west coasts, and the mining and nickel industries of Ontario. In fact, they have assisted substantially the nickel industry.

● (1602)

Many speakers have expressed concern about the fact that we are selling pulp mills to Poland and the United States, as well as steel mills to the United States. This helps Canada maintain its expertise in the development of efficient pulp mills. Why are Canadian steel mills far more efficient than American ones? It is because they are more modern, and we have been able to take advantage of new technological advances in the steel industry. Why are Canadian slaughtering houses and packing plants more modern than many others? It is because they are new and up to date. As I once said in this House, we were able to sell even a sausage-making machine to Germany. The Germans found it hard to believe that we could manufacture a better machine than they could.

Canada's ability to sell pulp mills, steel mills and packing plants enables us to maintain our position as a leader in those industries. No matter how much protection the opposition wants our industries to have, one must realize that we are living in a fiercely competitive world. Our entire survival depends upon our ability to compete. Whether a pulp mill is in Poland or the United States, we must be able to compete with it. Our ability to compete will be determined by the source of our raw materials, efficiency in handling those raw materials, as well as the speed of the transportation system which allows us to move processed and semi-processed products to the markets of the world. We must recognize that. We cannot say, "Do not finance a steel mill or a pulp mill in the United States because they will be competing against us someday". Of course the competition will be there. If we had not invested in the American pulp mill, Finland would have. Finland was ready and able to do it.

We have heard a great deal about the Export Development Corporation and its extensive use of money. In order to provide hon. members with some idea of the value of support which EDC has given to the Candian gross national product, I should like to point out that in Canada it amounts to a little over 1 per cent. If one compares that with all other countries, one would have some idea whether EDC is requesting something which is outlandish or too large. For example, in Germany the support is 2 per cent of the gross national product, in Italy it is 2 per cent, in Japan it is over 5 per cent, in Great Britain it is over 5 per cent, and in France it is 7.5 per cent. In fact, EDC assists in 5 per cent or less of our total exports. If someone wanted to take a very negative position and suggest that we have no confidence in Canada's ability to export, then I suppose he should say that EDC is requesting too much money. If one wanted to be negative in one's thinking, one could adopt that idea, but certainly it is not my belief.

Canada's ability to export goods is growing at a great rate. As the hon. member for York-Simcoe (Mr. Stevens) pointed out, the Middle East is becoming quite credit worthy, to put it mildly. It has developed and increased its oil reserves, and is now charging a high price for those reserves. The Middle East wants the commodities which Canadians have become accustomed to. It wants to buy those commodities, and we are in the business of selling them. One can say that the Middle East does not require any assistance in purchasing our commodities because of its oil reserves. If a person has a good creditworthiness, then he extends his credit in all directions. That is what many countries are doing. Certainly that will expand our export markets in the next five years particularly.

Argentina, Chile, Brazil, Venezuela and other South American countries are establishing very sound economic footings. We have a trade deficit with Venezuela of approximaely $1 billion because of our oil purchases from that country. We should expand our trade in manufactured merchandise with that country. In fact, we are. The signing of the Canaven rail project in Venezuela was tremendously important to us. It will mean a great deal to many Canadian suppliers of that project, particularly those in Nova Scotia. The EDC played a prominent role in finalizing that project. It played a prominent role in finalizing the sale of hydroelectric equipment to Brazil, Argentina and Chile. In doing so, jobs have been created in Canada.

There has been much talk about whether the Export Development Corporation has provided and maintained 200,000 jobs in Canada. Normally I am not picayune about numbers.

Mr. Rodriguez: That's for sure.

Mr. McKenzie: You are absolutely correct.

Mr. Horner: I hear what hon. members opposite are saying, but I am sure they must agree that the creation of 200,000 jobs is well within the scope of EDC. That has been accomplished, and that figure will be exceeded this year and in years to come.

Last year our trade surplus was $2.9 billion. We stand to nearly double that amount this year, if trade figures continue to roll in as they are today. With the help of EDC, we are selling on world markets. Some members indicated shock at the fact that EDC has expended all its money to date. That corporation works on a long-term basis. A deal cannot be made in Venezuela today and financed tomorrow. It requires two or three years to accomplish such a deal. Our exporters must be assured that money is in place to insure, loan and pay for the manufactured goods which they sell in world markets. This is the role of EDC.

The hon. member for Bellechasse indicated that EDC has done a good job. In 1969 when it was incorporated, the party I was associated with at that time supported its creation. If one listened to and read their speeches in this debate, one would assume that they have lost confidence in EDC and are no longer in support of it. In fact, one would think that the Conservative party feels that EDC is not doing a good job for Canada.

From time to time during this debate speakers have referred to the question of an over-all industrial strategy, which is a very nice and high-sounding expression. What does it mean? I suppose in many persons' minds it means different things, but certainly in my mind it means a game plan, a strategy to assist Canadian industry to meet that work competition.

• (1612)

Mr. Rodriguez: It needs co-ordination.

Mr. Horner: It needs co-ordination in many areas, the hon. member is quite right. But certainly a part of this government's concept of industrial strategy is the Export Development Corporation and its ability to insure and finance Canadian sales on the world market. We would hate to see our manufacturers selling on a world market in competition with EX-IM of the United States, or the Japanese, German and French finance corporations, without a similar body assisting our manufacturers to compete. The Export Development Corporation tries very hard to assist Canadian manufacturing as much as the American manufacturers are assisted by EX-IM and the Japanese, Germans and French are assisted by their financing corporations.

Part two of that industrial strategy is tied to money. In the department we are making tremendous efforts to make available to industrial and manufacturing concerns information on the Enterprise Development Board which will loan guaranteed money to corporations operating in Canada by guaranteeing their loans at chartered banks. Many speakers in the debate commented that if we can make this money available to foreign buyers, why can we not make it available to Canadian buyers. We are doing that through the Enterprise Development Board and the Federal Business Development Bank. We are assisting industry in Canada in a host of different ways, and we are not alone in that regard because the provincial governments provide assistance as well. Our tax system assists industry.

I think of the condemnation the government receives from time to time because it dares to try to entice automobile manufacturers to locate in Canada. The opposition has complained that we should not be doing that, but on the other hand they say that we are not helping Canadian industry enough. I can only say that it is part of the industrial strategy which is in place to assist Canadian business and to service Canadian markets as well as the export market.

I mentioned the Enterprise Development Board and the FBDB. Also part of the expansion concept of world trade is the multilateral trade negotiations which are going on right now. From the very beginning Canada has been a full and conscientious participator in those negotiations. We have joined in the negotiations in an attempt to widen the markets for Canadian industry, and certainly our participation has assisted in the deliberations which, I hope, will amount to a greater liberalization of trade. Rather than Canadians having preserved for themselves a market of 23 million people, they will have access to the huge market in the United States and perhaps greater access to European and Asian markets. That is part of our industrial strategy.

Participation in the multilateral trade negotiations is part of the responsibility we will be asking the EDC to assume if that trade liberalization comes about. Certainly, more goods will be moving from Canada into the world. The Export Development Corporation's role will be enlarged and more financing will be needed.

Also, my department has carried on extensive studies, what are referred to as the sector studies, of various segments of our industry to determine whether or not we can look forward to continued growth and expansion of markets in each sector in

which those studies took place. They have been correlated very well with the MTN talks. I expect the sector study reports at the end of this month, and they will probably be made public in the middle of July. I am certain they will point out the potential export markets available in each one of those sectors, which in turn will add a greater responsibility and work load to the Export Development Corporation.

I hope people will take a look at the industrial strategy I have tried to outline and realize that the Export Development Corporation is part and parcel of it. The Enterprise Development Corporation and the Federal Business Development Bank, along with the sector studies and the MTN negotiations, are a part of it.

Much has been made of EDC loans to assist communist countries to buy Canadian goods. As I was sitting in my seat and listening to the hon. member for York-Simcoe mention this fact as though it were some great sin, I remembered the debate some 20 years ago when another government of which I was a member made a sale of wheat to communist China on credit. That party in those days supported the idea of making credit loans to communist countries, but apparently it has changed a great deal since then, and it is just that I took a long time to catch on to the change.

Opposition members complained a great deal about the loans to Cuba under the EDC. Cuba has purchased and has had fitted in many of our eastern shipyards ships for their use through the EDC, and this has meant a great deal of employment to Canada. There was also the great debate of the early sixties when the opposition supported trade with Cuba and the United States was soundly condemning the Canadian government for it. Today, if one believes that the hon. member for York-Simcoe is the spokesman for that party on questions of finance, it would follow that he would cut off all trade to communist countries and all assistance to trade with communist countries. I do not believe that that is the wish of the Canadian people; nor do I believe that western Canada or British Columbia would support that idea.

I hope to go to China this fall, Mr. Speaker, where my department will be sponsoring a trade fair with regard to agricultural equipment, oil and gas facilities, drilling rigs and fishing gear. Certainly I think that we can, as I look to that market, expand our business there substantially. It may require more financing from the Export Development Corporation, but it will further the sale of a great many goods which I believe that country is on the threshold of needing, in the same way that the Middle East is on the threshold of buying, and is buying, a great many of the commodities which you and I have become accustomed to, Mr. Speaker.

I have tried to set the record straight with regard to some of the misunderstandings that have taken place in this debate. I know that hon. members want to see passage of this piece of legislation. I will not condemn the opposition too much for what they said about me personally in the debate. I want to thank them for their participation and inform them that the management of EDC is open to their suggestions and thoughts. They have initiative and they are imaginative, and I know they will assist Canadian exports in reaching new heights of success this year and in the years to come.

• (1622)

Mr. Allan B. McKinnon (Victoria): I appreciate the opportunity you have given me, Mr. Speaker. I should like to ask the minister some questions concerning the Challenger aircraft. I would like to know why there is a delay in its first flight. In a press release the former minister of industry, trade and commerce said that it would fly in January, 1978, six months ago. That represents quite a considerable delay. If the minister will bear with me, Mr. Speaker, I will put two or three questions to him now in order to save time.

Is there any concern in the department about the penalty clauses in the contract for the new Challenger aircraft? I understand that some of the contracts can be cancelled if the plane is a year behind schedule.

The second question I would like to ask is about the Federal Express order which was the largest order they had a few months ago. I understand that they are now uncertain whether they will buy the planes from Canadair, and I would appreciate any illumination the minister could cast upon that. I understand Federal Express are ordering planes from other companies and are interested in a stretched Challenger.

Finally, Mr. Speaker, the $70 million support the government gave when the loan of $140 or $150 million was being arranged for the Challenger project was on the understanding that the government would not withdraw from full control of the company. I understand the $70 million is no longer a government commitment but is being picked up in Eurodollars by another organization. Is the government still committed to retaining full ownership of Canadair? As the minister is well aware I am sure, when the government bought Canadair it was with the idea of putting together an aerospace industry and selling it to private enterprise.

I would appreciate it if the minister could clarify these matters.

Mr. Horner: Mr. Speaker, the government is still in control. The hon. member is quite right with regard to the floating of bonds in Eurodollars. With regard to Canadair, I suppose we are always prepared to negotiate the sale of it. We do want to promote the air industry in Canada, but we do not have any prospective buyers for Canadair right now.

With regard to the Challenger aircraft and the federal agency's approach, this is now not the largest order but they are still committed to it, and they do want some stretched versions of the Challenger.

With regard to the delay, I suppose in some respects we are all a little disappointed at the delay but we must take into consideration the time that will be needed to get the airworthiness certificates in Canada and the United States. The delay in the inaugural flight may be taken up in the time needed for the airplane to obtain its certificate in the United States and Canada. It is really not considered a major delay yet. Delay may come about in certifying the plane, but we have not yet

reached that stage in its development and therefore I do not consider it a delay.

Mr. Rodriguez: Mr. Speaker, I wonder if the minister would accept a question?

Mr. Horner: Certainly.

Mr. Rodriguez: Mr. Speaker, the minister seemed to have made no differentiation between EDC financing the sale of finished products as opposed to the potential for competition in the resource sector. In many ways Canada's economy is still resource based. Is the minister not prepared to make the necessary changes in the Export Development Corporation legislation so that instead of putting money into preparing for the competition ahead in the resource sector it could be directed into the resource sector in Canada so that we can diversify it, so that in future it can be competitive from the minehead to the final product? We are not going to be competitive if we just mine raw resources while Guatemala, Indonesia and The Philippines are also doing that.

Mr. Horner: Mr. Speaker, I clearly spelled out in the earlier part of my speech that the export of finished plants, whether they be pulp and paper or mining equipment manufactured in Canada, allows Canadian industry to maintain an expertise superior to that of most countries.

With regard to Guatemala and Indonesia, the total expenditure there, financed mainly by German, British and Japanese money, was $900 million. Canada participated in the sale of mining equipment worth in the neighbourhood of $60 million—

Mr. Rodriguez: $77 million.

Mr. Horner: About $70 or $80 million in the two countries. Our contribution of $80 million to a total of something like $900 million would not have initiated production, nor had we withdrawn would it have stopped the project. We developed better expertise by getting involved in the project and by turning out mining equipment for it. The project would have gone ahead anyway, the nickel produced would have been competitive with ours and we would not have gained anything in the development of the mining equipment. Those are two alternatives that Canada had.

There is no question in my mind that we should have had more than $80 million of that $900 million, but that is as much as we could get. They wanted $1 million worth of equipment from us and wanted the Export Development Corporation to guarantee it. We said we must have more than that and we got it. I think the Export Development Corporation served the manufacturing industry well. It also served the mining industry well because the mining industry would have had to compete with those resources in any case.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I am going to develop a subject which I do not think has been developed, certainly not at length, in the debate so far. It concerns the use of the Export Development Corporation, a Canadian owned Crown property, to assist Chile and the effects of that assistance. I will have an amendment to propose dealing with that subject.

May I point out first of all that Canada's investment in or contribution toward the Chilean economy, which is run, as everybody now knows, by a military junta, is very considerable. According to my information, Canada is Chile's No. 2 patron, ranking only behind the United States. I understand that we cannot pick and choose the different countries we would trade with or assist in trade, but in the case of Chile there are international documents that indicate it has subjected its own people to flagrant and continued violations of human rights and freedoms.

Since the military coup, a number of international bodies such as the U.N. Commission on Human Rights, the International Commission of Jurists, Amnesty International and the United Nations itself, have condemned the régime. No régime is perfect, of course. No régime can say it has never done anything against human rights. But this is one of the most extreme cases in which some sort of action is required.

● (1632)

In the United Nations in November 1977, when approving the report of the Economic and Social Council, the following was said:

—the Chilean people continue to be subjected to constant and flagrant violations of human rights and fundamental freedoms, to lack of adequate constitutional and judicial safeguards of their rights and liberties and to suffer assaults on the freedom and integrity of their persons, in particular by methods of systematic intimidation, including torture, disappearance of persons for political reasons, arbitrary arrest, detention, exile and deprivation of Chilean nationality.

I leave the description of the régime to the statement issued by the United Nations which Canada supported. The policies which followed from that Canada has supported from time to time.

It is true that this régime has, on the surface at any rate, somewhat softened the methods of terror which it used. However, some of this seems to be window dressing. By replacing the state of siege it justified them, so they said, in imprisoning people without trial. They replaced the state of siege, and with a good deal of publicity then established an equally onerous state of emergency. They provided for amnesty for political prisoners but it was so conditioned that it was not available to most of those concerned. It is because of these matters, including the abolition of parliamentary government and the deprivation of trade union rights, that we are justified in saying that this is unquestionably a régime of repression, repression which is directed toward its own people.

I will go into some detail as to what assistance has come from the Export Credit Corporation. Not all of the investment or money made available to Chile from Canadian sources comes from the Export Credit Corporation. The Canadian banks have made loans and other businesses have sought to invest there, notably Falconbridge and Noranda. But nevertheless the only publicly owned or Crown operated institution which has carried on systematic assistance to this régime happens to be the Export Credit Corporation.

I point out that it is not possible to loan large sums of money to secure substantial indebtedness and to enter into fairly large scale transactions without developing a vested interest in the continuation of the regime in which one is investing. That is precisely what has happened in Canada. I am sure the minister has discussed, and certainly others have discussed, the types of assistance offered by the Export Development Corporation. They include credit insurance, long-term export loans, foreign investment guarantees and surety insurance. The Export Development Corporation has expanded rapidly the loans it has made and the assistance it has given under these provisions.

A most striking illustration of the situation there occurred on October 2, 1973 a few weeks after the military coup and all the brutality surrounding it, when the EDC announced it was granting an export credit of $5 million to the Central Bank of Chile. This credit would be used to purchase six Twin Otter aircraft. These planes were for Chile's domestic airline, but military experts will confirm that these Twin Otter aircraft are extremely valuable for military purposes and particularly for the purposes of suppressing any internal trouble that might develop.

It is true that in defence of this line of credit it was said that this arrangement was negotiated before the new government came into power and while the Allende government was in office. But the loan was not announced until after the coup. Indeed, the document was not signed until January 1974, while the coup was as early as September 11. There was ample opportunity to find out exactly what was going on.

In October 1976, shortly before Canada voted condemnation of the Chilean régime at the UN, the EDC approved ten agreements covering loans, credits, insurance, foreign investment guarantees and financing to support the export sale of Canadian goods and services valued at $103 million. Chile was named as one of the six recipients. In accordance with the practice approved in a statement made by the present Minister of Energy, Mines and Resources (Mr. Gillespie), it was not thought good policy to tell the people of Canada or its parliament how that loan was divided up, how much went to Chile and how much went to other countries.

The following statement in regard to the EDC foreign investment guarantee to Chile was made in 1977 to the Standing Committee on Finance, Trade and Economic Affairs by the ecumenical task force on the churches and corporate responsibility:

> When the EDC provides a Canadian corporation with a "political risk" insurance for a private investment in a country which consistently violates human rights, there are long-term economic and political implications. Such an investment guarantee establishes a vested interest in the "staying power" of the regime. Both the corporation making the investment, and the EDC insuring it, develop a financial interest in the stability of the recipient regime, regardless of the repressive means necessary to maintain the status quo. Thus it is possible that the EDC implicates itself, and the Canadian government, in economic relationships which maintain repressive regimes.

Again on January 18 a press release was issued announcing the approval of export credit insurance investment guarantees, surety insurance and long-term loans totalling $1,003 million to support export sales to nine countries. Chile was included among the list of nine recipients. The amount and type of facility exported to Chile have not been disclosed to date.

● (1642)

More recently, in March 1978 the Chile *Economic News* stated that a $14.7 million export credit was going to be extended jointly by the Bank of Montreal and the Export Development Corporation to a Chilean company, which when translated into English would be the Paper and Cardboard Manufacturing Company. The Export Development Corporation denies that such a credit has been authorized to date but admits that it might be under discussion.

Then there is the whole question of the renegotiation of debts under the so-called Paris Club in which five nations refused renegotiation of Chile's debts. Canada agreed that a renegotiation was extremely helpful to the régime.

Mr. Grafftey: Pep it up!

Mr. Brewin: Did the hon. member say that's enough? I did not catch what he said.

Mr. Grafftey: Pep it up. We are going to sleep.

Mr. Brewin: I am nearly through; then you can go to sleep. I can understand the hon. member's desire for sleep.

The picture of Chile is very clear. It is a picture of a thoroughly oppressive regime bolstered by Canadian investment and guarantees, to a considerable extent financed by a Canadian Crown corporation. That is wrong. A former minister of finance, John Turner, said when this matter was discussed that the question of the morality of the régime should be discussed by other fora. In other words, he advocated a policy whereby you condemn something in the United Nations and then you acquiesce and strengthen it in practical actions.

I propose to move an amendment. Perhaps I can read it now. I am afraid the hon. member will not find it very exciting. However, it complies with the rules, I believe. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That all the words after the word "that" be deleted and that the following words be substituted therefor:
>
> "Bill C-36 be not now read a third time, but that it be referred back to the Standing Committee on Finance, Trade and Economic Affairs for the purpose of reconsidering clauses 2 and 3 thereof."

The purpose behind the amendment is to give the committee an opportunity to consider the matters which I have raised. The present bill provides for the extension of further credits and further financial assistance. It in no way limits where they shall go. It in no way complies with the policy of the United Nations. Clauses 2 and 3, if reconsidered, could be amended so as to prohibit these loans.

One does not like to call the government of one's own country hypocritical. I have tried to figure out what hypocritical means. It means somebody who talks one way, who pronounces noble sentiments in one breath, but whose actions totally belie what he has said.

When you have a policy of using our Crown corporations and money secured from Canadian people to bolster a regime that is repressive, depressing all the people of Chile, the Canadian people might like to know how you determine that country should be banned. I say it is very simple. The Commissioner of Human Rights should be asked to secure information from organizations such as the United Nations and Amnesty International and to say that there is evidence that this is a régime which not incidentally but systematically and continuously breaches human rights. If the House accepts this amendment and the committee sees fit to deal with it in the way I have suggested, we will at least be making our actions fit in with our professions. I believe the Prime Minister (Mr. Trudeau) at one time said we should do that, and I agree.

Hypocrisy is not an attractive thing. It is certainly not attractive to other countries we deal with and it should not be attractive to us. I hope the House will decide to take some action on this motion.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I wish to participate in this third reading debate and, in the process, deal with some of the comments made by the minister this afternoon.

When I first came to Canada, I recognized that this is a country which in many instances is a developed country but at the same time is a developing country. In effect, it has much of the characteristics of the third world.

Exports from this country have predominantly been raw or semi-processed goods. While we in this party have no quarrel with the aims of the Export Development Corporation in assisting and facilitating the export of finished products, in Canada's present state of development there are certain areas in which the EDC involves itself which do not serve the best interests of Canada. This is what we have been arguing in committee and it has been exemplified in many parts of the country.

When I moved from St. Catharines in southern Ontario to the Sudbury basin, I asked why the people there take nickel and copper out of the ground, process it to a semi-processed state in pellet form, put it in barrels and ship it to the United States for final processing and finishing into a product, or ship it abroad to Norway or Wales for final processing. Then later on we buy back the finished product. These are questions we must ask ourselves.

● (1652)

When the minister speaks to selected audiences, as he spoke the other day to the Bankers Association, he does not talk to people at the grass roots. He does not face the people to answer the questions which are on their lips. That first question of mine is one of them.

Another is this: Why not carry out research to find new uses of nickel and copper? This is 1978. They have been mining the stuff for well over 60 years now, yet the industry still lacks an infrastructure. Why should it be necessary for us to import rolled nickel for the use of the Royal Canadian Mint? Why should we buy back at a high price material which was originally produced here in Thompson, Manitoba? Why is it that we produce pulp from the forests of this country and ship it out in a semi-processed state, buying back the finished products from Europe and the United States? We have the resources and the manpower right here. With one million people unemployed why should we import these finished products? Take any resource sector you like, the same question must be asked.

Another important factor in this equation is the extent of the foreign ownership of our industries. So much of our industry is locked into the multinational web. Take, for example, Inco and Falconbridge. These companies mine nickel and copper in the Sudbury basin but they have expanded to other parts of the world. Inco has to be flexible and at certain times it might be more appropriate for the company to increase production in Guatemala or Indonesia. It is more convenient to carry out research and development in the country of the parent company. In the case of Falconbridge and Inco it is important that research and development be done in the United States, so that if any untoward political event occurred in Canada the technology resides with the parent company. Much of Canada's trading pattern is related to this important aspect. We find subsidiaries of parent companies in other countries being forbidden to bid against the parent company in world markets.

What we are seeing now is the superimposing of the Export Development Corporation on this picture. We do not quarrel with EDC assisting, for example, Northern Telecom to put in place a telecommunications system in Algeria or Saudi Arabia. This involves finished products and such projects improve the quality of life in the countries receiving them. They are probably sponsored by the governments concerned.

On the other hand, there are certain sectors in which the corporation should bear in mind the long-term interests of Canada in terms of jobs and economic advantage. It is not the short term the corporation should be considering but, rather, the long term. I have in mind the loans made to Inco, the insurance offered to Superior Oil in the Dominican Republic, the loan to the Bear Island Paper Company in Virginia. EDC should ask itself: What will be the net effect down the line of our decisions on employment in Canada? This is an extremely important factor and one which is missing in the corporation's appraisal of applications for loans.

We are told by ministers and others that if these developments are going ahead anyway we should join in and get our piece of the action. I am not convinced that this position is a sound one to take. I have looked at the rules governing an agency comparable to EDC, the EX-IM Bank which operates under an act of the United States government, and it is clearly stated that the EX-IM Bank must consider the long term effect of its decisions on employment in the United States. It was on the basis of this clause that the bank turned down the application for a loan to establish a steel plant in Trinidad; it was evident that in the long term the establishment of such a

plant would have an adverse effect on employment in the United States.

The argument has been advanced that by granting these loans we were somehow or other improving the quality of life in countries abroad, for example, in Indonesia or Guatemala. But the question workers in the Sudbury basin ask when they receive lay-off notices and hear on the news that EDC has lent an Inco subsidiary millions of dollars to go to Guatemala or Indonesia is this: Why cannot that sort of money be used as venture capital in Sudbury so that we can diversify the nickel and related industries? Why cannot we develop new uses for copper and nickel? We are talking now in terms of $77 million—the minister himself rounded it off at $80 million. Suppose that sum was matched, $80 million from the federal government and $80 million from the province. Action on these lines ought to be part of an industrial strategy.

I do not understand how EDC can be following its present course at a time when the nickel industry in this country is still not fully integrated, at a time when the industry is being challenged by supplies of nickel from Guatemala and Indonesia. Mr. Speaker, we are not improving the quality of life for workers in Guatemala and Indonesia. The technology resides with Inco, not with the people of those countries.

When the company decides to move out of Guatemala for one reason or another, or when the resource is exhausted because it has been high graded, no technology will be left with the people. So they really have no control over development for the benefit of future generations. I think we have to keep that in mind. That is the kind of propaganda we have been getting from the minister. He says that somehow we are improving the lives and living standards of these people. It is all short term. It is short term for Guatemala as well as for Canada.

● (1702)

It is not by accident that we end up supporting and lending money to corporations like Inco in places like Guatemala, Indonesia and The Philippines. These are all countries with very repressive dictatorships. Amnesty International has documented the fact that over 50,000 political prisoners are in Indonesian jails without trial. It is not by accident that we are now lending $22 million to develop a pulp and paper industry in Chile, which has one of the most repressive regimes ever seen in the western world. Let us keep in mind that that junta overthrew the legally elected democratic government of Salvador Allende. Today is the anniversary of Salvador Allende's birth, and I think it is inappropriate that through the Export Development Corporation this government is strengthening a junta which has denied democracy in a Latin American country which had a long history of democratic government.

This is a hypocritical performance on the part of this government. On the one hand we condemn the loss of democratic freedom in one part of the world, and on the other we do not bat an eye when the same thing is done in our own back yard. The Export Development Corporation is moving in to strengthen and develop an industry in Chile. People are asking why we are putting that kind of money into an industry which we ourselves have not fully integrated and modernized.

We are helping to develop a modern pulp and paper plant in Virginia. The minister mentioned that. He said it will be a modern plant which will make us more competitive in the development of technology. However, we have not built into our own pulp and paper industry the infrastructure and diversification which would allow the industry to be competitive on the world market. We still have pulp and paper plants which are decrepit. Companies have refused to modernize their plants here, yet they borrow taxpayers' money to modernize abroad. There was a perfect example of that in Témiscamingue, Quebec where an American multinational headquartered in New York closed its plant because it was not modern. The company left the people in that community high and dry. Governments had to come to the rescue.

It seems to me we are always picking up the pieces after the fact. I wish we would start moving in where there are profits for a change instead of subsidizing losses. Parts of the MacMillan Bloedel operation in Vancouver need to be modernized if the company is to be competitive, but what does the EDC do? I heard in committee that $75,000 was spent breaking out the booze last year to celebrate those fancy contracts which were signed. It makes the people in the Sudbury Basin really happy to know that $75,000 was spent to entertain.

Some might think that these companies are doing us a favour, but we are doing them a favour because we are giving them long-term loans at very favourable rates of interest, considering those long terms. The board of directors of the EDC contains not one worker or representative of workers. Who is on the board of directors of the EDC? Mr. MacDonald is the president. He was a big-wig in the Department of Supply and Services. Now he is the big president. Then there is Mr. Bouey, Governor of the Bank of Canada. Then there is Mr. Burns, who is a Deputy Minister of Industry, Trade and Commerce. Then there is Mr. Dupuy, President of CIDA, Mr. Godwin, President of Seismic Service, and Mr. Gotlieb, Under-Secretary of State for External Affairs. Then there is Mr. Lavoie, President and General Manager of Credit Foncier, and Mr. Osbaldeston, a Deputy Minister of Industry, Trade and Commerce. There is Mr. Shoyama, Deputy Minister of Finance, Mr. Ross, President of Swan Wooster Engineering Company Limited, and Mr. Stuart, President and General Manager of the Electrolyser Corporation Limited. Now Mr. Nickerson of the company Nickerson and Sons of North Sydney has been added.

Here are these boys breaking out the champagne to celebrate these contracts. What are the workers doing? They are breaking out the 7-Up as they get their lay-off notices because their plants have to close down for seven or eight weeks. They have to go on unemployment insurance and collect from the taxpayers of this country. This cabal, it seems, has no concept of what it is like to be unemployed. I think they should spend a year on unemployment insurance with no other income so that they can get the feel of it. Let them drink 7-Up rather than the Andres Baby Duck or whatever. They probably had imported

champagne anyway, $75,000 worth of the sparkling stuff. I suppose they were drinking champagne and eating those little things called hors-d'oeuvres.

Instead of going up to the big bash for the Bankers Association of the Sudbury basin and speaking to those people, I wish the Minister of Industry, Trade and Commerce had gone down to the union hall and answered workers' questions. Perhaps he might then have been glad that capital punishment has been abolished. In an industry so sensitive to development as the nickel industry, people ask why we have this kind of money to lend abroad.

The minister made light of the fact that only $80 million in a $900 million operation was involved. Well, $80 million is not a small amount, and every $80 million counts. For example, it was $80 million for the Inco operations in Guatemala and Indonesia. It was about $40 million for Alcan. There is another perfect example. Alcan closed down the community of St. Lawrence. Every single person in that community was put out of work. The community became a ghost town. With this federal Liberal government in power ghost towns have been created across northern Ontario and across the country. Alcan closed down the community of St. Lawrence, and what is the EDC doing? It is lending Alcan about $40 million to run off to Ireland to build a refinery. People wonder why the EDC is doing these things, and the answer does not come. We keep getting the answer that if we do not put the money there, the project would go ahead anyway, so we get our piece of the action.

● (1712)

I say, Mr. Speaker, that there are better places to put our money. We could take the $1 billion EDC is asking for and invest it in the industrial development of areas such as the Sudbury basin or Cape Breton, and spend $500 million to modernize the steel plant there so that the community could compete with steel products in the world—never mind building a steel plant in the eastern United States. We need to spend that money on developing the planning and processing operation of the fish we catch off the east coast. We are still sending semi-processed fish to the United States to be canned and sold there. What we should do is to spend that money on modernizing and extending our fish plants so that we can have an integrated operation here. This is our strength. Why is it that in as fragile an economy as ours in terms of the resource sector we are investing billions of dollars on short-term projects when in fact we should be investing that money on long-term projects?

When I criticized the EDC loan, Inco wrote to me and said that the loan had created 4,000 man-years of work as a result of the subcontracts that were given out. We have to keep that in perspective and remember that those man-years were taken up mostly by Inco workers, Inco top brass people who were sent down to Guatemala and Indonesia. The loan did not create any new employment but was taken up by their full-time employees. Only the other day I received the passport of one of them who was going to Indonesia.

The minister spoke about expertise. We do not have expertise in terms of research and development. It needs to be developed. We do not have the expertise to create new products from copper or nickel. It needs to be developed. If the minister were to say honestly to EDC: "We will look at long-term jobs, we will look at the sectors to which we will lend that money", I would have no objection or quarrel with that. I would not object to having the money go to, say, the development of a telecommunications system in Algeria, or to putting it in the building of new railway lines in Mexico so that we could sell them our railway stock. But when it comes to the resource sector, we have not developed the infrastructure around it, so it is stupid to create employment outside Canada instead of investing our money in research and development for the development of rolling mills for copper and nickel in this country, for example. That is where the misplaced emphasis is. There is a great emphasis on short-term, high technology jobs, whereas there are other opportunities in the long term.

Some government members sit over there like a bunch of scarecrows putting up five fingers. I do not know what it means. They can make all the fun they want, but they did not get an unemployment or lay-off notice in October. They will get one at the next election.

These are the concerns that the people have. The minister said that we need an industrial strategy. I agree we need an industrial strategy, but it should be co-ordinated.

Mr. Horner: It is. You did not listen to me.

Mr. Rodriguez: There is no co-ordinated strategy.

Mr. Horner: It is being co-ordinated.

Mr. Rodriguez: It is not co-ordinated. How can you be lending money to Inco to go to Guatemala and Indonesia when we have not even developed the infrastructure in our country to enable our industries to be competitive?

Mr. Horner: We are.

Mr. Rodriguez: No, they do not look down the line and they do not see the threat from ocean floor mining. The advent of ocean floor mining is posing a threat to our nickel and copper industries. A tentative agreement has already been reached respecting the exploitation of ocean floor mining. In effect, it will create a great threat to communities such as the one I represent and communities like Thompson, Manitoba. We say what happened in Stewart, British Columbia, and in St. Lawrence, Newfoundland.

I suggested to the minister that instead of lending money perhaps we should develop, through a Crown corporation, an infrastructure in the Sudbury basin and in Thompson, Manitoba so that we can make our nickel industry competitive and modernize the operation. I ask the minister, why are we importing raw nickel? I asked EDC to send me a breakdown of their figures because I wanted to know how many jobs would be created with the $77 million. I found that that money

created jobs mostly in the metro Toronto area. Some 80 per cent of the jobs were created there, and the next area where jobs were created was Montreal. How does that square with any sort of industrial strategy according to which we should be moving jobs to where our resources are? While that money has created 4,000 man-years of work, it is work primarily and basically in the industrially developed communities. We have done nothing in areas such as the Sudbury basin, northwestern Ontario and northern Manitoba. They ask why we do not take $80 million from the provincial government and $80 million from the federal government and embark on a program of industrial diversification in the Sudbury basin based on our resource. We will be cutting off our noses to spite our faces if we continue to lend money to Inco to move into Guatemala and Indonesia.

The minister said that he is not one to be picayune with figures. No one could ever accuse the minister of being picayune with anything, least of all with facts. Someone used to say that he should not be confused by the facts, but I have never held that opinion of the minister. The fact of the matter is that $77 million lent to Inco did not result in transferring technology from Canada to Guatemala or Indonesia. It is the multinational corporation which is holding the technology. All it will do is to scrape the stuff off the ground and ship it to Wales. That is where the technology is located.

The minister says that our contribution is only $77 million of $900 million. If that amount of money were properly and judiciously used in Canada, it would go a long way toward diversifying our economy. That is why we have employment problems in Canada. The minister is making loans through EDC which create short-term jobs, while the large multinational corporations are laying off employees in the hinterland. The balance is tipping, because as we assist in the development of third world resources, multinational corporations lay off Canadian workers.

● (1722)

The hon. member for Greenwood (Mr. Brewin) referred to the question of morality involved with EDC loans. The government set out guidelines regarding the behaviour of Canadian corporations doing business with South Africa. EDC has indicated that its men have been removed from Cape Town, South Africa; but if a Canadian company which does business in South Africa applies for an EDC loan, there is no question at all, the loan is granted. In effect, we are supporting the régime in South Africa.

This has nothing to do with politics. It concerns human realization. The South African government is based on the philosophy that black men and white men are not equal, that the white men are better. A war was fought over the concept of a super race, yet South Africa bases its government and its laws on racism. The government issues guidelines but does not forbid Canadian Crown corporations making loans to corporations which do business in South Africa.

Also EDC indicated that it does not do business with Rhodesia because Great Britain has said that the Rhodesian government is illegal. In fact, that country was put out of the Commonwealth, as was South Africa. During the time when the right hon. member for Prince Albert (Mr. Diefenbaker) was the prime minister of this country, South Africa was put out of the Commonwealth because of its racist policies, philosophy and behaviour. The government should display some backbone and indicate that Canada does not aspire to the philosophy that one race is better than another. This government should take that position. It took a similar position in respect of Taiwan for political reasons. Why would the government not take that position regarding South Africa on the basis of common decency and humanity?

Also the hon. member for Greenwood mentioned the strengthening of the Chilean and Argentinian régimes. It was a government guarantee which put $126 million into the pockets of the Argentian government for the purchase of a Candu reactor. We are well aware of the spin-off effects of that. Not only are régimes strengthened, but secrecy surrounds the operations of EDC. It would be eminently wise if this corporation was brought before a standing committee of the House on a regular basis in order to question it on the basis of its regulations respecting loans.

In closing, I do not have any disagreement with the basic premise of EDC. I see a need for that corporation in respect of the exporting of finished Canadian products. In the area of resource development, until we are on the path of placing ourselves in a competitive position at home, then it is stupid and insensitive to help multinational corporations develop and integrate more modern facilities in other parts of the world. Oftentimes this occurs in very developed countries such as the United States. That is being very insensitive to the needs of Canadians.

Basically that is my quarrel. EDC should adopt a hands off policy respecting the resource sector. If there is money for investment, we should develop our resource sector first. We should modernize it, integrate it and make it competitive at home. After that has been accomplished, then Inco can develop a plant in Indonesia, Guatemala or wherever. That would result in Canadian workers having a better chance of maintaining their long-term employment.

One should consider that problem as well as the question of morality, but the crux of the problem is in the area of long-term effect on Canadian jobs. Instead of receiving lay-off notices, the people at the grass roots level will respond. When they see pictures of the president of EDC and the boys from Falconbridge in the newspapers breaking open champagne, enjoying lobster and having a whale of a good time—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am glad the hon. member for Nickel Belt (Mr. Rodriguez) left me a

few minutes between now and six o'clock to make a few comments. At the outset I should like to indicate that I have listened to much of this debate. I am pleased that it has gone on for some period of time, and that it has been given some airing. It provides the Canadian public with an opportunity to be concerned about many of the things EDC has been doing.

EDC has done three things. It has assisted companies to develop certain techniques in this country for export, which is all to the good. This has helped these Canadian companies establish international reputations. They are able to sell products in countries which are having difficulties. Hopefully those countries will repay us. If they cannot give us the money back, at least they can provide us with markets. That segment of EDC is very valuable, and we support it.

The other two segments cannot be explained easily to the general public. The hon. member for Nickel Belt dealt with one in his closing remarks. What has happened to the resource industry of this country when we allow companies to take their money, money which they make in this country from natural resources, into another country? We not only allow them to do that which is prohibited in most other countries, but the Canadian government assists them, although there is very little chance of any gain and a good chance of eliminating our own markets.

• (1732)

Members have mentioned the pulp and paper industry and the mining resource industry. In both areas there is no justification for allowing loans to be made to industry that will be in direct competition with the industries of this country. There are other areas we can develop in other countries that are not competitive with Canadian industries. We should develop our own industry. The minister comes from an area where we have been developing our own industry for a long time, and that is the industry of cereal production.

We have given loans to people to buy our products through EDC and to develop in their own countries an agricultural potential as well because we know that we are able to out-compete those countries. We should not, however, allow an unfair advantage to develop in industries such as gold, silver, nickel, magnesium and many other commodities which come from deep sea mining because it will be at the expense of our own industry if that foreign industry can develop and compete in world markets.

I think that it would be wise for the House to give some consideration to the CIA operation we have been supporting in Canada under the guise of other agencies. EDC is really one of the branches of our Canadian CIA. We provide aid to some countries that are not economically viable and from which we have no chance of getting our money back. We are simply making that loan in a political sense to governments that we would not, under any circumstances, as Canadian citizens support if we understood the policies of those governments.

When we give aid to countries in Africa we should know what kind of country we are giving that aid to and who will be receiving the benefits. There was a book recently previewed on television by a CIA agent from the United States who did an exposé on his experiences heading up the CIA in Angola, where that organization was running an army and in effect trying to maintain the status quo by covert acts. The Canadian public does not want this to happen with the EDC.

I think, therefore, that we should support this amendment which in effect would send this bill back to committee to consider some of the countries and companies to which we are providing aid today, as well as some of the aspirations and wishes to the Canadian public who are really never considered in many of these giveaway programs.

I, like the hon. member for Nickel Belt (Mr. Rodriguez), sometimes get annoyed when I see a number of people indicating that if we are going to continue talking we will interrupt their supper hour and that it behooves me to sit down so that they may have a lot of time for their supper.

Mr. Clarke: That's dinner.

Mr. Peters: Dinner, supper; to me supper, to you dinner. I come from an old Canadian family where we had breakfast, lunch and then supper. If some other people come from the English aristocracy, that is perfectly all right and they can call it what they wish. I do not want to get sidetracked, but I know that you will bring me back to the subject if I get the least bit off it, Mr. Speaker, we did not really stop for tea in those days.

I would like members of this House to consider the wishes of the Canadian public who do not want to see our natural resource industries put out of business and all our communities placed in jeopardy because we provide loans to people which give them a competitive advantage over our own industries. Nor do Canadians want to provide the tyrants of South America, Africa and any other country operated by such governments with the kind of support they could receive under the EDC. I ask that hon. members reconsider this bill and support the amendment.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the amendment. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the amendment (Mr. Brewin), which was negatived on the following division:

● (1742)

(Division No. 61)

YEAS

Messrs.

Alexander	Douglas (Nanaimo-Cowichan-The Islands)	Lawrence
Alkenbrack	Elzinga	Malone
Baker (Grenville-Carleton)	Epp	McGrath
Balfour	Firth	McKenzie
Beatty	Friesen	McKinnon
Benjamin	Grafftey	Munro (Esquimalt-Saanich)
Blackburn	Halliday	Oberle
Brewin	Hnatyshyn	Patterson
Brisco	Huntington	Peters
Cadieu	Jarvis	Pigott (Mrs.)
Clarke (Vancouver Quadra)	Johnston	Ritchie
Coates	Knowles (Winnipeg North Centre)	Rodriguez
Cossitt	Knowles (Norfolk-Haldimand)	Schellenberger
Crouse	Lambert (Edmonton West)	Stewart (Marquette)
Darling		Towers
Dick		Wise
		Yewchuk—47.

NAYS

Messrs.

Allard	Campbell (Miss) (South Western Nova)	Cullen
Andras (Port Arthur)	Campbell (LaSalle-Émard-Côte Saint-Paul)	Daudlin
Baker (Gander-Twillingate)	Caouette (Villeneuve)	Dawson
Beaudoin	Caron	De Bané
Béchard	Chrétien	Demers
Bégin (Miss)	Clermont	Dionne (Northumberland-Miramichi)
Blouin	Comtois	Douglas (Bruce-Grey)
Boulanger	Condon	Dupras
Breau	Corbin	Duquet
Caccia	Corriveau	Flynn
Cafik		Foster
Campagnolo (Mrs.)		

Messrs.

Francis	Leblanc (Laurier)	Penner
Gauthier (Roberval)	LeBlanc (Westmorland-Kent)	Philbrook
Gauthier (Ottawa-Vanier)	Lefebvre	Pinard
Gillespie	Lessard	Portelance
Gray	Loiselle (Chambly)	Prud'homme
Guay	Loiselle (Saint-Henri)	Railton
Harquail	Lumley	Roberts
Herbert	MacDonald (Cardigan)	Robinson
Holt (Mrs.)	MacFarlane	Rompkey
Horner	MacGuigan	Roy (Timmins)
Jamieson	Maine	Sauvé (Mrs.)
Joyal	Marchand	Savard
Kaplan	Martin	Smith (Saint-Jean)
Lajoie	McRae	Stewart (Cochrane)
Lalonde	Milne	Tessier
Lambert (Bellechasse)	Munro (Hamilton East)	Turner
Lamontagne	Nicholson (Miss)	Watson
Lang	Ouellet	Whelan
Langlois		Wood
Laniel		Yanakis
Lapointe		Young—93.

● (1812)

Mr. Speaker: I therefore declare the motion lost.

The question is on the motion of Mr. Horner that Bill C-36 be now read the third time and do pass. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: On division!

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

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MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill C-61, an act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1979.

It being after six o'clock, this House stands adjourned until two o'clock tomorrow afternoon.

At 6.14 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, June 29, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

STATISTICS CANADA

DIRECTIVE THAT EMPLOYEES SIGN BLANKET AGREEMENT AS TO BEHAVIOUR—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the fact that over 6,000 employees of Statistics Canada below the directors level yesterday received forms and were asked to sign them before July 14, in view of the fact that at least some employees of Statistics Canada are refusing to sign a blanket agreement with the rules imposed upon them by the booklet, especially the rules which forbid them to criticize in any way the federal government, and in view of the outrage that such a sensitive and regressive policy by Statistics Canada is causing, I move, seconded by the hon. member for Central Nova (Mr. MacKay):

That the Minister of Industry, Trade and Commerce withdraw immediately the booklet from circulation as well as the form which forces the employees of Statistics Canada to sign it.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

PARTICIPATION BY PUBLIC IN FORMING NATIONAL POLICY—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the conclusion reached by a study of the Organization of Economic Co-operation and Development that the Canadian public has been barred from having any real influence on national energy policies, particularly in nuclear matters, and that the federal government has resisted initiating any nationwide nuclear information program, in view of the fact that the report indicts Canada's parliament for being exceptionally inactive in the nuclear debate and the government in energy and other fields for allowing bureaucrats to take over power from the cabinet, and particularly in light of the admission of Dr. A. T. Prince, president of the Atomic Energy Control Board that there is a cult of manipulation of government officialdom, that they are undemocratic and want their own oligarchy, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House direct the Standing Committee on National Resources and Public Works to immediately convene and to hold sittings during the parliamentary recess with a view to preparing a report to parliament on recommendations to increase participation by and consultation with the Canadian public on national energy policies and to otherwise alleviate the aforementioned deficiencies.

Mr. Speaker: Is there unanimous consent to the introduction of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLIC SERVICE

ACTION TO AVOID POSSIBLE STRIKE OF NURSES—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I rise under the provisions of Standing Order 43 to present a motion on a matter of urgent and pressing necessity. In view of the fact that 1,900 federal nurses, many of whom provide exclusive medical care to people in remote communities across the country and to the government departments of National Health and Welfare, Veterans Affairs, National Defence and the Canadian Penitentiary Service, are members of the Professional Institute of the Public Service and have been without a contract since December 28, 1976, and in view of the fact that action must be taken immediately in order to avert a national strike by the nursing group, who will be in a legal position to strike on July 4, 1978, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That Treasury Board accept the majority report of the conciliation board, chaired by Mr. T. C. O'Connor, and take appropriate action to reach an immediate agreement with the nursing group.

Mr. Speaker: Presentation of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

HUMAN RIGHTS

NOMINATION FOR NOBEL PEACE PRIZE OF HELSINKI MONITORING GROUPS IN U.S.S.R.—MOTION UNDER S.O. 43

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Recognizing that members of five Helsinki monitoring groups in the Soviet Union have placed their own freedom at risk, have been harassed, imprisoned and exiled in seeking compliance by the Soviet Union with the human rights obligations which it freely undertook under the Helsinki Final Act of 1975, to which Canada is a signatory, and in the conviction that the observance of human rights under international agreements and the freer movement of people and ideas contribute directly to international security and peace, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Roche), the hon. member for Greenwood (Mr. Brewin) and the hon. member for Richmond (Mr. Beaudoin):

That this House join with parliamentarians in the United Kingdom, Norway and Belgium in nominating the Helsinki monitoring groups in the U.S.S.R. for the 1978 Nobel Peace Prize.

Mr. Speaker: In accordance with Standing Order 43, such a motion can be introduced for consideration only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

* * *

FREEDOM OF INFORMATION

ACCESS TO GOVERNMENT FILES—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise under the provisions of Standing Order 43 to seek unanimous consent to move a motion, the urgent and pressing circumstances of which appear in the motion. If leave is given, I would move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That in light of the experience of Bernard Maguire who sought, under part 4 of the human rights bill, to examine his personal files but was threatened with prosecution under the Official Secrets Act if he used facts from government files to clear his name from allegations which led to his dismissal from employment with CN Telecommunications, a fact which makes a farce of the proposals to imbed a bill of rights within the constitution, this House orders the Minister of Supply and Services to alter the security practices of his department and change the regulations to permit Maguire to make use of the facts which are available in government files in order to clear his name.

Mr. Speaker: Introduction of such a motion for debate requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1412)

ANTI-DUMPING TRIBUNAL

INVESTIGATION INTO LAY-OFFS CAUSED BY DUMPING—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, namely, the announced lay-off yesterday in Oshawa of between 150 and 175 employees of Fittings, Limited. These employees are being laid off as the result of a shutdown in the production of certain plumbing fittings which are being imported in unprecedented numbers from abroad. I therefore move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instructs the Minister of Finance to take steps which will cause the Anti-dumping Tribunal to investigate the possibility of dumping in this sector of the Canadian market and, secondly, instructs the Minister of Industry, Trade and Commerce to move immediately to see what might be done to halt this lay-off.

Mr. Speaker: Presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ROYAL CANADIAN MOUNTED POLICE

OBJECTION TO "ROYAL" NEWFOUNDLAND CONSTABULARY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the government of Newfoundland, on August 19, 1977, requested the Government of Canada to support a request to Her Majesty the Queen for approval of the use of the prefix "Royal" by the Newfoundland Constabulary, established at St. John's in 1871 and patterned upon the Royal Irish Constabulary, and in view of the fact that the Government of Canada has failed to act with dispatch or to support the request and now advises that such a request cannot succeed since the Newfoundland Constabulary is, firstly, not a national association and, secondly, that there is an objection from the Royal Canadian Mounted Police to the use of the prefix "Royal" by another police force, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the government acquire some backbone and reject objections from the RCMP to the use of the prefix "Royal" by the Newfoundland Constabulary, that the government transmit the request of the government of Newfoundland to Her Majesty the Queen with the endorsement of the government immediately so that the matter can be decided in time for the visit of Her Majesty the Queen to Newfoundland commencing July 26, and that the government cease its contemptible treatment of our historic connection with the royal family and Her Majesty the Queen as head of state, revealed both in their lack of action and pusillanimous conduct with respect to the request of the government of Newfoundland and in constitutional proposals recently presented to the House of

Commons which propose further reducing the association of the royal family with Canada.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

URBAN AFFAIRS

NCC ADHERENCE TO EXISTING LEASES—MOTION UNDER S.O. 43

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43, involving the National Capital Commission. In view of the many buildings demolished and families displaced as a result of the massive development in Hull involving projects such as Place du Portage, les Terrasses de la Chaudière and auxiliary structures, I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the Minister of State for Urban Affairs instruct the National Capital Commission to be extremely careful in adhering to existing leases and in no way inconvenience nor adversely affect any parties in the area for the sake of advancing the interests of commercial developers.

Mr. Speaker: The presentation of such a motion for discussion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONFLICT OF INTEREST

EXAMINATION BY HOUSE COMMITTEE—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I rise on a matter of grave importance under Standing Order 43. In view of the current and topical concern regarding conflict of interest guidelines and the government's apparent deathbed conversion occasioned by pressure of the opposition and public opinion to introduce further proposals regarding this very important matter, I move, seconded by the hon. member for Halton-Wentworth (Mr. Kempling):

That the circumstances surrounding the part played by Donald Macdonald, former minister of finance and minister of defence and a recent addition to the board of directors of Douglas Aircraft in obtaining favourable consideration for that corporation with respect to Industry, Trade and Commerce file No. 53/513C-120-1, involving more than $16 million, be examined by an appropriate committee of the House of Commons, particularly since the context of the file indicates that he participated in preliminary negotiations while he was a member of this House.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DELEGATION FROM FEDERAL REPUBLIC OF GERMANY

Mr. Speaker: Before commencing the oral question period, I know all hon. members will want to join with me in calling attention to the presence in our gallery of a delegation from the Committee for Research and Technology of the Bundestag, Federal Republic of Germany, headed by Dr. Albert Probst.

Some hon. Members: Hear, hear!

• (1417)

ORAL QUESTION PERIOD

[*English*]

TRADE

PROPOSALS AT GATT TO MAINTAIN COMPETITIVE POSITION OF CANADIAN INDUSTRY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Deputy Prime Minister. We understand the government's policy is for freer trade in the GATT negotiations. We have been asking for some time what provision would be made to assist industries which may lose their viability as a result of the lowering of tariff barriers. I am sure the Deputy Prime Minister is familiar with the report of the Economic Council of Canada, "For a Common Future", just released in which it is pointed out that leather goods, textiles, knitting mills, clothing, electrical and sports goods industries in Quebec and Ontario may be very badly affected by competition from the developing countries as a result of the lowering of tariff barriers in the course of the GATT negotiations, losing perhaps 250,000 jobs.

Has the hon. gentleman, together with his colleagues, considered the recommendation of the Economic Council of Canada that the federal government should agree with the provinces concerned to establish an industrial adjustment and redeployment fund and create a comprehensive joint redevelopment strategy, supported by funds amounting to a total of some $4 billion over a period of 15 years to help workers forced out of those industries to redeploy their resources?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The Government of Canada, like other governments at Geneva, is looking toward a liberalization of trade, but it is not the intention of Canada to open its markets to other countries in the name of free trade unless

there are reciprocal advantages for Canadian exporters in other markets which are made available to us.

In connection with adjustment assistance, while I have not had an opportunity to examine the recommendations of the Economic Council, it is the intention of the government to provide such assistance programs where necessary in co-operation with the provinces. I can assure the hon. member that this is the policy of the government and I believe some consideration has already been given to the prospect of establishing an adjustment fund. Of course, we understand that whatever agreements are reached, they will not become effective immediately but that a period as long as eight years will be involved in certain cases.

Some hon. Members: Hear, hear!

Mr. Crosbie: Unaccustomed as I am to public approval, Mr. Speaker, I have a supplementary question for the Deputy Prime Minister. The hon. gentleman is aware that textiles, knitting mills and the leather industry are among the industries most threatened, even before any tariff reductions have been made. Could the minister be more specific in telling us what plans the government has in mind, particularly since, as the report points out, eastern Ontario and the province of Quebec are most threatened by any reduction in tariff barriers or even the continuance of the present quota system and it is the government's policy to support the developing countries?

Mr. MacEachen: Mr. Speaker, I understood the applause was because of my answer. However, I give full credit to the hon. member's interpretation of that applause.

An hon. Member: You are both wrong.

Mr. Crosbie: It may be my gadget is not working: I did not hear an answer. The Deputy Prime Minister will be bent more broadly than Mr. Broadbent when the election comes.

Some hon. Members: Oh, oh!

Mr. Crosbie: A report will appear in the *Financial Post* tomorrow that Canada's negotiator, Jake Warren, told the Japanese and European Community negotiators last week in Washington that they should improve their bids or risk a Canadian walkout. He said he was fed-up with their scornful tactics and meagre tariff offers, and that we need wider access for some of our major export products to their markets, including fish, non-ferrous minerals, and so on. Is it correct that Canada has informed the European Community and Japan that they must improve their bids or risk a Canadian walkout?

● (1422)

Mr. MacEachen: Mr. Speaker, we have not at any time stated that we would walk out of the negotiations and I am quite certain that Mr. Warren has made no such threat. We have said, of course, that we are disappointed with certain offers, particularly the Japanese offer, and as well with certain aspects of the offer made to Canada by the European Community, especially with respect to fisheries and agricultural products. Obviously, if these offers are not improved, it will not be possible for Canada to offer as much in the way of reciprocal benefits to other countries. Presumably, what Canada will have to decide at a certain point, if these offers from other countries are not improved, is whether we can leave on the table the offers we have already made.

With respect to the previous question dealing with textiles, it is clear from the discussions up to the present time that there will not be very deep cuts in the field of textiles because quite a number of countries, including Canada, understand the weakness of the textile sector at the present time.

REQUEST FOR TABLING OF TASK FORCE REPORT ON TEXTILES AND CLOTHING

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, according to the report of the consultative task force on textiles and clothing to the Minister of Industry, Trade and Commerce, which report I have in my hand, the 14 countries not covered by the seven bilateral restraint agreements with the Minister of Industry, Trade and Commerce still constitute, and I quote, "a moving threat to Canadian jobs".

Will the minister who is responsible for our GATT negotiations table this report, as well as the other 21 sector reports, before the House rises so that members may examine and discuss them; and does the minister, as recommended by these reports, plan to seek bilateral agreements with the 14 nations as recommended by the task force report and by the Textiles and Clothing Board?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not aware of the reports to which the hon. member refers: I did not hear clearly his description of them. But I should say, with respect to the negotiations which are taking place at Geneva, that it is not the intention to conclude bilateral agreements. Presumably, there will be a general agreement to which all signatories will adhere.

Mr. Grafftey: It is not good enough for the Deputy Prime Minister to—

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

Mr. Grafftey: My supplementary question involves 150,000 jobs in the province of Quebec alone. Since this report clearly warns the government that thousands of jobs are going to be lost, and since the government has announced no industrial strategy whatsoever—the Deputy Prime Minister says he has not read this report which warns the government—will ministers of the Crown be visiting the province of Quebec this summer to explain government policy to workers who will lose their jobs in towns throughout the province and to explain what alternative employment the government has for them?

Mr. MacEachen: Mr. Speaker, I presume the hon. member is relating his question to the current negotiations which are taking place at Geneva. I think it is a mistake, unnecessary, unwise and, in a certain sense, tragic for hon. members to suggest that hundreds of thousands of Canadian jobs will be lost as a result of these negotiations. It has been made clear already that the government—as are other governments—is sensitive to the problem of the textile industry in Canada as well as the footwear industry. Deep cuts in these particular commodities are not likely to take place, and any industry in Canada which might be affected because of tariff changes will have a very long period in which to adjust and will likely receive adjustment assistance from the Government of Canada as well as from provincial governments where necessary.

Some hon. Members: Hear, hear!

* * *

• (1427)

PUBLIC SERVICE

ACTION TO AVOID POSSIBLE STRIKE OF NURSES

Mr. Wally Firth (Northwest Territories): Mr. Speaker, my question is for the President of the Treasury Board. Is he aware of the negotiating problems between the government and the 1,900 federal nurses who are members of the Professional Institute of the Public Service, and is he also aware of the fact that the nursing group will be in a legal position to strike on July 4, 1978, following a long and futile series of negotiations which have left the nurses without a contract since December 28, 1976? If so, can he say what action he is prepared to take in order to achieve a settlement with these nurses?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am very much aware of that situation. There have been recent discussions. I do not think contract negotiations can be effectively conducted in the House of Commons, but I am prepared to inform the House that discussions are taking place.

I would also like to make it quite clear that in terms of monetary settlements, quite some time ago the government put on the table the maximum permissible increase for the nurses' group under the anti-inflation guidelines. Of course, there is that inhibition about further concessions in monetary terms. The other issues are most complex, involving a very detailed submission of recommendations and demands from the nurses' group which is very similar to those of another group involving the home economics people who have reached a settlement, in spite of the complexities being similar in both cases.

Mr. Firth: I have a question for the same minister and I would like to ask him if he is aware of the severe consequences that strike action would have in the communities, especially in the Northwest Territories, where these people have a very heavy responsibility and have to do work which is equivalent to work done by surgeons and other doctors. Is he prepared to accept the majority report of the conciliation board and give parity in pay rates with their counterparts in the provinces?

Mr. Andras: Of course, I am aware of the consequences of a work stoppage on the part of the nurses, and indeed I think the responsibility for a settlement rests on both sides, and we will meet ours.

[*Translation*]

Mr. Gérard Laprise (Abitibi): On the same topic, Mr. Speaker, I should like to ask the President of the Treasury Board whether he is aware of the fact that in northern Quebec as well as in the northern parts of the other provinces and in the Northwest Territories there are several communities where there are no physicians and where the nursing staff who must do work which is equivalent to work done by physicians are being paid a $100 bonus every month. On the other hand, this nursing staff is required to do between 60 and 80 hours of overtime each month, which is entirely ridiculous for the sort of work it is doing. Therefore, I should like to ask the President of the Treasury Board whether, during the current round of bargaining which must be completed by July 4, and before any strike occurs, he would be prepared to recommend that the work the nursing staff is doing in these communities be recognized and paid for accordingly.

[*English*]

Mr. Andras: Mr. Speaker, of course, we want to pay the nurses as we do all other employees in consequence of the duties and responsibilities they have and in comparison with the salaries, wages, benefits and compensations existing in other jurisdictions. We believe we are doing that. I repeat that the monetary offer on the table is the maximum permissible under the anti-inflation guidelines to which both they and we are subject.

[*Translation*]

Mr. Laprise: I should like to put a supplementary question, Mr. Speaker.

Since the suggestion which I have just made to the President of the Treasury Board is now applicable to the RCMP, I would like to know why it could not be applied to other health professionals working in remote areas in Canada?

[*English*]

Mr. Andras: Mr. Speaker, I will note the hon. member's comments as a representation and give them full consideration, although I think I have indicated some of the parameters within which we must operate in terms of the anti-inflation guidelines.

● (1432)

LABOUR RELATIONS

REPORTED FORTHCOMING DEMANDS FOR LARGE WAGE INCREASES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Labour. It stems from statements made by the Minister of Finance during his speech to the Conference Board. I think the Minister of Finance is attempting to embarrass the Minister of Labour. The report in last night's *Journal* and the night before reads as follows:

He told the Conference Board in Canada that there are "disturbing signs" that labour groups in the public and private sectors plan to demand big wage rises after pay and price controls end this year.

Does the Minister of Labour share that view of the Minister of Finance? I see he is trying to get his instructions right now.

Some hon. Members: Oh, oh!

Mr. Alexander: Given the fact that the Minister of Finance is trying to destroy the Minister of Labour, may I hear from the Minister of Labour in this regard?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, my colleague, the hon. Minister of Finance, and myself are just having a chat about that.

Some hon. Members: Hear, hear!

Mr. Alexander: We have all the time in the world. Does the Minister of Labour agree with the comments of his friend, who indicated that there are some very disturbing signs that labour groups in the public and private sectors plan to demand big wage raises after pay and price controls end this year? I thought the Minister of Labour was on the job. If he has finished his consultation, would he kindly answer my question?

Mr. Munro (Hamilton East): I think the Minister of Finance was looking at a few contracts which might be a little too high which he perceived were coming down.

Mr. Alexander: Mr. Speaker, my supplementary is directed to the Minister of Finance, who is attempting to shaft the Minister of Labour.

Some hon. Members: Hear, hear!

Mr. Alexander: Would he kindly tell me what disturbing signs have him so exercised? Would he give the House an indication of what he is talking about?

Mr. Munro (Hamilton East): Are you talking to me?

Mr. Alexander: I am talking to the Minister of Finance. Would you guys get your act together?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should realize that there is very close consultation all the time between the Minister of Labour and the Minister of Finance. The answer given by the Minister of Labour was exactly the right one. Some contracts which have been negotiated at this time look a bit loaded in the second year. It could create some problems if there are people seeking increases which are too big.

We have decided to get out of controls. The Minister of Labour and I have had discussions with the labour unions. They are planning to be reasonable, generally speaking, but there are a few cases which are worrisome. In raising the problem, I just want to warn every Canadian that everyone should be reasonable so that we can help the Canadian economy by keeping inflation as low as possible.

Mr. Alexander: The Minister of Labour does not agree.

* * *

STATISTICS CANADA

DIRECTIVE THAT EMPLOYEES SIGN BLANKET AGREEMENT AS TO BEHAVIOUR

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I should like to direct my question to the President of the Treasury Board. Yesterday, Statistics Canada issued a booklet to its 6,000 employees, entitled "Policies and Procedures on Conflict of Interest and Standard of Conduct". Contained in the booklet is a form which must be signed. That form makes the employees of Statistics Canada give the following undertaking:

Acts in such a way that tends to undermine confidence in the bureau or any of its employees, or that impairs relations with other federal departments of governments in Canada or that criticizes the government.

Clearly, this is in violation of the Canadian Bill of Rights. Is the President of the Treasury Board aware that such a guideline has been sent out and has been made a condition of employment by Statistics Canada? In view of the fact that clearly it violates the Canadian Bill of Rights, will he order that it be withdrawn immediately?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I have not looked at it in detail. I will do so. If the hon. member's contention is correct, something should be done about it.

Mr. McGrath: Will the President of the Treasury Board assure the House that this circular will be stopped forthwith and will not be circulated to any other public servants in Canada? The regulations issued by the Department of National Revenue enjoined charitable organizations of this country not to become involved in political activities in order to enjoy their tax exempt status, which clearly is a violation of their human rights. Will he stop this form being circulated any further in the public service?

Mr. Andras: Mr. Speaker, I do not think I will add to my previous answer. I will take a look at it.

[*Translation*]

URBAN AFFAIRS

INQUIRY WHETHER GOVERNMENT INTENDS TO CREATE DISTINCT ECONOMIC DISTRICT FOR NATIONAL CAPITAL REGION

Mr. Gaston Isabelle (Hull): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs responsible for the National Capital Commission. Considering the violent storm which can be expected as a result of jurisdictional difficulties between Quebec and Ontario and which will directly inflict on workers in the national capital region some significant economic restraints, deep frustrations and serious injustices, could the minister tell the House whether he intends to take adequate measures with his cabinet colleagues, such as for example the creation of a special economic district to prevent that region from being split in two by a wall of shame as in Berlin?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, it is obvious that some statements and actions of the Quebec government could set up borders which should not exist in a country such as ours and there is no doubt that we must closely control its machinations and remind the government that it has been elected to provide good government for Quebeckers and not to promote Quebec independence.

* * *

[*English*]

AIR TRANSPORT

INVESTIGATION OF RECENT AIRCRAFT ACCIDENTS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is directed to the Minister of Transport. Now that the minister's department has launched a full-scale inquiry into the DC-9 crash on runway 23 at Malton airport on Monday, would he investigate a similar incident which took place in Winnipeg on Monday, June 19, when an Air Canada DC-9, flight 178, experienced mechanical failure and dropped ten feet to the runway but fortunately there was enough runway to allow the aircraft to come to a safe stop?

Also, would he comment on the statement of his officials that the ravine at Malton airport is an obvious hazard and provides less than ideal conditions for take-off and landing? Is the minister aware of this statement by one of his officials? Will the runway be closed until the inquiry is completed?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am sure my officials already have in hand the incident to which the hon. member referred. Certainly, I will look at the matter specifically. As to the comment with regard to the ravine, I should assure the hon. member that my officials have been very aware of the ravine for many years and find the runway to be safe and usable. It will continue in use.

URBAN AFFAIRS

NCC ADHERENCE TO EXISTING LEASES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the good-natured minister of urban affairs. The minister has received a copy of the Campeau letter of February 20, 1978, to Mr. Juneau which reads in part:

I can understand your problems, especially the matter of the lease for the diplomat, but I believe you could go into litigation.

It went on to indicate that Mr. Campeau did not want to be implicated in that situation. In view of this, can the minister indicate if all leases and commitments of the National Capital Commission have been honoured? Has any pressure, such as interruption of power services or issuing of eviction notices, occurred, particularly in view of the hiring of an outside solicitor over the heads of Department of Justice officials?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I repeat what I said previously: the National Capital Commission has the right to seek the services of consultants when it deems it advisable. No lawyers were hired over the head of the Minister of Justice, as the hon. member claims. On the other hand, there is no direct relation between the development of a park near the Brewery Creek and the development of Mr. Campeau's hotel as the hon. member also claims. It seems obvious to me that the hon. member, as always, is trying to discover scandals where none exist and allows himself, as he has done in the past, to continue to sling mud in the face of French Canadians.

[*English*]

Some hon. Members: Oh, oh!

Mr. MacKay: In view of that remark, some people might consider calling the minister a political thug. I would not go that far—reserving that right, however. Will he tell the House whether he has seen the confidential report given to Mr. Gallant suggesting that instead of the $54 million buy-back provision which was proposed and ultimately given to Campeau, the government should have insisted on a buy-back provision valued at $1?

* * *

[*Translation*]

LABOUR RELATIONS

REQUESTED RECOGNITION OF EXISTING UNION AT MONTREAL STATION CJMS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Labour. The Canada Labour Relations Board has just ordered a vote between scabs and strikers to decide which union will represent the employees of radio station CJMS in Montreal. In view of this dangerous precedent, which I consider unfair, does the Minister of

Labour intend to intervene with the board and try to obtain recognition of the union that already existed?

● (1442)

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, I think the hon. member is aware that there is no provision for a minister to intervene in the deliberations of an administrative tribunal. It is for that very reason we have the Canada Labour Relations Board adjudicating this matter without political interference of any kind. The board has made this particular ruling, but that does not mean the union which is now in existence representing the employees will necessarily be prejudiced before the evidence is completed.

[*Translation*]

Mr. La Salle: Mr. Speaker, as the minister refuses to intervene, perhaps rightly so, will he tell the House whether he is willing to give his support and every possible assistance to the union which is complaining about that injustice, and even perhaps to lead it to a higher court? What does the minister intend to do in the face of such glaring unfairness?

[*English*]

Mr. Munro (Hamilton East): Mr. Speaker, I may have misunderstood the hon. member. As I say, there is no question of my refusing to do so. It is more a question of my not being able to do so under the legislation governing procedures of the Canada Labour Relations Board.

As far as the other question is concerned, it is my belief that the Canada Labour Relations Board is also seized with the issue of whether to implement a first contract in this particular dispute. These are the two issues before the Canada Labour Relations Board at the present time. I think it would not make any sense at all for me to say anything further until we find out the ultimate decisions of the board.

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FISHERIES

SALE OF MERCURY-CONTAMINATED SWORDFISH

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is for the Minister of Fisheries and refers to the sale of swordfish in Canada. It is my understanding that the Department of National Health and Welfare would allow the sale of swordfish if the people of Canada were told how often they could eat it. Will the minister allow fishermen to sell swordfish in Canada, in these circumstances?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, there are discussions going on to determine if there is a possibility of this type of measure being taken. In fact, the real problems relate to the export of fish to the United States because the level of tolerance of mercury would be higher than the tolerance presently accepted.

[Mr. La Salle.]

We are discussing this matter with the food and drug administration of the U.S. and hope to be able to design a way of indicating to the consumer that the amount of mercury slightly over the desirable level, in fact represents no great danger if consumption does not take place on a daily basis.

QUOTAS ON SWORDFISH CATCH

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my supplementary question is directed to the Minister of Fisheries. Last week a Nova Scotian-registered ship carrying a Nova Scotian crew landed 20,000 pounds or more of swordfish in a Nova Scotian port which were sold to a company in Yarmouth called Scamp for $1.02 a pound. In light of this fact, and in spite of the minister's recent answer, I ask on what date the import ban on swordfish caught in Canadian waters was lifted, is a licence required by Canadian fishermen desirous of participating in this industry and, since swordfish are in American waters one day and in Canadian waters the next, will quotas be established between our two countries on a joint sharing basis covering this species?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, we were informed that a shipment had been exported to the United States. We understand the United States authorities are attempting to locate the shipment and that in fact there is a possibility of forfeiture of a bond of some $40,000.

* * *

PUBLIC SERVICE

EQUAL OPPORTUNITIES FOR WOMEN

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I address a question to the President of the Treasury Board in respect of a report entitled "Equal Opportunities for Women in the Public Service of Canada", given to us a few days ago by his secretariat?

In view of the fact that this report suggests that the fact that only 3 per cent of the positions at senior levels in the public service are held by women seems to be responsible for the decline of female participation in the career assignment programs, what steps does the President of the Treasury Board intend to take to make it advantageous to women to participate in these programs, by making it known to them that there will be more opportunities for them at the upper levels?

An hon. Member: We are going to phone the minister's wife about this.

Hon. Robert K. Andras (President of the Treasury Board): That would be a good idea.

An hon. Member: We might get a better answer.

Some hon. Members: Oh, oh!

An hon. Member: And more accurate.

Mr. Andras: Mr. Speaker, I think it is time we adjourned. I agree wih the hon. member's comments. We are reviewing with each departmental officer responsible in every department plans for more affirmative and aggressive action in future years. These plans will be available, I presume, at the beginning of the fall session and I will be able to give hon. members more detail about what is anticipated. Progress has been slow, but steady, and we wish to accelerate it.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am glad the President of the Treasury Board agrees not only with me but also with the recommendations in the report prepared in his department. May I also ask what he intends to do about the indication in the report that in departments where there was no co-ordinator for a period of months, the effect of the equal opportunities program was, almost without exception, devastating? What steps is the minister going to take to see that there is activity in the department which will make it clear to female public servants that there is hope for them to advance to positions at the higher levels?

Mr. Andras: Mr. Speaker, having a co-ordinator within departments is a very high priority subject matter of the discussions with the departments regarding their plans for more aggressive and affirmative action in the future.

* * *

THE CANADIAN CONSTITUTION

PROVINCES' PARTICIPATION IN AMENDING LEGISLATION

Hon. James Richardson (Winnipeg South): Thank you, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Richardson: I would first of all like to thank hon. members for the manner in which they have welcomed me to this side of the House. I think this is evidence that our parliamentary institutions allow us to have fundamental disagreements and still resolve them in a civilized way.

My question was for the Prime Minister, but in his absence I will direct it to the Deputy Prime Minister. As the Special Joint Committee on the Constitution cannot reasonably be expected to make recommendations about what should be in the revised constitution without knowing the procedure by which the new constitution would subsequently be amended, will the Deputy Prime Minister assure the House that the government will not recommend to or negotiate with the provinces any amending procedure which gives any single province of Canada a veto over amendments to the constitution of Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I believe it will be possible for the special joint committee to examine the constitutional proposals already made by the government, and I believe it is the intention of the government to raise with the provinces the question of an amending formula later this summer.

Mr. Richardson: Mr. Speaker, I did not expect that the Deputy Prime Minister would be able to respond to the question as to whether there will be a single province veto over amendments to the constitution of Canada. I would ask him whether the government will give consideration to changing the proposed timetable, in view of the importance of the relationship between the amending procedure and all that is in the constitution, in order to bring the important consideration of the amending procedure forward from phase two into phase one so that it will be considered concurrently with other important matters in phase one.

● (1452)

Mr. MacEachen: Mr. Speaker, the hon. member will realize that the matters involved in phase one are those which are within the competence of the Parliament of Canada. They do have a bearing on, and are of interest to, the provinces. Of course, it is the intention of the government to consult with the provinces and a first ministers' conference is planned for the fall.

At the present time, certainly there is not the essential link between phase one and the amending formula that obviously will be very much involved in phase two. As I said, it is the intention of the government, this summer, to circulate to the provinces a review of the whole question of the amending formula. It will be possible to seek the views of the provinces. But phase one is not necessarily linked to completion of phase two.

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CANADA ELECTIONS ACT

CONSIDERATION OF AMENDMENTS

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I have a question for the Deputy Prime Minister in his capacity as government House leader. I understand there have been discussions in various parts of the House with a view to amending the Canada Elections Act. If those discussions continue, is it intended to amend the Canada Elections Act by perhaps expediting the recess of this House and resolving some of the difficulties in which candidates find themselves because of the uncertain state of the election timetable?

Would the government House leader check with the Chief Electoral Officer about the way in which service personnel could be included in the preliminary lists which are the basis upon which spending limits are computed under the new Canada Elections Act?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, as the hon. member knows, we hope to give first reading to a bill standing in my name with respect to the Canada Elections Act which deals with two matters that have been the subject of all-party

discussion. I would hope we could deal with that. But the matter mentioned by the hon. member is a new item. I doubt whether it would be possible to include this in any bill that has any hope of passing before the end of the sitting tomorrow. I would raise the matter with the Chief Electoral Officer, but I doubt if we could conclude discussions with such celerity that we could amend the bill before the end of the sitting tomorrow.

Mr. Nowlan: Mr. Speaker, in view of the fact that any amendment to the Canada Elections Act cannot pass unless there is consent of all members of the House for all stages of the bill—and I think the government House leader did give some type of undertaking—surely he could consult with the Chief Electoral Officer to find out what kind of technical difficulties there may be to amending that part of the present law so that service personnel, who have always been discriminated against because of their peculiar status under the elections law, could be considered in the computation of the financing formulas.

At the present time they are omitted, even though candidates with a large service population will incur unreasonable and undue expense because of the difficulty of contacting service personnel. I think this omission could be remedied with a very simple definition. As long as there is some assurance that there will be an attempt to do that, it might help expedite the bill as far as I am concerned.

Mr. MacEachen: Mr. Speaker, I am in sympathy with the object of the hon. member's question and would attempt to co-operate. I will explore the possibilities, but I doubt whether it would be possible to get the kind of agreement that is necessary and to work out the amendments within the short timeframe facing us if we, as I wish to, adjourn the House tomorrow. We will make an attempt, but the hon. member ought to realize it takes a lot of time to work out the compromises involved in changes to the Canada Elections Act.

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URBAN AFFAIRS

CMHC POSITION ON SOLAR-HEATED PROPERTY MORTGAGES

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. There are reports that CMHC consider mortgages on solar-heated properties as unsafe investments. Will the government clarify CMHC's position on solar energy property mortgages? Why not provide them to home owners who are concerned about the environment, on the same basis as additional rooms which are not revenue-producing?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, this question is under study by CMHC at the present time. Indeed, there is an interesting pilot project which could be contemplated in this regard. As far as making it available as a nationwide program, however, it seems to me a little premature unless we have established quite clearly that it is a feasible means of heating homes at a not too high cost.

[*Translation*]

CORPORATIONS

INQUIRY WHETHER GOVERNMENT INTENDS TO SUE NHL FOR ALLEGED EXCLUSION OF QUEBEC CITY, EDMONTON AND WINNIPEG

Mr. Dennis Dawson (Louis-Hébert): Mr. Speaker, my question is directed to the Minister of Consumer and Corporate Affairs. Could the minister inform the House whether the officials of his department considered the possibility of taking legal action against the National Hockey League under the Combines Investigation Act since the league seems to be excluding Quebec City, Edmonton and Winnipeg?

[*English*]

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Following discussions yesterday with my colleague, the Minister of State (Fitness and Amateur Sport), I called the director of investigation under the Combines Investigation Act about a review of the situation relating to the proposed NHL-WHA merger and possible NHL expansion and asked him to advise whether any activity in this area is subject to the provisions of the Combines Investigation Act. I have not yet received a report from him. As the hon. member knows, the proposed merger which was being discussed yesterday in Detroit has fallen through and meetings have ended for the present.

* * *

FINANCE

SUBSIDY TO FORD MOTORS FOR PLANT IN CANADA

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in the absence of the Prime Minister I would direct a question to the Minister of Finance. Regarding the proposed $75 million subsidy to the Ford Motor Company, the Minister of Industry, Trade and Commerce stated yesterday, according to a press report from Toronto, that if Canada wants a plant "we are going to have to go along with the incentive."

Can the Minister of Finance tell the House whether that statement reflects government policy? If so, would he explain why the government is allowing itself to be manipulated by a company whose operations, according to a government study, are twice as profitable in Canada as they are in the United States—a corporation which has conceded that in the particular proposal it is thinking of, it would be more profitable by $2.1 million per year to operate in Canada than in the United States?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think when the Minister of Industry, Trade and Commerce mentioned that, he was stating government policy that in the case of the establishment of an engine plant by Ford in Ontario, the federal government was willing, with the Ontario government—if the Ontario government wants to join—to

offer an incentive for the company to establish in Ontario at this time.

Mr. Broadbent: Mr. Speaker, that is deeply disturbing news to all Canadians who will be involved in the millions of dollars in giveaways to corporations which are amongst the most profitable in the world. The minister's seatmate, the Minister of Labour, recently made the following statement:

—if Canada is to retain its fair and equitable share of the productive capacity of the automobile industry and protect jobs, we need to get at least $6 billion of the new investment.

Is the minister aware that if we continue the same proportion of government giveaways that he is prepared to give in the Ford case to get this $6 billion, it will cost Canadian taxpayers an additional $1 billion? This, presumably, is to get the kind of investment that the Minister of Labour has said we ought to be getting under the terms of the U.S.-Canada auto pact without any subsidies at all.

[*Translation*]

Mr. Chrétien: Mr. Speaker, we are involved in both files at the present time, the GM file for Quebec and the Ford file for Ontario, and we have to compete with the United States which offer to those industries subsidies and services which are extremely expensive; as we want to keep an acceptable ratio of employment in the automotive industry for Canadian workers, we thought it necessary in both cases to make offers to those companies.

* * *

[*English*]

NATIONAL DEFENCE

PURCHASE OF FIGHTER AIRCRAFT

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Since cabinet has had another week to consider the urgent decision needed for the next phase of the new fighter program, can the minister tell the House if the government has decided on a short list? If not, will the minister assure the House that the cabinet will not endanger the delicate timing of this program by postponing this vital step any longer?

● (1502)

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I can tell the hon. gentleman that the decision has been made not to go to a short list at this time. The various vendors have been making unsolicited proposals. We felt, in fairness to all vendors, that they should have an equal opportunity to do that. They will be given until August 1 for any supplementary proposals they might wish to make. This does not affect the time schedule. In September, as was originally planned, the cabinet will either go to a short list or it will make a final decision. The most likely outcome will be a short list at that time.

Mr. McKinnon: Mr. Speaker, could the minister tell the House if it is true that at present the senior officials responsible for advising the cabinet on the final choice for the new fighter are unable to begin the next phase, that of detailed consideration and negotiations, because they are not permitted to consider any of the attractive offers or the "sweeteners" received after February 1 until the cabinet makes up its mind on this matter?

Mr. Danson: Mr. Speaker, this is precisely the reason for allowing each of the contractors intending to make further proposals to make them before August 1, so that everyone has an equal opportunity. At that time they can be considered and evaluated and we can see what is in the best interests of Canada and Canadian industry enabling us to get the greatest number of aircraft and the maximum industrial benefits.

* * *

PRIVILEGE

MR. MACKAY—COMMENT BY MINISTER OF STATE FOR URBAN AFFAIRS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a brief question of privilege, which I believe is covered by Section 155 at page 130 of the fourth edition of Beauchesne.

If I understand the record correctly, I rise on what I consider to be a despicable attempt to impute motives, made by the Minister of State for Urban Affairs (Mr. Ouellet), that I am somehow adverse to the interests of Canadians of French descent.

Some hon. Members: Hear, hear!

An hon. Member: Shame!

Mr. MacKay: Coming from a minister whose record, to say the least, is undistinguished, I do not think anyone who knows me will take this very seriously.

Some hon. Members: Oh, oh!

Mr. MacKay: But I want to say to you, sir, that I resent it very much. Whether this particular act of political stupidity involving les Terrasses de la Chaudière occurred on the banks of the South Saskatchewan River or of the East River into Glasgow, Nova Scotia, or whether it was entertained by someone of Polish or Lithuanian descent, or any descent, is absolutely immaterial. To take refuge behind such an imputation at a time when the government side is trying to promote national unity, in my opinion is not only counterproductive but as I say it is despicable.

Some hon. Members: Hear, hear!

Mr. MacKay: I would move that if the Minister of State for Urban Affairs has any tangible evidence whatsoever that I have ever been adverse to the interests of Quebeckers or Canadians of French descent, he should bring it forward, or he

should withdraw. I would like to suggest to him and to the House that it will be an improvement, if we are going to start talking about hyphenated Canadians, that we put "Canadian" first instead of French or English.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

[*Translation*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker on many occasions outside the House the Minister of State for Urban Affairs (Mr. Ouellet) has said in Canada, despite the policy announced by our former leader, the hon. member for Halifax (Mr. Stanfield) who is now our deputy leader, that the Progressive Conservative party was anti-Canadian and anti-Quebecker. This afternoon, Mr. Speaker, when the hon. member for Central Nova (Mr. MacKay) asked a very legitimate question, the minister again accused him, but this time in the House, of being anti-Quebecker and anti-Francophone.

Mr. Speaker, the hon. member came to visit me many times in the province of Quebec. He has many friends among Quebeckers and the hon. member for Central Nova, in a similar case which occurred in this House, asked a question about people who are neither French-speaking nor Quebeckers. I find that the statement made in the House this afternoon by the Minister of State for Urban Affairs is a shame. It is not only an insult to the hon. member for Central Nova but also to Quebeckers, Mr. Speaker. An insult! And I insist on this. I have several friends on the government side and they all agree with me. Look at the smile on the minister's face. That's it. He knows. I therefore hope that the minister will not hesitate to withdraw what he said in the House this afternoon, Mr. Speaker.

[*English*]

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on the same question the privilege in full support of the remarks made by the hon. member for Central Nova (Mr. MacKay). Unequivocally the minister in question, not for the first time today but on a number of instances, has raised the point that the motivation is racist when members on this side of the House have made criticisms about policy or administrative matters, concerning individuals in this this country who happen to come from French lineage. I say that attitude on the part of the minister is despicable.

Some hon. Members: Hear, hear!

Mr. Broadbent: For me this is a very serious matter, particularly at this stage in the history of our country. In terms of matters of privilege, to call someone a racist, because that is what is involved, is just every bit as offensive as calling someone a liar in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Broadbent: The opportunity should be taken today to clarify this matter once and for all and to make it clear, particularly for people on the other side of the House, and by no means all of them—I want to make that clear. I restrict my point as it should be on a question of privilege to this minister today. The very least that hon. members on both sides of this House can do, who want a sense of decency about debate, will be to urge the minister to get up and unequivocally withdraw that accusation. It is very offensive for a member who has a serious question—and I do not care if the Canadian involved is of Ukrainian, English, German or French ancestry—but members have questions to raise from time to time and it is totally inappropriate to suggest that the motivation behind that question has anything to do with the racial ancestry of the person.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the acts of the minister and the words of the minister have been described as despicable. They could be described as being beneath contempt, they could be described as being vicious and vulgar, and they could be described in a lot of ways—

An hon. Member: Certainly unparliamentary.

Mr. Baker (Grenville-Carleton): But the description of this might be unparliamentary.

I think it is important that this matter be cleared once and for all, not only for this House but for this country. Ministers of the Crown have to act in a way worthy as ministers of the Crown.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): But more than that they have to act in a way worthy of the best traditions of this parliament. I would ask you, sir, to consider the record today and to review it to see whether, in the context of this parliament, those words should stand. I reserve the right therefore to make a motion with regard to this matter either in my name or in the name of the hon. member for Central Nova (Mr. MacKay), whichever is procedurally correct. However, I do not think this matter should be allowed to rest around in speeches condemning a minister who is beneath contempt. I think that the House and the Speaker have a part to play with regard to this kind of practice. It is very important.

• (1512)

Mr. Speaker: The hon. member for Central Nova (Mr. MacKay) has raised this by way of a question of privilege. It may be that. It may be a point of order, or it may be neither one. I cannot be sure of that without examining, as suggested by the hon. member for Grenville-Carleton (Mr. Baker), the transcript later this day. I will look at that, weigh the arguments, and determine whether in fact privilege is here. Other hon. members will want to examine it to see whether a motion should follow. At the moment the matter has been raised by way of a question of privilege, yet no motion has been attached to it. Therefore there is no action the Chair can take. However,

the matter has been reserved. When the transcript is examined, we can see if anyone wishes to introduce a motion which I may have to act upon one day from now.

* * *

POINTS OF ORDER

MR. OBERLE—NORTHERN PIPELINE COMMITTEE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise on a point of order. I was hoping to raise this point of order, which relates to the business of parliament, during question period. I wonder if I could take this opportunity to bring to the attention of the House that parliament has a very special responsibility in the monitoring of events related to the Alaska pipeline. It is my understanding that the Standing Orders of this House have been amended to allow the northern pipeline committee to sit with a permanent reference.

A number of very important events have occurred in the last couple of weeks. It is therefore important for the House to know the government's disposition as to whether this committee will be activated during the recess of parliament. Is it the intention of the President of Privy Council (Mr. MacEachen) to call the committee into action to refer to it the reports that he has received from the pipeline commissioner?

Since there has not been any evidence of the dialogue that has been carried on between the government and the provinces, I consider it particularly important that this committee be struck and that it meet during the recess of parliament. Can the President of Privy Council give the House an indication of the government's intention in this regard?

Mr. Speaker: It being Thursday I was anticipating that the point of order that would normally follow the question period relating to the order of business would be put. Perhaps we can deal with that at the moment.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): With regard to the question raised by the hon. member, Mr. Speaker, there is a specific Standing Order which establishes a permanent reference for the pipeline committee. The standing order prescribes the reports that will be sent automatically to the committee. I will again examine the standing order to see whether any of these reports have come forward. The moment they do, of course, the committee will be activated. In the meantime it might be useful for the House to name the members of the new committee tomorrow, so that if any report comes forward during the recess the committee will be able to look at it.

ATTENDANCE OF MINISTER OF STATE FOR URBAN AFFAIRS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise on a point of order with reference to Your Honour's ruling with regard to the Minister of State for Urban Affairs (Mr. Ouellet). Tomorrow presumably being the last day when the House will be sitting, I wonder if it would be appropriate to get an assurance from the Minister of State that he will in fact be here when you hand down you ruling.

* * *

PRIVILEGE

MR. PETERS—COMMUNICATION FROM MINISTER OF TRANSPORT

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I rise on a question of privilege. The other day I asked a question of the Minister of Transport (Mr. Lang) concerning automobile safety. I was referring to recalls in the United States. At that time he indicated that because our laws were different from those of the United States there would be some delay in Canada.

The Minister sent me today, in the form of an "Information from the Minister of Transport", an indication that the examination by the Department of Transport did take place in relation to Chrysler cars, in particular the Horizon.

It goes on to state that they found the cars to handle in a normal and satisfactory manner. However, it further states they found that although with this type of steering, and it is a considerable difficulty which results in significant wheel oscillation, wheel behaviour was not uncommon in the past, it is not regarded as desirable and it is not a normal characteristic of contemporary vehicles. In other words, the model T-Fords did this, but ordinary cars do not. It goes on to say:

> Transport Canada nevertheless—

Mr. Speaker: Order, please. Before the hon. member goes any further, he should concentrate on persuading me that he has a point of order.

Mr. Peters: Maybe it is clarification. I do not understand what the minister is saying. He goes on to say:

> —Transport Canada nevertheless will request Chrysler Canada Limited to advise of what steps they are taking to eliminate this steering behaviour in future production of these vehicles.

It starts out by saying it is the normal and satisfactory manner. I wonder if the minister would be kind enough to clarify this because he certainly has not clarified it in this letter.

Mr. Speaker: Order, please. I wonder if the hon. member is really seriously contending that every time a member of the House of Commons has a communication from a minister that he does not fully understand, he would be entitled to raise it by way of a point of order. I am afraid there would be an extension of the practice.

Introduction of Bills

ROUTINE PROCEEDINGS

[*English*]

COMMITTEES OF THE HOUSE

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have the honour to present the sixth report of the Standing Joint Committee on Regulations and Other Statutory Instruments.

If leave is given, I intend to move concurrence in this report later this day. I have had some discussion with the government House leader. He seems to be more amiable about this one than he was about the one yesterday.

PUBLIC ACCOUNTS

Third report of Standing Committee on Public Accounts—Mr. Huntington.

[*Editor's Note: For texts of above reports, see today's Votes and Proceedings.*]

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DOMINION-PROVINCIAL RELATIONS

TABLING OF CORRESPONDENCE ON PUBLICITY AGREEMENT WITH NOVA SCOTIA

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to table, in both official languages, the correspondence with the premier of Nova Scotia concerning a publicity agreement with that province.

* * *

CANADA ELECTIONS ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved for leave to introduce Bill C-63, to amend the Canadian Elections Act (No. 2).

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

* * *

[*Translation*]

BROADCASTING ACT

AMENDMENT TO MAINTAIN LIAISON BETWEEN HOUSE OF COMMONS AND CANADIAN BROADCASTING CORPORATION

Mr. Marcel Roy (Laval) moved for leave to introduce Bill C-467 to amend the Broadcasting Act (annual report).

Some hon. Members: Explain.

[Mr. Speaker.]

Mr. Roy (Laval): Mr. Speaker, in view of the CBC's significant operation deficit and its major role in the promotion of national unity, the purpose of this bill is to establish and maintain a link between the House of Commons and the CBC in providing that upon the tabling of its annual report it would be referred to the Standing Committee on Broadcasting, Films and Assistance to the Acts for thorough examination of the corporation's operations.

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

* * *

[*English*]

URANIUM AND THORIUM MINING REVIEW ACT

MEASURE RESPECTING CERTAIN MINES

Hon. Allan J. MacEachen (for the Minister of Energy, Mines and Resources) moved for leave to introduce Bill C-64, respecting uranium and thorium mines.

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

* * *

• (1522)

GOVERNMENT ORGANIZATION ACT, 1978

MEASURE TO ESTABLISH SEPARATE DEPARTMENT OF FISHERIES AND OCEANS

Hon. Allan J. MacEachen (for the Prime Minister) moved for leave to introduce Bill C-65, respecting the organization of the Government of Canada and matters related or incidental thereto.

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

* * *

STANDING JOINT COMMITTEE ON REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN SIXTH REPORT

Mr. G. W. Baldwin (Peace River): Mr. Speaker, if the House gives its consent I would move, seconded by the hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard):

That the sixth report of the Standing Joint Committee on Regulations and Other Statutory Instruments presented to the House earlier this day be concurred in.

Mr. Speaker: I understand that it is proper in the circumstances that the report be read to the House before consent is sought.

And the Clerk having read the report:

Mr. Speaker: Does the hon. member have the consent of the House to move concurrence in this report?

Some hon. Members: Agreed.

Mr. Baldwin: I so move.

Mr. Speaker: The House has heard the motion moved by the hon. member for Peace River. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

THE CONSTITUTION

MEMBERSHIP OF SPECIAL JOINT COMMITTEE

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to make a motion:

That the following be the members on behalf of this House of the Special Joint Committee on Proposals on the Constitution of Canada: Mr. Beatty, Mr. Breau, Mr. Broadbent, Mr. Bussières, Mr. Caccia, Mr. Collenette, Mr. Dawson, Mr. Gauthier (Ottawa-Vanier), Mr. Gauthier (Roberval), Mr. Goodale, Mr. Guay, Mr. Hnatyshyn, Mr. Lachance, Mr. La Salle, Mr. Lawrence, Mr. Lee, Mr. MacGuigan, Miss MacDonald (Kingston and The Islands), Mr. Stanfield and Mr. Whittaker, and that a message be sent to the Senate to acquaint Their Honours thereof.

Mr. Speaker: The motion comes before the House without notice and can be introduced only by consent. Is there consent?

Some hon. Members: Agreed.

Mr. MacEachen: I so move.

Mr. Speaker: Hon. members have heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

FINANCE, TRADE AND ECONOMIC AFFAIRS

BILL C-57—REFERENCE OF SUBJECT MATTER TO STANDING COMMITTEE

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, there has been an interest in having the subject matter of the Bank Act amending bill sent to the finance committee and I should like to move, with consent:

That the subject matter of Bill C-57, to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be referred to the Standing Committee on Finance, Trade and Economic Affairs and that during its consideration of the aforementioned matter the committee be empowered to engage expert assistance and to adjourn from place to place within Canada.

Mr. Speaker: This motion, too, is presented without notice, and consent for its introduction is therefore required. Does the hon. gentleman have consent?

Some hon. Members: Agreed.

Mr. MacEachen: I so move.

Mr. Speaker: Hon. members have heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

PETITIONS

ROYAL DESIGNATION FOR NEWFOUNDLAND CONSTABULARY

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to present a petition to the House on behalf of the officers, men, and civilian employees of the Newfoundland Constabulary. To mark the visit of Her Majesty the Queen to Newfoundland on July 26 they are petitioning the House that the government recommend to Her Majesty that this, the oldest police force in Canada, be designated the Royal Newfoundland Constabulary, by Her Majesty the Queen. The petition prays that the House will so direct the government.

IMPORTATION OF FILM

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I wish to present a petition to this honourable House signed by approximately 4,500 citizens of Canada. The petition prays that this House strongly oppose the importation, introduction or showing in Canada of the film "The Many Faces of Jesus" and further requests and prays that the Prime Minister and certain other ministers therein named use their good offices in conjunction with their provincial counterparts to cause the film not to be imported, introduced or shown in Canada, and that this petition be acted upon immediately.

DOCKYARD AT ST. JOHN'S, NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I should like to present a petition to this honourable House. It is signed by 4,250 residents of St. John's and other parts of Newfoundland, including 32 members of the Newfoundland House of Assembly from both sides. The petition is in connection with the dockyard at St. John's which is owned by the Government of Canada and operated by Canadian National. That dockyard is in a position to enter into contracts with the U.S.S.R. for the maintenance of some 60 vessels a year once a synchrolift has been provided. The work is expected to take about 18 months. The petition has been circulated by employees of the dockyard, supported by the St. John's City Council, the Ports Association, the Board of Trade represent-

ing 900 men and women and 23,000 employees, as well as by the hon. member for St. John's East (Mr. McGrath). Of course I support it by presenting it. The petitioners hope that action can be taken soon so that the work can get under way.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 785, 1,452, 1,535, 1,591, 1,676, 1,685, 1,689 and 1,824.

[*Text*]

DR. BERNARD SUTET

Question No. 785—**Mr. Jones:**

1. Is it possible for a public servant to affirm allegiance or subscribe to an oath for Canada and at the same time still be a citizen of a foreign country and also owe allegiance to that country?

2. How many days lapsed between the time Dr. Bernard Sutet, originally of the Unemployment Insurance Commission, obtained his landed immigrant status and the time he was hired by the department?

3. What is the normal amount of time taken by the Public Service Commission to hire a person from the time of the first interview until the final decision in the competition is made?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Employment and Immigration and the Public Service Commission as follows: 1. Yes.

2. Dr. Sutet obtained landed immigrant status on March 27, 1968, and was hired by the Department of Manpower and Immigration on April 1, 1968. Consequently four days elapsed.

3. The actual interviewing and selection of candidates is one of five major phases in the hiring process. It may require the Public Service Commission (or the department or agency to which the commission has delegated the authority to hire for its own needs) between one and fifteen working days to reach a decision in a specific competition after the first interview.

AIRCRAFT

Question No. 1,452—**Mr. Masniuk:**

1. To date, how many orders have been placed with de Havilland of Canada Ltd. for DASH 7 STOL aircraft and who are the purchasers?

2. To date, how many orders have been placed with Canadair Ltd. for Challenger aircraft and who are the purchasers?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. To date, ten orders have been placed with and announced by de Havilland of Canada, Ltd. for its DASH 7 STOL aircraft: Rocky Mountain Airways, Denver, 2; Spantax, Spain, 1; Wardair, Edmonton, 2; Emirates Air Service, Abu Dhabi, 1; Greenlandair, Denmark, 2; Canadian Forces, 2.

2. To date, 91 firm orders have been placed with Canadair Ltd. for its Challenger aircraft and a letter of intent has been submitted by federal express of the U.S for an additional 25. The list of purchasers is extensive and has not been announced publicly by Canadair. Following normal commercial confidentiality practice, the list is held in confidence in order to preserve Canadair's competitive position.

NFB—"NO ACT OF GOD"

Question No. 1,535—**Mr. Epp:**

1. Did the National Film Board produce the film "No Act of God" and, if so (a) who was the producer and how much was he/she paid (b) who researched and/or wrote the production and how much were they paid (c) what was the total cost of the production?

2. To what extent were Canadian officials and experts in the field of nuclear energy consulted and advised as to the authenticity and factual content of the film?

3. Is the film being distributed to schools and, if so, to what extent is it being promoted and distributed?

4. Is the film being distributed to the public at large and, if so, how is it being promoted and distributed?

Hon. John Roberts (Secretary of State): I am informed by the National Film Board as follows: 1. The National Film Board did produce the film "No Act of God", Mr. Ian Ball was the director researcher and commentary writer. Mr. Ball was paid a total of $14,023.83 for his work on the film. The total cost of the production was $104,893.

2. The point of the film is the implications of the expansion of a system of breeder reactors, none of which currently exist in Canada. Consultation with Canadian officials was therefore not considered necessary.

3. The film is being distributed through the NFB distribution system which includes the public school system. No special promotion in this sector has occurred, nor is planned.

4. See 3 above. The NFB distribution system includes regional libraries from which the public at large may obtain copies of the film. No special promotion has occurred, nor is planned.

PUBLIC SERVANTS

Question No. 1,591—**Mr. Patterson:**

1. What is the average length of service of employees of the Canadian Penitentiary Service?

2. What percentage of employees remain with the service until pensionable age?

3. What is the average length of service of employees of the government?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Ministry of the Solicitor General and Treasury Board as follows: The Canadian Penitentiary Service does not keep statistics in the manner in which the question was asked. However, we offer the following in reply: 1. Employees with less than one year's service, 13 per

cent; employees with between one to four years' service, 32 per cent; employees with between five to nine years' service, 21 per cent; employees with between 10-14 years' service, 15 per cent; employees with between 15-19 years' service, 9½ per cent; employees with between 20-24 years' service, 5½ per cent; employees with over 25 years' service, 4 per cent;

2. Approximately 4 per cent.

3. Average length of service of public servants contributing under the Public Service Superannuation Act, 10.3 years.

EXPENDITURES IN KOOTENAY WEST

Question No. 1,676—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Communications in the constituency of Kootenay West from July 22, 1977 to date?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): In so far as the Department of Communications is concerned, the amount of money spent by the department in the constituency of Kootenay West from July 22, 1977, to date is best estimated at $1,300.

DSS—EXPENDITURES IN B.C.

Question No. 1,685—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Supply and Services in (a) Nelson (b) Castlegar (c) Trail (d) Creston (e) Nakusp (f) Kaslo (g) Rossland, British Columbia from (i) 1968 to 1974 (ii) 1974 to date?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Our records* reveal no contracting activity for those cities.

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*Prior to April 1, 1976, regional operations contracting is only available by province based on the location of the regional office.

PETROLEUM AGREEMENTS

Question No. 1,689—**Mr. Caouette (Témiscamingue):**

In the past ten years, did the government reimburse the provinces under the petroleum agreements and, if so, by year and province, in what amount?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): The following table shows payments to the provinces under the Oil Export Tax Act.

Payments to the Provinces under the Oil Export Tax Act.
($000)

	Man.	Sask.	Alta.	B.C.	Total
1973-74	1,184	15,737	122,087	4,301	143,309
1974-75	507	12,195	95,353	3,056	111,111
1975-76	1	23	175	7	206

These payments are equal to one-half of the oil export tax for the six-month period October, 1973, to April, 1974. This amount was allocated among the producing provinces on the basis of their oil production.

CANADIAN PENSION COMMISSION

Question No. 1,824—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Pension Commission?

2. How much was committed on each contract and to whom?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): 1. (a) A study of Statistical Information System. (b) None.

2. Twelve thousand five hundred dollars to the bureau of management consultants, Department of Supply and Services, Ottawa, Ontario.

*HAWKER SIDDELEY CANADA LIMITED

Question No. 1,589—**Mr. MacGuigan:**

For the fiscal year ended March 31 (a) 1974 (b) 1975 (c) 1976 (d) 1977 (e) 1978, what was the amount of government aid, including but not limited to grants, loans, forgivable loans, insured loans and insured exports, given to (i) Hawker Siddeley Canada Limited (ii) Canadian Car (Pacific) Division in Vancouver of Hawker Siddeley Canada Limited?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned:

(i)

Fiscal Year	Loans	Contributions
1973-74	$ —	$ 58,659
1974-75	481,970	530,648
1975-76	353,970	744,465
1976-77	73,740	259,001
1977-78	186,450	463,607

(ii) Any amounts for Canadian Car (Pacific) Division of Hawker Siddeley Canada Ltd., would be included in the above.

In so far as the Departments of Finance, the Regional Economic Expansion and Transport Canada are concerned: none.

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

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

Some hon. Members: Agreed.

• (1532)

GOVERNMENT ORDERS

[*English*]

PETROLEUM CORPORATIONS MONITORING ACT

MEASURE TO PROVIDE FOR COLLECTION OF CERTAIN STATISTICS RELATING TO PETROLEUM INDUSTRY

The House proceeded to the consideration of Bill C-12, to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada, as reported (with an amendment) from the Standing Committee on National Resources and Public Works.

Mr. Speaker: A few days ago, in looking ahead to the consideration of report stage of this bill, the House will remember that I made reference to an amendment which had been made to the bill in the standing committee. The amendment relates to a clause which would provide that after the fifth anniversary of the passage or coming into force of this bill it shall stand referred to the first meeting thereafter of the committee of this House to which ordinarily matters on oil and gas are referred.

I indicated at the time that I was dealing with another motion of a similar nature regarding another bill and that I had some very serious concerns about the ability of the House to accept that kind of clause. As the House knows, I examined the precedents in respect to a similar measure attached to the Export Development Act which was in due course accepted by the Chair but defeated, and I observed to the House, as I am going to do now, that the clause which has been added by the standing committee is one which I find I am unable to interfere with on procedural grounds.

However, I want to caution the House again that this process began with two clauses associated with two different bills, one relating to regulations and statutory instruments, whereby a committee of both Houses was being set up, the purpose of which was to examine and to endeavour to check in a precautionary way possible excesses of power taken under the executive by the use of the regulation and the statutory instrument. Therefore, it was central to the work of that committee that every regulation or statutory instrument stand automatically referred to it.

This kind of clause has also been used—and quite appropriately—with respect to the annual report of the Auditor General to ensure that this report, once filed, will stand automatically referred to the Standing Committee on Public Accounts. That is quite appropriate.

With regard to other measures such as the Export Development Act, the Air Canada Act, the Canadian National Railways Financing and Guarantee Act and other measures, similar clauses have been used to ensure that the annual reports of various Crown corporations, once filed with the House, are automatically referred to a standing committee. That is a slight extension of the original practice. Now the precedent is put forward with respect to Bill C-19, relating to a designation of certain petroleum products by a board authorized under that statute, so that every designation made by that board will be automatically referrred to an appropriate standing committee of the House without any action by the House. That is a further extension because it is not an annual report of a Crown corporation, and it does not require any intervening action by the House.

Now in this particular case we have taken the practice one step further. There is no order or designation as is required in Bill C-19. There is no annual report filed with the House. There is no intervening action. There is no statutory instrument or regulation. There is no Auditor General's report, and there is no intervening action required by the House under this particular clause. Therefore, after the fifth anniversary of this statute, by virtue of this clause, this statute will stand automatically referred, not for examination by parliament, but to a standing committee of parliament, and I defy any member of the House of Commons to determine which standing committee and whether any standing committee is seized of it as an order of reference by this House, because in fact it is referred to the first meeting of a standing committee to which ordinarily oil and gas matters are referred, the first meeting after the fifth anniversary, not the second or subsequent meetings.

Therefore, four or five committees may be involved. The Standing Committee on Finance, Trade and Economic Affairs may be occupied with matters relating to the taxation of oil and gas. The Standing Committee on National Resources and Public Works is always occupied with discovery and other dispostions of oil and gas matters. The Standing Committee on Transport and Communications may very well be occupied with other aspects of it, and heaven knows how many other committees may be occupied with different aspects of oil and gas matters. At their first meetings after the fifth anniversary of the coming into force of this statute they may all consider themselves properly seized by virtue of this order, and there is no particular order of reference and no direction as to what they are supposed to do, how they are supposed to do it, when they are supposed to report, and what powers they have.

I therefore point out to the House simply that while I may not be able to interfere with this practice on procedural grounds, I want to indicate how far the House has come from the original practice and how difficult it is going to be at some point in the future to deal with the proliferation of these kinds of clauses. There may not be a point of procedure today, but I certainly expect that there will be a very fascinating point of procedure five years from now, when some committee, several committees, or perhaps no committees consider themselves seized of this matter, to determine what happens as a result of this clause.

I only caution the House. While I have now decided that I cannot interfere on procedural grounds, I do caution the House that we are getting into a practice which will lead us into, if not a dangerous, certainly a very sloppy practice which will create problems for future parliaments.

I think the desire is that parliament keep some kind of control or a rein on any program which is introduced in legislation. That may be very desirable, but surely the sensible course is for parliament to enact a clause which will require, as in, for example, representation statutes, that a minister—in that case the Prime Minister—is required by the statute to move a reference at a certain time. Presuming that since the Prime Minister or a minister will move a reference, that reference will carry if there is an interest in having matters examined. That requires an intervening step by parliament, and that seems to me to be the kind of practice which is a good deal safer than the one we are moving to in a rapid and, I think, dangerous way.

Nevertheless, I indicated I would review it. I have reviewed it. I do not think I can interfere with it on procedural grounds. Therefore the report stage of this bill should go ahead.

Hon. Otto E. Lang (for the Minister of Energy, Mines and Resources) moved that Bill C-12, to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada, as reported (with an amendment) from the Standing Committee on National Resources and Public Works, be concurred in.

Motion agreed to.

Mr. Speaker: When shall the bill be read a third time?

Some hon. Members: Now.

Mr. Lang moved that the bill be read the third time and do pass.

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

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, perhaps I could open my brief remarks by notifying the Chair that concerns about procedural matters might be academic because, as soon as we form a government, we will change this legislation or get rid of it. The kindest thing to say about this legislation is that it is lousy. It is not necessary. At no time has the minister or any of his colleagues offered a sensible argument for the necessity of this legislation. No evidence or data has been presented which would in any way, shape or form, indicate any necessity for passing this legislation, the effect of which would be to impose upon 85 or 90 oil companies in Canada the necessity of supplying detailed, extensive financial information at a frequency to be determined by the minister.

Second, the government claims it needs to know this data. It claims it needs to know what the oil companies are doing with their money. We have not been told why the government needs to know this. Either it cannot establish why, or it does not know why it needs to know, but we have not been told. The government does not say why, but it says it does have this need. In that context it is now getting this information voluntarily. Right now the government is soliciting this information from the top 35 companies in the country which account for some 85 per cent to 90 per cent of the total cash flow of this industry. Not only have they not established why they need the information, but they are getting it anyway! So why is this bill brought in in the first place?

• (1542)

We are told by the minister that out of the 35 companies one company said, "Look, we think we may be in violation of the securities commission's provincial law if we supply the information to you and not to our stockholders. We are nervous about that and we would rather you passed a law enforcing us to do it." Apparently that is why the government is proceeding with this bill. They have not told us which company made the inquiry, whether any representations were made or any legal opinions offered to companies that such was not the case, or any assurances given that information which they provide would not be used in such a way that it would cause them legal difficulties.

The other aspect that I find offensive in this bill, and which I wish to draw to the attention of the House, is that while the Standing Committee on National Resources and Public Works was considering the bill, the government was announcing, through the Minister of State for Small Business (Mr. Abbott), that it is concerned about the paperwork governments impose on industry and it will reduce it. The government even appointed somebody called the controller of the paperwork burden, who has an office, and the minister sent members of parliament a letter saying that if we have any complaints from businesses in our constituencies regarding the paperwork burden imposed by governments, we should let the controller know and he will see what he can do about it. The very same day this letter was written by the Minister of State (Small Business), members of the committee heard government members demanding that we pass this bill which imposes extra paperwork on business. That is the sole effect of this bill.

The data that the government wants is obtainable from StatsCan, from the provincial conservation boards on oil and gas matters, and from the National Energy Board in a general sense, because to drill a well in this country you need a permit, to export oil and gas you need permits, and to do any sale of oil and gas, you need permits. All the information is available, but no, the government wants to impose additional paperwork on these industries to get the information more directly, at the same time as we have another minister boasting of how responsive the government is to complaints about extra paperwork and the cost involved.

The Minister of State for Small Business said that the cost of that paperwork, the red tape, is $10 billion. If it is such a serious problem then why in blazes does the minister say out of the other side of his mouth that he will introduce a bill which will require more paperwork? If somebody said that he does not trust the government which is deceiving us, which is insincere, and people in the government then said, "Gee, that is not fair," this would be understandable. But how can anybody trust the government when one minister says the government will cut down on the paperwork and another minister says the government will impose more? When we ask

them why, they say it is because the information is important. If that is an excuse, they can use that excuse to wiretap everybody's phone, to open everybody's mail, to inspect everybody's income tax return, to break into any home and look in dresser drawers. If that is a sufficient rationale for the government to pass this kind of legislation, then it can pry into anybody's affairs.

The other reason that I find this bill so objectionable is the enforcement provisions. They were copied, word for word, from the Income Tax Act, sections 230 and 231, which I describe as Gestapo provisions, and this is not an inaccurate description. They would allow an official to tramp into somebody's office, seize their books, and keep them for 120 days. If somebody wants a copy of them, they have to apply to a court and pay for the cost of copying them.

Hon. members opposite laugh, but the Minister of Consumer and Corporate Affairs (Mr. Allmand) might be interested to hear the story of one of his officials who, while investigating the case of the sulphur combines in Calgary under the same provisions in the Combines Investigation Act, seized as well copies of an itinerary for an employee golf tournament with match-ups, schedules, and so on. So when an official of the company asked whether he could have this itinerary back because the golf tournament was coming up in a couple of days, he was told by the minister's official, "Sure, come to Ottawa and you can go through the books. If you want a copy of your own records, you can copy them and pay for it." That is a true story, and it is exactly what happens when you give officials the kind of authority that we are asked to grant in this bill.

Mr. Allmand: Give me his name.

Mr. Andre: I will. It is exactly what happened, and it will always happen so long as that kind of stupid law exists.

As a contrast to the stupidity of putting in that kind of enforcement provision, there are provisions in the Income Tax Act and the Statistics Act which require the gathering of important invoices. If an official has doubts about the validity of information which a company provides, he can look through the company's books, and that is fine, legitimate, and fair. But to put in a provision that an official can seize the books and you cannot get them back for 120 days, is stupid, it is power gone mad, demanded by stupid officials and stupid ministers who put forward such legislation.

There is a provision in here which says that a minister can demand from a director of a company the provision of information in these forms. In other words, if, for example, the Minister of Energy, Mines and Resources (Mr. Gillespie) became angry because he lost a golf game to his old friend, Donald Macdonald, he could write him a letter saying, "I demand that you, a director of Shell Canada, supply all this information within 30 days". Under this bill it says he can do that. What kind of stupid idiot would write that into an act? What kind of stupid government would put forward something like that? This bill is full of that kind of stupidity.

The only reason I have not brought forward scads of amendments at report stage to remove this stupidity from the act was the existence of the five-year review. In five years a committee of the House can look at the bill and say it is stupid and recommend it be thrown out. Because of the potential of the five-year review, and the fact that in five years time most of the idiots over there will be gone, as well as the idiots who drafted it in the minister's department, so that we will be able to draft legislation which assumes that most Canadians are honest and trustworthy, and that one does not need a cannon when a flyswatter will do—

Mr. Allmand: This is a really intelligent speech.

Mr. Andre: It is for that reason alone that the bill has been allowed to come forward today and that we will see it through third reading. But I make the commitment that as soon as we form a government, we will get rid of this type of nonsense wherever it occurs in any piece of legislation.

• (1552)

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, it was not my intention to take part in this debate. I thought there was general agreement in committee to pass this legislation speedily. Certainly I will not detain the House. However, I would not want silence to give an impression to those who follow the proceedings of this House that, as far as my colleagues and I are concerned, we share the view of the hon. member for Calgary Centre (Mr. Andre).

We have waited a long time for this piece of legislation. We have been impatient to see it brought forward, and certainly we will be very glad to see it passed. The hon. member for Calgary Centre said that he does not know why we need it. Any person who looks at what has happened over the past four or five years will know why we need this legislation. Ever since the OPEC countries began to push up the world price of oil, we have seen an increase in the price of well-head oil in this country of 400 per cent. The government has had to agree to increases in the prices of petroleum products far in excess of what the cost of producing those products warranted.

In 1973, 1974, and 1975 members of the New Democratic Party said continually that they opposed the increases in the price of oil. However, they indicated that they would be prepared to support them if we were assured that the extra revenues, which were going into the coffers of the oil industry—

Mr. Andre: And the government's.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Yes, the federal and provincial governments'. They said that they would support them if the extra revenues were used to carry on an exploration and development program so that the country would have increased oil and gas supplies in the future. The then minister of energy, mines and resources, the Hon. Donald Macdonald, assured us that that was exactly what the government wanted. The government, some of the producing provinces, and the oil industry were going to put some of their

moneys back into development. At that time we said that we would like some proof that the oil industry was putting its money into Canadian exploration and development. In the last five years there has been a greater proportionate increase in the money spent on overseas and foreign exploration and development than on Canadian.

We wanted evidence. In 1974 the then minister of energy, mines and resources told the committee and the House of Commons that he would undertake to monitor these companies. We know the results.

Not all companies have responded. We have had great difficulties. We did not receive a report until the latter part of 1976, as well as a report for 1977. The information has been only partial. It has not been possible to obtain complete data. Now as many as five companies are refusing to comply. Therefore legislation making reporting mandatory is absolutely essential if the government is to know what the oil industry is doing with its exorbitant profits.

I do not think the government, or anyone who supports this bill, should apologize for mandatory reporting. The people of this country have put literally hundreds of millions of dollars of additional revenue into the pockets of the oil industry. If the oil industry claims that money will be used for exploration and development, we have a right to know whether that statement is true. We have a right to see the books. We have a right to all the data which will confirm the claims of the oil industry.

Even the very preliminary report of the monitoring agency in 1977 showed that from 1971 to 1976 the Canadian oil indusry had a total cash flow of $13.3 billion, of which $6.7 billion was after tax profits. In other words, 50.4 per cent of the total take of the Canadian oil industry was represented by after tax profits. We would have never known that if some monitoring did not take place. When we look at how the money has been allocated we find that while profits have zoomed, the amount of money spent on Canadian exploration has lagged behind. Therefore, rather than the government feeling very proud about bringing in this legislation, I say to them, "What has been keeping you? What have you been waiting for?" We should have had this legislation at least three or four years ago. Now that it is here, I am anxious to see it passed and I am proud to support it.

The basic weakness in this legislation is that while the government will get all the data from the oil companies to see whether they have put the money they received from Canadian consumers into exploration and development, there are no teeth in this legislation to compel the oil industry to put its extra revenues into development and exploration. What will the government do if it finds, as can be shown already, that the hundreds of millions of dollars Canadians are forking out are not going into exploration and development? Nothing in this legislation gives the government an iota of power to do anything about that. This process will continue.

Next Monday the price of oil will increase $1 a barrel. At the same time the price of gas will increase automatically by 17 cents per thousand cubic feet. It will go up again on January 1, 1979. Twice a year there is a $1 a barrel increase in the price of oil with a concomitant increase in the price of gas. This puts more money into the pockets of the major oil companies, practically all of which are foreign-owned and controlled. The government needs some power to be able to say to the industry that its monitoring of their financial situation indicates, in spite of the higher prices and swollen profits, that this money has not been ploughed back into exploration and development. The government should have the power to tell them that either it will let the prices go back to where they were, or some taxation method will be imposed by the federal and provincial governments in order for them to invest that money into developing Canadian resources.

Canadians have been ripped off, and they are continuing to be ripped off. There is no remedy in this legislation, except that it will give us an opportunity to get the facts. For that reason I support this legislation.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

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

[*Translation*]

Mr. Pinard: Mr. Speaker, I should now like the House to proceed with Bill C-54, An Act to provide a maritime code for Canada and to amend the Canada Shipping Act and other Acts in consequence thereof.

* * *

[*English*]

MARITIME CODE ACT

MEASURE TO CODIFY LAW

Hon. Otto E. Lang (Minister of Transport) moved that Bill C-54, to provide a maritime code for Canada and to amend the Canada Shipping Act and other acts in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

• (1602)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, since I believe there is agreement to deal very quickly with this bill at all stages today, I would suggest we amend the motion in order that we may deal with the bill in the committee of the whole, report it back to the House, and give it third reading today.

The Acting Speaker (Mr. Turner): Is that agreed?

An hon. Member: No.

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Peters: No, Mr. Speaker, let it take the ordinary course, and when we come to that stage it can be asked that it go into committee.

An hon. Member: We have been waiting for five years.

Mr. Peters: I want it too, but we are not going to do it that way.

The Acting Speaker (Mr. Turner): Is the House ready for the question on the motion for second reading and reference to the committee?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): On a point of order, Mr. Speaker, I think the point my colleague, the hon. member for Timiskaming (Mr. Peters), was raising was not well understood. He wanted second reading to be disposed of first. Now that that has been done I think he will give consent, as the rest of us will, to changing the order and dealing with this bill in the committee of the whole.

The Acting Speaker (Mr. Turner): Is that agreed to by unanimous consent?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time, and the House went into committee thereon—Mr. Turner in the chair.

Mr. Forrestall: Mr. Chairman, there has been some discussion in respect of this bill. There are some 8 clauses together with numerous appropriate schedules, in turn containing over 100 clauses, and it might be expeditious if the minister or the acting House leader were to request unanimous consent in order to deal with all clauses together with the schedules at one time.

Mr. Lang: Mr. Chairman, I very much appreciate the hon. member's comments. I would suggest that by agreement we deal with all clauses as a group at the same time. Let me point out that this somewhat extraordinary procedure results from discussions about a desire to move this bill forward quickly. It is a bill which has been dealt with, in essentially the same form, very thoroughly by the House of Commons and the Senate. We are simply confirming the work we have already done on a previous occasion, except for one change which I think is suitable to hon. members generally.

The Deputy Chairman: Is that agreed by unanimous consent?

Some hon. Members: Agreed.

Clauses 1 to 8 inclusive agreed to.

Schedules agreed to.

[Mr. Knowles (Winnipeg North Centre).]

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Turner): When shall the report be received?

An hon. Member: Now, by consent.

The Acting Speaker (Mr. Turner): Is that agreed by unanimous consent?

Some hon. Members: Agreed.

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

Mr. Knowles (Winnipeg North Centre): By leave, now.

The Acting Speaker (Mr. Turner): By leave, now. Is that agreed?

Some hon. Members: Agreed.

Mr. Lang moved that the bill be read the third time and do pass.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I will be very brief in my observations regarding this bill. When I was going back over some of the history about the bringing together of those matters relating to the rewriting of the old Canada Shipping Act and the present form of the Maritime Code I was reminded of the activities of a former member of this House, now a judge of the family court in the province of New Brunswick, Judge Bell. I think it appropriate to remind hon. gentlemen of what that distinguished member said regarding this matter, a part of which is reported at page 4716 of *Hansard* for May 13, 1954, almost 25 years ago. That distinguished member for Saint John-Lancaster opened the debate on the question of the Maritime Merchant Marine when we were considering estimates. Members will recall that in those days estimates were considered on the floor of the House where we often asked interesting questions and had lively debates. It is of interest to note some of his remarks as reported at page 4716. He is reported as having said:

> It is obvious that the government is scrapping our merchant fleet. The thing that annoys me more than anything is that they are not even scrapping it in a businesslike way.

We have had 25 years to consider those words and the implications. It is long overdue, but we have reached this stage in the reorganization of the Canada Shipping Act and the Maritime Code. We have before us books 1 and 2 of approximately five books dealing with certain aspects of ships, ships registry, and the definition of ships, as well as arrest, detention, seizure of cargo and so on.

The consideration of this bill is appropriate at this time for a number of other reasons. We are spending approximately $3.5 billion to $4 billion annually for the movement of Canadian goods out of the country and the movement into Canada of imported goods from offshore. We are putting the profits from these movements into the hands of foreign owners. After the

warnings some 25 years ago of Judge Bell, perhaps it is time we moved swiftly to books 3, 4 and 5, in the hope that the totality of these five books will lead to greater progress in the re-establishment of a Canadian fleet.

● (1612)

I must comment on the degree of flexibility shown by the Minister of Transport (Mr. Lang). This is the first occasion that a minister has allowed a standing committee informal access to the regulations to be brought forward in support of a bill. This is a very useful step in the progress of a bill as complex as this, and the production of books Nos. 1 and 2. I hope the same will apply in respect to books Nos. 3, 4 and 5, and the book dealing with the legal protection of men and officers serving on Canadian registered ships.

It has been about five years since this review was actively in front of us, and about three years since we began the final form of books 1 and 2. We might already have had those books had it not been for the controversy surrounding the provisions that were originally in the act dealing with the closing of our coastal waters to other than Canadian registered ships. Those items have been removed from the bill, but notwithstanding that fact, I think it is quite proper to urge the minister to present to the House at the earliest possible time new suggestions for coastal provisions. If the House is to sit next fall, I think we should proceed to this matter almost immediately and treat it as having some priority and importance. We also want to have the first comprehensive examination of books Nos. 3, 4 and 5 in the fall as these will comprise the balance of the new maritime code.

Before I sit down, Mr. Speaker, I want to make one or two observations which are related and interwoven. In consideration of matters of marine and maritime interest, this House should not proceed from the philosophy or policy that there is a difference between shipbuilding, ship repairing, and the establishment of a Canadian merchant marine service. The matters are too closely related for us to make the mistake of continuing to separate them. I say that because, as I look back at what I understand to be one of the principal reasons for the necessity to separate these two questions, that of the instability of labour, for example, I am reminded that in this transitory stage of the development of a new maritime code the SIU have not withdrawn their services from the shipping community in Canada for some 12 years. That is not entirely true with respect to marine matters as there has been a legal withdrawal of services by other unions. The SIU, seamen, merchant officers and marine engineers, however, have contributed to an atmosphere in which the government should and could go forward with the full co-operation of the opposition in developing plans for the re-establishment of a Canadian marine fleet capable of moving a significant amount of goods in and out of Canada.

We welcome the final stages of books Nos. 1 and 2 and look forward to the early introduction of the coasting provision and the introduction of books Nos. 3, 4 and 5 in the not too distant future. I think I must compliment the Minister of Transport. I rarely do that. Indeed, it might be much more pleasant to recite 101 reasons why he should resign because he has made such a mess of transport in this country. I think I will reduce it to 100 reasons, however, because in this case he has done a thoroughly good job.

Some hon. Members: Hear, hear!

Mr. Arnold Peters (Timiskaming): Mr. Speaker, as an ordinary Canadian—

Some hon. Members: No, no!

Mr. Peters: I should like to say a few words although I do not yet represent a maritime area of Canada. After the next election, however, I hope to represent the salt water port in northern Ontario.

As a country with very long coastlines and as a trading nation, we have a great need for ships and all things maritime which have been sadly lacking for many years. The SIU, pilots associations, engineers and other organizations have demanded over the years that we build ships capable of transporting Canadian goods across the world, but these demands fell on deaf ears.

I, too, must congratulate the Minister of Transport for the start he has made on this maritime code which will eventually comprise of five books. We are passing the first two now. In my opinion, when the code is completed it will be the best in the world, but we will have no navy. It is a code for nothing—a paper code. If it does not apply to anything then it is of no value.

The other stage in a maritime code must be the development of an industry. The Darling report indicated that Canada should have a shipbuilding industry and ships to haul Canadian goods all over the world as is done by many other nations less maritime than Canada. I hope the government will consider the development of drydocks such as are being asked for in St. John's and Halifax, and will ensure that if money is made available to build ships it will not be possible for the company three years later to put those ships under Panamanian registry, as has happened even with Canadian Pacific and Canadian National ships.

Most Canadians, whether from the prairies, inland areas of the country, or the coastal regions, are interested in a Canadian merchant navy that will use Canadian ships to haul Canadian goods around the world. I had the opportunity of sitting on the committee which discussed many of the clauses in this bill over the last couple of years.

● (1622)

I believe that we are developing a maritime code that will be useful. If it is applied it will mean that Canadian seamen will be plying the trade on the Canadian coasts and goods will be hauled in Canadian bottoms. This will only occur if the government is willing to undertake a massive shipbuilding industry to provide the means so that the industry can be viable. Then we will not only produce ships for the flags of

convenience but we will provide ships for Canadians that will have Canadians working on those ships. We will be operating under one of the safest and more efficient codes in existence anywhere in the world. Canadians will have that pride again that they had during the war when they knew that their ships were as good as any on the sea, that they were built economically and operated as economically as any other fleet in the world.

We will hopefully regain in the future the loss we sustained by the selling out of the merchant navy, particularly of the liberty ships which created the great wealth that Onassis brought to Greece at the expense of the Canadian public and cashing in on one of the engineering feats of C. D. Howe.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

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

* * *

CANADA ELECTIONS ACT

MEASURE TO AMEND

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved that Bill C-63, to amend the Canada Elections Act (No. 2) be read the second time and referred to the Standing Committee on Privileges and Elections.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Peters: Mr. Speaker, I understood there was some intention of handling this in the committee of the whole rather than putting it into the standing committee.

The Acting Speaker (Mr. Turner): Is it agreed?

Mr. Dick: Mr. Speaker, I object. I do not give unanimous consent to have this bill read the second time.

The Acting Speaker (Mr. Turner): As there is no unanimous consent, this bill will be referred to the Standing Committee on Privileges and Elections.

Mr. Dick: Mr. Speaker, I understand this bill was introduced today for the first reading and earlier today it was referred to the next sitting of this House. For this bill to be introduced for second reading today I believe it requires unanimous consent. I am not giving unanimous consent to have two stages in one day. I have relayed that information to the government House leader. The government is trying to do something by the back door, and I have said previously that I was not in agreement with it. I do not think it is appropriate to do two stages in one day.

[*Translation*]

Mr. Pinard: Mr. Speaker, what the hon. member is saying about me is absolutely wrong. I did not receive from him any indication that he would not agree to the House proceeding with this bill today. Now, if he refuses to give his consent he alone wil bear the responsibility before the people of Canada. The next item we are prepared to deal with is Bill C-48.

[*English*]

Mr. Dick: Mr. Speaker, I am sure that the hon. member who just spoke, and also the whip of his party, will recognize that I sat, perhaps improperly, in the Prime Minister's seat during question period, and had a lengthy discussion with the government House leader. I advised him of my position on this matter at that time. I asked him if he was willing to undertake to delete clauses 1 and 2 which go to the freedom of speech matter which has never been debated in the House. I advised him I would be glad to let this bill go through which would clear up the deal on the financing of the by-elections under 60 days. I put the question to him. I understood a week ago that that was the only thing that would be dealt with in a bill coming in. I understand the government now wants to broaden it into the Roach case.

I denied unanimous consent when it was brought through the back door on an amendment to Bill C-5 at the report stage last March. I am indicating now that I am not willing to give unanimous consent at this time. I believe it goes to the fundamental right of freedom of speech in this country and it should be given a full airing.

The Acting Speaker (Mr. Turner): It is either unanimous consent or not. There is no unanimous consent at this time.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, with respect to the point of order that has been raised, may I draw your attention to the fact that there has been some reference to discussions among the parties. I would like to confirm that there have been discussions about this bill among all the parties. It was drafted and re-drafted. It was our understanding that the final draft met the wishes of all the parties and that we were going to proceed with it today. The hon. member who is objecting to taking second reading today because we had first reading today is standing on his rights under the rules, but it would be possible for this bill to be presented tomorrow for second reading and I hope the government will consider doing that. Perhaps in the meantime there might be further discussion so that once it is called for second reading tomorrow we will not run into any further snags.

The Acting Speaker (Mr. Turner): I understood there was unanimous consent for it to be read the second time.

[*Translation*]

Mr. Pinard: Mr. Speaker, I have two things to say. As far as the suggestion of the hon. member for Winnipeg North Centre (Mr. Knowles) is concerned, we will take it into consideration; as to the comments of the hon. member who spoke before him, I will simply say that he was in a chair which was not meant for him and probably will never be since he said he made those suggestions to the government House leader. I ask that we proceed now with consideration of Bill C-48.

* * *

[*English*]

CUSTOMS TARIFF

MEASURE TO AMEND

The House resumed from Monday, May 15, consideration of the motion of Mr. Chrétien that Bill C-48, to amend the Customs Tariff and to amend An Act to amend the Customs Tariff, be read the second time and referred to committee of the whole.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in rising to speak on this most important subject I want to relate my concern, as I am sure I relate the concern of members of parliament on all sides of the House, that in talking about customs tariff bills we are talking about a bill that affects the jobs of Canadians from coast to coast.

There is one thing at the outset of my brief remarks that I want to make abundantly clear. I am not going to enter into the debate vis-à-vis protection or free trade. I am not in any way directly or indirectly coming down on the side of free trade or high protection in my remarks this afternoon. Whether one is looking at the European Economic Community, Japan, the third world, the United States or whatever, I recognize many of the obvious factors involving free trade that will occur in the years to come.

● (1632)

I want to point out in my remarks this afternoon some of the obvious pitfalls the government is leading us into in terms of Canadian jobs here at home. If we are going the free trade route, there are many ways I agree with the government that is desirable in the long term. If you look at the reports of the Economic Council of Canada and some of the Tariff Board conclusions, it is obvious, whether we like it or not, we have to be competitive in trade with countries all over the world.

If this is so, I ask the government during this debate, why so much secrecy involving our GATT discussions in particular, and our tariff negotiations in general? If the government is going the route it seems to be going, why has it not articulated in detail by this time an industrial strategy for Canada?

There is a third consideration I bring before the House this afternoon. I am not just saying this myself. I am basing my remarks on a thorough review of what the Economic Council of Canada has said, what the Tariff Board conclusions are, the task force report on the textile industry recently given to the Minister of Industry, Trade and Commerce (Mr. Horner), and the consultative task force report published last February.

If we are going the route the government seems to be going vis-à-vis GATT and tariff negotiations, and again I underline the fact that I am not talking about free trade versus protection, the old classical debate, what alternative plans does this government have? Since it has not articulated a policy, and it is not just me asking this, because the Economic Council of Canada warned the government about it, what alternative plans does the government have for the hundreds of thousands of Canadians who will be out of work because of its lack of preparedness and there being no industrial strategy?

We asked the minister in the House today if the government would adopt the consultative task force report vis-à-vis aid to the textile industry. The report has been in the hands of the government for a long time. The only answer we got was that he was not even aware of the report, let alone having read it.

We are not just talking about jobs. We often talk about jobs for low income workers who lack mobility. It is impractical to retrain them. We found that in the last few years when we were discussing some of the retraining possibilities for textile workers, particularly in the province of Quebec.

[*Translation*]

Mr. Speaker, I would like to speak this afternoon about our tariff negotiations. There is an employment problem for Canadians in the textile, clothing, furniture and footwear industries throughout Canada. More particularly, we are talking this afternoon about 150,000 jobs in the province of Quebec.

An hon. Member: Did I hear 150,000?

Mr. Grafftey: That is correct. If the hon. member read the report of the Department of Industry, Trade and Commerce, he saw as I did that these six traditional employment sectors account for 270,000 jobs in Canada, including 150,000 in Quebec. I hope that as concerns our tariff negotiations and the policy that the present government has followed far too long, during the holidays, the ministers, and especially the Quebec ministers will visit Quebec to explain to these 150,000 workers affected by this government policy what alternatives they are considering if there is a loss of employment in those traditional sectors. I have the evidence right before me, Mr. Speaker, in two relevant quotations taken from a document published—and I believe the hon. member should listen to this—by the Department of Industry, Trade and Commerce in February 1978 and entitled "Background Information for Advisory Tax Forces" which concerns our tariff negotiations. Here they are:

(a) Quebec has supported the major part of the recent loss of employment in Canada in the manufacturing sector. According to our data, this sector has lost, between October 1976 and October 1977, an average of 34,000 jobs including about 30,000 in Quebec alone—

—that is 30,000 jobs, and not a single government member has spoken in support of these workers—

—and mainly in the traditional sectors—

—which I have already mentioned, that is the textile, furniture, footwear and clothing industries—

—and the pulp and paper industry.

With regard to the other report, I should like to quote the second paragraph, Mr. Speaker:

(b) Efforts to encourage a recovery in the industrial sector, however, will continue to aim at a few industries, namely the traditional sectors of textiles, certain types of clothing, footwear and furniture, as well as some electronic industries.

And now, we come to the most important sentence in the government policy, Mr. Speaker, which I hope hon. members from Quebec will explain to Quebeckers during the parliamentary holidays, and I quote:

The policy to be adopted with regard to those industries—

—textile industries and the others—

—should be aimed at reducing the work force progressively through better rationalization of the industry while ensuring, during the transition period, the minimum indispensable protection.

Are government members going to explain this to our Quebec fellow citizens? This is government policy in spite of the statements made in the House of Commons by the Minister of Finance (Mr. Chrétien) and the Minister of Industry, Trade and Commerce (Mr. Horner). I have here the actual policy of the government which concerns 150,000 Quebeckers, Mr. Speaker. These euphemisms do not really hide the fact that, according to the federal government, we might do without those traditional sectors in the province of Quebec. The minister can declare vehemently that he signed some rather advantageous bilateral agreements in this area but, Mr. Speaker, how can the government explain its policy to the 150,000 workers affected in the province of Quebec?

As I already mentioned earlier, Mr. Speaker, the unemployment rate in Quebec has already reached 11.5 per cent but, as you know, in cities where those industries are established it often reaches almost 20 per cent. Unfortunately in that sector, manpower mobility is often very low and, as was demonstrated in the past, recycling is almost impossible particularly for older workers.

If the government is to follow such a policy in the future, as in the past, what alternative will it offer to city workers in Quebec? Hon. members on the government side will realize that it is impossible, but as I already said, according to the report, Mr. Speaker, we have already lost, in the last months, in the province of Quebec, more than 30,000 jobs in those traditional sectors. Motherhood statements made by Quebec members to protect the rights of our fellow citizens and discussions on the constitution are all very well from time to time but there are some people in my province who would rather have bread and butter on their table now and again. How will you explain that kind of policy not only to Quebeckers but to the 270,000 workers in Canada who are affected in those traditional sectors?

[Mr. Grafftey.]

Mr. Boulanger: You are an actor!

● (1642)

[*English*]

You don't even look serious when you talk.

Mr. Grafftey: I am very, very serious.

[*Translation*]

It is very interesting. The hon. member for Mercier (Mr. Boulanger) says that I am an actor, but he has not made any speech lately to protect the economic rights of his fellow citizens. He may say that it is a comic subject but I do not think that Quebec workers will find the subject so comic.

[*English*]

In the task force report presented to the government, more particularly to the Minister of Industry, Trade and Commerce by the task force members, they have warned time and time again, that while the minister announced in the House some days ago that an accord was signed with seven countries through bilateral agreements, some favourable to Canada in many ways—I could criticize the detail, but generally speaking it was good to see those seven countries reach bilateral accord. The Economic Council has put reports before the minister, the task force has spoken, but the government does not want to pay attention. Each one of those reports said there were 14 other countries involved and as long as they are not included in bilateral agreements there was a moving danger not only to the industries directly concerned but to jobs all across Canada, particularly in Quebec.

I am not an old-fashioned protectionist. I understand the long-term benefits of free trade in the world in which we live today. But any government that goes that route must do its homework. Why so much secrecy in these tariff negotiations? Why are we the only country in the western world without an industrial strategy? One of the central aspects of any industrial strategy involves our approach to tariff negotiations in general and to what is going on under GATT in particular.

I am told by some of my friends that compared with the delegations of other countries to the GATT negotiations we are a bunch of amateurs. We are the laughing stock of the western world. Are the ministers and bureaucrats who are proposing to sacrifice the jobs of Canadians on the altar of expediency planning to visit these towns in Quebec and explain what has been done at their expense?

I have one town in my riding, Cowansville, which has been badly affected. This is not just theory. A thousand jobs have been lost in one company alone. The government says it is inefficient. The Textile Institute says its productivity is among the best in Canada and North America. If they were inefficient they would ask for protection. They do not ask for special protection, they ask the government to do its homework in the same way as every government in the free world does. In one textile mill a thousand jobs have been lost. A furniture factory in my constituency is all but closed down with a loss of 500 jobs. Two shoe companies are right up against it. But the

government just sits there, and the Minister of Finance (Mr. Chrétien) says we have to take it on the chin. Well, well! I ask you.

We talk about tariff negotiations. We talk about our general attitude. We review some of the obvious things the government will have to do vis-à-vis free trade in the medium term and the long term in the modern world. There has been a lot of general agreement. There is an obvious benefit in an ability to trade with every country in the world both in the medium and in the long term. But the government will have to do its homework more efficiently in terms of industrial strategy, sending out negotiators who know what they are about, and not surrounding the negotiations with their secrecy.

The board has warned the government that though there are bilateral agreements with seven countries there are still 14 others to be considered. Yet the government, so we are told, has not even read the report. We are in trouble, Mr. Speaker. It is all very well for the boys in the ivory tower here in Ottawa with their big, fat salaries to say that the shoe industry and the textile industry and the clothing industry and all these industries are dispensable. Sometimes, you know, they go down to James Street and get the financial and business community saying that too. It is a buzz word in the clubs. Will they go into the towns of this country where the low income workers who lack mobility live, and explain this dispensable theory to them? The minister smiles, but the fact is that a lot of these industries are disappearing, not just the weak ones but the strong ones.

Go to Geneva. Have your parties and do your work for an hour a day, but think of these workers before you adopt the free trade theory, one which is good in many ways. Do your homework, in the name of God! Let us have an industrial strategy. Lift the veil of secrecy from the negotiations and then, maybe, you will get a lot more support and confidence than is evident right now.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I am pleased to have a few minutes in which to speak on this question of customs and tariffs. It is propitious I should have run across a newspaper article in the Vancouver *Sun* written by an associate editor based in Ottawa, and entitled, "Central Canada Needs Us—For Hosing." As an introduction I should like to read part of this article so that we might study this discussion in context as it affects the various regions of our country. The dateline is Montreal, and the article reads:

> Pierre Laurin, director of University of Montreal École des Hautes Étude Commerciales (HEC) and brother of Quebec cultural affairs minister Camille Laurin said at the close of HEC's conference on the economic implications of Quebec independence that he hoped the ideas that had been discussed would receive wide dissemination.
>
> So they should.
>
> In particular, some of the statistics produced by HEC's Professor Carmine Nappi should provoke a hum or two from Canadians who live outside both Quebec and Ontario.
>
> Those statistics show a protectionist, economic customs union called Canada existing primarily for the benefit of manufacturers in its two central provinces at the expense of consumers in the periphery regions and east and west. They also show a country whose outer regions are more concerned with international than interprovincial or interregional commerce—and which have, in fact, interregional trade deficits while only the two central provinces have interregional trade surpluses.
>
> Not just Quebecers might ask why are we all here.

● (1652)

The article goes on to mention some of the arguments and statistics centering around regional concerns. For example:

> —British Columbia, with its back to the country, 83.9 per cent of the value of shipments is related to international sales and only 16.1 per cent to sales in the rest of Canada . . . Nearly 45 per cent of all B.C. manufacturing jobs are related to foreign sales—far higher than in any other region. Another 42 per cent less than 14 per cent are related to interregional trade.

I believe that puts the discussion in perspective, and if any hon. members wonder why there is disenchantment in the regions of Canada about the trade policies of our country, all they need to do is read this report by an organization which ought to be considered to have some objectivity since it comes from the province of Quebec and is interested in the subject of unity within this country.

I want to cite two examples in support of this point of view. I have a constituent, in the broad sense of the word, who is concerned about the customs tariff policy of this government and the protectionism which centres around industry in Ontario. I refer to a company known as James Piano and Organ Limited of Vancouver. Part of the company's letter to me reads as follows:

> We understand the background is simply that a very minor organ manufacturer in the Toronto area has initiated this action to protect the very large market. It is a fact that for him to qualify for this action he must of necessity produce at least 10 per cent of the goods consumed in this church market. This of course is impossible and on this basis alone the decision should be reversed.

The fact is that at one time the Allen digital computer organ was brought into the country duty-free because it cannot be manufactured in Canada. It cannot be manufactured here for two reasons. First, it is protected by copyright. As a matter of fact, Allen won a $3.5 million lawsuit over its copyright, so that ought to be evidence enough that it cannot be made in Canada. Second, no company in Canada is equipped to build such an organ. While this organ was at one time allowed to come into this country duty free, after objections from Ontario the government slapped a customs tariff on it.

Because of that tariff, if a church or entertainer were to buy that organ, it would cost $2,000 to $3,000 extra to import. Why? Because of two companies in Ontario, one called Classic Organ Company in Markham, Ontario, and another, the Shaw Organ Company of Burlington, Ontario. It so happens that neither of these companies even manufacture organs. All they do is buy up used organs, reconstruct them, refurbish them and refinish their cabinets. They are doing a good service. Nobody is objecting to the work they are doing. I think they are performing a very necessary service, but the fact is that they are not in the business of competing with the Allen digital computer organ. All of a sudden this government decided those two companies should be protected by a heavy tariff which costs churches and entertainers an extra $2,000 or $3,000. That is like killing an ant with a steamroller.

If it is the object of this government to protect jobs in Ontario, it seems to me that it is going at it the wrong way,

because these two companies each employ two people. To protect the jobs of from four to six people the government has reversed its previous policy and is now asking churches and entertainers to pay an extra $2,000 or $3,000 to import this one particular organ which cannot, by law or because of the nature of the industry in Canada, even be manufactured here.

I think that is a classic case of overkill. The Minister of Finance (Mr. Chrétien) is here now. I hope he will take this under advisement, and that I have an opportunity during committee of the whole stage to make further representations on this matter. I will be asking him to reconsider the policy of his department and to withdraw that duty on these organs.

I am also concerned about the plastics industry in Canada. The plastics industry is the third largest employer in our manufacturing sector. Some 45,000 people are employed in the plastics industry, and I see nothing in Bill C-48 which does anything to enhance that industry. I am not asking for high protection barriers. I think we have to examine that policy very carefully. However, I would like to see some way of ensuring that this industry will enjoy prosperity while at the same time not making consumers pay extra for its products. The industry has taken the time and the trouble to bring some policy recommendations to the Minister of Industry, Trade and Commerce (Mr. Horner). It did this some time ago in the hope that the minister would bring in policies to help the plastics industry. The subject of trade should be germane to this debate.

I note that that industry feels that the government should, and I quote:

> Recognize and negotiate a reduction in non-tariff barriers to export trade from Canada; such as, border harassment by customs officials.

The matter of non-tariff barriers is a matter of increasing concern to small industries and small business people in Canada. I think the government should consider that very seriously.

I notice that it is approaching five o'clock. The hon. member for Edmonton-Strathcona (Mr. Roche) is anxious to proceed with his private member's bill, so I would like now to call it five o'clock.

* * *

[*Translation*]

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that they agreed to join the House of Commons to form a special joint committee of the Senate and the House of Commons to consider and report on subjects concerning the constitution of the Senate.

[Mr. Friesen.]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Carleton (Mrs. Pigott)—Anti-Dumping Tribunal—Appointment of new chairman; the hon. member for Vaudreuil (Mr. Herbert)—Manpower—Employment of immigrants; the hon. member for Nickel Belt (Mr. Rodriguez)—Post Office—Suggested reduction of employees.

It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions (papers), and public bills.

[*Translation*]

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

The Acting Speaker (Mr. Ethier): The hon. member on a point of order.

Mr. Pinard: Mr. Speaker, it seems there is unanimous consent to proceed this evening with consideration of Bill C-236, in the name of the hon. member for Edmonton-Strathcona (Mr. Roche)—

[*English*]

I want to take this opportunity to thank the hon. member very much for the consent he gave to the House last Friday so that we could adjourn at two o'clock and celebrate St. Jean Baptiste day. That is why today he has the consent of this House to proceed with his bill.

The Acting Speaker (Mr. Ethier): Does the House unanimously agree to waive notices of motions for the production of papers?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Does the House unanimously agree to stand all bills preceding Bill C-236?

Some hon. Members: Agreed.

• (1702)

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

CRIMINAL CODE

AMENDMENT TO PROTECT THE RIGHTS OF UNBORN CHILDREN IN ABORTION APPLICATIONS

Mr. Douglas Roche (Edmonton-Strathcona) moved that Bill C-236, to amend the Criminal Code (abortion and the unborn infant), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, my purpose in presenting this bill to parliament is to advance sincerely a solution to the abortion dilemma today. I am proposing a way to protect the rights of the unborn child when a therapeutic committee is considering an application for an abortion. It is not my intention to fan the flames of emotion in this most emotional and difficult subject. Rather, I offer my bill as a reasonable and constructive approach to the growing desire on all sides of the House to find a way to limit abortions to the proper application of the Criminal Code which permits abortions when a mother's life or health is endangered.

To put my bill in its proper context, we must look at how our present dilemma has developed. It is surely too much to hold parliamentarians responsible for the desensitivity to life that we see in the world condition today. But it is not asking too much to have us consider here—in the highest court in the land—the basic nature of man. This, in fact, is history's most recurrent debate. But it now has a new urgency because of scientific developments, unsuspected a generation ago, that enable us to choose life or death. These developments are hastening the erosion of a traditional ethic which placed great emphasis on the intrinsic worth and equal value of every human life, regardless of its stage of condition; and substituting a new ethic based on utilitarianism.

Deep problems of public morality have been opened up by the scientists. It is not only theologians and behaviourists who must respond, but also those who make the laws that will themselves reflect the prevailing values. The question is not whether values are going to determine the implementation of scientific development but which values—or whose values.

We now have biochemical knowledge about the human mind and new drugs and techniques for producing profound changes in the human personality. Psychologists and behaviourists are leading us into a world in which human beings can be moulded, manipulated, and virtually programmed to produce a computerized result. The skills of basic medicine itself are now so sophisticated that talk of "putting together" a human being using the parts of others is not science fiction.

The results are marvellous: children with physical defects are now saved from what formerly would have been certain death.

The results are baffling: the aging clocks in the body will be able to be controlled, adding many years to longevity and thereby changing the complexion of society.

The results are evil: the desire for human perfection has produced a mentality that would do away with life that cannot measure up to arbitrary standards.

In short, medicine and science have raced into the age of discontinuity. Ethics and the law straggle behind. Nothing is clear. We spend millions on medical research to cure fatal diseases, and pass laws that permit the destruction of unborn children.

Yet, at the root of our social and legal system is the shared conviction that each human life has a unique value that cannot be measured.

Only in the past decade or two has there been a countermovement against the accepted belief that a human life has a unique value. Those who advocate abortion on demand are prepared to refuse the life of the unborn child legal recognition and to have it disposed of, because it is immature. Their attitude reflects a disturbing hostility and callousness toward the weak and helpless. This mentality does not stop at excluding the unborn from the human family. Increasing numbers are proposing that the senile, the incurably ill, and the deformed should be able to be killed with or without their permission.

The position that our law takes on abortion indicates the position it will take on euthanasia, genetic engineering, cloning, and all of the different human life problems facing our society in the years ahead. Those who argue for the unborn child's right to life are arguing not only for the unborn child but for the civil right to life of every human being including the mentally ill, the aged, the genetically incompetent. If the law abandons the protection of the civil rights of the innocent child in the womb, it will one day abandon its protection of the civil right to life of the mentally incompetent, the senile, and the hopelessly ill.

Supporters of abortion often argue that the baby in the womb is not a human but merely a piece of tissue attached to the mother. If there were any scientific doubt of the humanity of the unborn—which there is not—surely the burden of proof would rest with those who would deny the humanity of the unborn. Even if there were doubt, it would have to be acknowledged that the wisest, most prudent policy would be to give the benefit of the doubt to those whose humanity is questioned.

Actually the development of the individual in the womb is extremely rapid. The heart begins beating within 21 days of conception; blood vessels and circulating blood, a backbone, skeletal system and brainwaves are traceable by 43 days; then over the next few weeks rudimentary organs, liver, kidneys and digestive tract, arms and legs, fingers and toes, eyes, ears and mouth are formed. At the very moment of fertilization all the unique genetic characteristics are determined: eye, skin and hair colouring, height and bone structure, intellectual potential and inherited emotional makeup. From the time of conception 46 chromosomes are present, 23 from each parent. This is the

chromosomal development defined by biologists as that of a normal human being. This small individual requires only nutrition and normal conditions in order to develop in the full pattern of human life.

That there is rampant abuse of Canada's abortion law seems to me indisputable. In 1969 the Criminal Code was amended in an omnibus bill. Section 251 permitted an accredited hospital therapeutic abortion committee to allow an abortion when the continuation of a woman's pregnancy "would be likely to endanger her life or health". It is very clear from the debates in parliament, and from the reasons given by the government on introducing the bill, that the new law was meant to be restrictive, to be applied when there were genuine cases of medical need.

As an editor, I wrote at the time that the new law was so loosely written that it would open the door to abortion on demand. But in the climate of 1969, a time of questioning of old values, the abortion section of the omnibus bill passed easily.

What happened? In 1970, the year after the new law was passed, there were 11,152 recorded abortions in Canada. By 1976 the number had jumped to 54,536, resulting in an abortion rate of 14.9 per cent. In that seven year period, there were 276,112 abortions in Canada. I ask you to take note of that figure—more than an quarter of a million abortions in Canada since the present law came into effect. With shame and sadness I note that in certain hospitals today the number of abortions now equals or exceeds the number of live births.

It is ludicrous to suggest that the state of health of pregnant women in Canada was five times worse in 1976 than in 1970. Yet there were five times as many abotions. The law, strictly interpreted, permits abortions only when the mother's life or health is endangered. It is straining credibility to suggest that it is more dangerous to be pregnant in the three richest provinces of British Columbia, Ontario, and Alberta where the abortion rate is far higher than in any other province.

● (1712)

Obviously the interpretation of the word "health" is so wide as to throw the law into disrepute. Abortions are being performed because a growing number of women are deciding that they do not want to carry their child to term. An unwanted pregnancy has been interpreted by many hospital abortion committees as a threat to health. Thus, abortion in these hospitals has become a necessary medical service available on demand.

As the abortion rate escalates, abortion becomes more socially acceptable and even accepted. Thus an operation legalized, because there are genuine cases of conflict of rights between an unborn child and its seriously ill mother, has been seized upon by popular morality for social advancement. The more widespread the practice becomes, the more tolerant society becomes. This is a clear reflection of the lack of public commitment to human life as the highest priority.

Yet there is a strong and growing movement in Canada that wants the abortion spiral stopped. Who can forget that day just over three years ago when the Alliance for Life brought to parliament a petition with one million signatures of Canadians urging a tightening of the abortion law? It was the largest petition ever presented to parliament.

The only response of the government was to set up the Badgley committee to enquire into the administration of the law. It was a foregone conclusion that the committee would find inequitable administration, since only 258 of Canada's 783 hospitals have abortion committees. What ought to have been highlighted are the continuing abuses of the law. Badgley found that most women who had abortions in Canadian hospitals were considered by their physicians to be in good physical health. As for the mental health of the women being in jeopardy, a continuing travesty of justice is occurring. The Badgley report at page 212 reads as follows:

> Many physicians whom the committee met on its visits to hospitals across Canada openly acknowledged that their diagnoses for mental health were given for purposes of expediency and they could not be considered as a valid assessment of an abortion patient's state of mental health.

This situation is deeply disturbing. We have a law in place to protect women in cases of serious medical risk to pregnancy, yet the vast majority of abortions being performed are attempts to cope with social problems. In many cases the social problem is serious, but abortion is not the way to deal with it because abortion harms everyone involved and brutalizes society.

The Badgley report was presented to parliament. Thereupon the federal government tossed the ball to the provinces, which have the responsibility of administering the Criminal Code. It urged the province to set up women's clinics to counsel on a full range of health problems, including abortion. More services for women and families, including day care, certainly are needed. I urge the federal and provincial governments to put family well-being at the centre of their policies. Unfortunately, under the guise of making social services more equitable across Canada, the government is widening indirectly the access to abortions. Services by themselves are an insufficient answer to what is essentially a matter of law.

Abortion is not a private matter. The destruction of human life, even incipient or developing human life in the womb, can never be considered a private matter under our law. Abortion is nothing less than a question of civil rights. The unborn child has a civil right to life, and it is the duty of the state to protect the unborn child's civil rights.

What should now be done? The answer is found by going back to the Canadian Bill of Rights which was passed in 1960, wherein it reads:

> In Canada there have existed and shall continue to exist without discrimination by reason of race, national origin, colour, religion or sex, the following human rights and fundamental freedoms, namely (a) the right of the individual to life . . .

The bill of rights continues:

> —there shall be no cruel and unusual treatment or punishment, and no person shall be denied his rights without a fair hearing.

On the question of who is a person, the World Health Organization of the United Nations in 1948 urged respect for

human life "from the moment of conception". In 1959 the United Nations adopted the Declaration of the Rights of the Child based on the following preamble:

> Whereas the child, by reason of his physical and mental immaturity needs special safeguards and care, including appropriate legal protection, before as well as after birth . . .

Let me underline that closing clause, "before as well as after birth".

Either we are serious about those declarations or we are not. In my mind, Section 251 of the Criminal Code simply is incompatible with the Canadian Bill of Rights. At the very least it should be amended to insist medical proof be established that the mother's life seriously is endangered before permission for abortion is given. When a therapeutic abortion committee considers an application for abortion, there should be a legally appointed guardian present to represent the rights of the unborn child. By instituting due process, the decision would not be left to doctors alone. In addition, the decisions of the abortion committee should be subject to federal review.

In essence, that is what my bill proposes. I believe there is a consensus in this House that abortions be limited to cases where there is a genuine health need. In no way does my bill deprive a woman of an abortion where there is a conflict of rights between her life and the child's. In fact, civil rights in our country would be improved by a device which weights the interests of the unborn infant alongside those of the mother.

The essence of the bill provides a spokesman for the infant's rights at a therapeutic abortion committee hearing. That spokesman could be the father of the child, if he is cohabiting with the mother; the parent or guardian of the mother, if she is under the age of 16; or the official guardian. The consent of the defender, who would in most cases be the official guardian, would be required before an abortion certificate could be issued. The defender could withhold consent by making out an affidavit affirming that he believes in good faith the danger to the health of the mother is not sufficiently grave as to warrant an abortion. Provision is made for an immediate appeal to a federal court which could allow the abortion, if the court finds the danger to health sufficiently grave.

I urge hon. members to give favourable consideration to this bill, or at the very least to have its subject matter sent to an appropriate committee for study. My bill is moderate, firm, and corrective in nature. It appeals to all fair-minded people and establishes a common ground on an issue which customarily divides us. It enhances civil rights and extends the progress of our civilization. Finally, as we prepare for the International Year of the Child in 1979, there can be no finer action by this parliament than a simple, clear measure of law aimed at protecting the most defenceless of all children, the unborn.

Some hon. Members: Hear, hear!

● (1722)

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Edmonton-Strathcona (Mr. Roche), through his private member's bill, an act to amend the Criminal Code (abortion and the unborn infant) has brought before the House of Commons a very important matter. As the hon. member knows, as do other hon. members, abortion is a very controversial matter. As the hon. member has said, it is a very emotional subject as well. In any event, it is my view, and I am sure that of others, that the present Criminal Code provisions should at least prevail. I would suggest to the hon. member that it is somewhat unfair to lump euthanasia, mental incompetence, senility and mortal illness together with abortion. They are all separate matters, and the hon. member is clouding the issue when he does that.

We know there are some abuses in respect of abortion laws, and this is something that definitely must be corrected. As the hon. member knows, it is not government policy to have abortion on demand, even though that may be the way it appears to the hon. member.

There have been many more abortions in the past few years. I would suggest to the hon. member that certainly the increase in part at least is the result of our permissive society and not because of the present law. In fact, the increase may be in spite of it. The hon. member has, however, made very serious representations which I know will receive every consideration.

Some background to the present perspective of the government in regard to abortion may be of interest to hon. members. It was in 1969 that parliament passed the omnibus justice bill, legislation which included an amendment to the Criminal Code to provide therapeutic abortion if, in the opinion of a hospital therapeutic committee, the health of the mother was at risk. This provision followed prolonged discussion in the standing committees of this House and representations from a very great number of professional and non-governmental organizations concerned with adapting Canadian law to Canadian contemporary circumstances. Hon. members should remember that the 1969 provision did not and does not require the setting up of therapeutic abortion committees in a hospital, it merely sets down a procedure in the instance the option is taken up.

It is useful to recall, as well, the passage in 1969 of what some hon. members called the "omnibus health bill". Included in this legislation, markedly less comprehensive than its counterpart omnibus justice bill, was a provision removing the restrictions on the sale of, and dissemination of information about birth control and family planning products. Subsequent amendment to the Food and Drugs Act and the Food and Drug Regulations permitted advertising to the general public and the sale of contraceptive drugs and contraceptive devices, excepting drugs which would be supplied only on prescription, and intrauterine devices which required medical administration. It is upon the foundation of these 1969 initiatives, the abortion provision in the omnibus justice bill and the family planning provision of the omnibus health bill, that the policy of the Government of Canada now rests.

In consideration of representations from many professional and non-governmental organizations, the government decided

in 1975 to appoint the Committee on the Operation of the Abortion Law, an expert panel, with Dr. Robin F. Badgley as its chairman. We should note the terms of reference of this committee which are "to conduct a study to determine whether the procedure provided in the Criminal Code for obtaining therapeutic abortions is operating equitably across Canada".

The committee embarked on a wide ranging and comprehensive examination of its task, relying for its conclusions on, among other sources, hospital site visits, a national hospital survey, a survey of hospital staff, a national physician survey, a national population survey, and a study of out of country abortion services which have been utilized by some Canadian women. The report and its comprehensive information base are very impressive; hon. members should examine the report very carefully in light of the interest and concern expressed about the present abortion law, both in the hon. member for Edmonton-Strathcona's bill now before the House and by the public at large.

The findings of the Badgley committee merit consideration by all members of this House. Let me quote three of the major findings from the summary of the report prepared by the committee as follows:

> No consensus for major changes in the law. Most Canadians were neither in favour of removing abortion from the Criminal Code nor of refusing therapeutic abortions under any circumstances. Their complaint was with the way the law was working.
>
> Law not operating equitably. The procedure provided in the abortion law for obtaining therapeutic abortions is not operating equitably across Canada. There are sharp disparities in the distribution and accessibility of therapeutic abortion services and unreasonable pressure on some physicians and hospitals. The burden of the inequitable operation of the abortion law tends to fall on women who are less well educated, who have lower incomes, and who live in smaller centres or rural areas with no direct access to hospitals that provide abortion services.
>
> Abortion law itself not in equitable. The 1969 amendment to the abortion law resulted in a sharp reduction in illegal abortions. In addition, there was substantial reduction in deaths resulting from attempted self-induced or other illegal abortions. Provincial regulations and the practices of hospitals and the medical profession rather than the abortion law itself have lead to the inequities in its operation. The law is specific in setting out the procedure to be followed to obtain a therapeutic abortion and its definition of guidelines is broad enough to accommodate the circumstances under which it might be considered necessary to obtain an induced abortion.

In light of these and other findings of the Badgley committee the government has, in this House and elsewhere, stated its present policy in unequivocal terms. We on this side are not prepared to change the law at the present time. As the report makes clear, the major problems at present are not with the existing law but rather with its application by the provinces and the hospitals. Consonant with this position, discussions about equitable operation of the law took place at the federal-provincial conference of ministers of health last June. Some provinces indicated that they had established study groups to review this very question.

It should also be clear that the government, like the Badgley committee, can detect no consensus on proposed changes to the present Criminal Code provisions on abortion. Consonant with this realization, the government is willing and able to assist the provinces to become more active in establishing and nurturing effective family planning and family life education programs, to the end that recourse to the provisions of the Criminal Code will be minimized. The findings of Badgley should alert us, if no one else, to the needs and possibilities in the area of preventive governmental action: family planning, family life education, and sex education.

The Department of National Health and Welfare has been active in the area of family planning since 1970, and it is hoped resources will allow us to continue to present scale of activities. Since receipt of the Badgley report, and following upon last June's conference of health ministers, officials of the department have held discussions with representatives of the professional associations of doctors, nurses, social workers, pharmacists and teachers. These representatives have accepted the task of informing their colleagues on needs and possibilities for the training of health, education and welfare professionals in the preventive sphere.

Also recently, the family planning division of the Department of National Health and Welfare has granted subsidies for training sessions in family planning to the national voluntary associations active in this area of preventive health and welfare. In addition, the department's active information program directed to the public at large has increased its output of publications both in bulk quantities to associations and in response to individual requests.

The federal government has shown concern for the well-being of Canadian families and, in particular, children, by taking responsibility for a variety of social and economic programs including family allowances, unemployment insurance, survivor's benefits, veteran's benefits, services to native people, and a number of cost-shared programs with the provinces in the areas of health and welfare services. I am sure those are well known to the hon. member.

With reference to the involvment of the Department of National Health and Welfare, and as illustration of this concern, the Canada Assistance Plan Act, introduced in 1966, guaranteed an income support measure for persons in need, and a range of welfare services to those in need. One objective of the plan is to provide families with a variety of services such as personal counselling, including marriage and family counselling, and community development in order to stabilize and support them as a unit.

Federal contributions under the Canada Assistance Plan for welfare services totalled $168 million in 1976-77. An additional $65 million was contributed to child welfare costs. Over the years the largest proportion of these funds went toward the cost of maintaining persons including children in homes for special care; the next largest budget item being child welfare. The 1976-77 estimates approved by parliament have committed $3.3 million for family allowances and an additional $2 million for family assistance.

● (1732)

As you are aware, Mr. Speaker, the provinces have recently been offered a block financing arrangement for social services in lieu of the conditional shared cost approach associated with the social services bill tabled on June 20. The block financing

approach has been adopted and the provinces will have more latitude in deciding upon those services which may be funded with the assistance of the federal contribution. However, federal legislation, irrespective of which financial approach is adopted, will clearly specify that federal funds are intended to improve services to certain target groups in order to integrate them into the broader community. Under both financial approaches it will be the prerogative of the provinces to establish the criteria for eligibility as well as for the specific services which will actually be provided.

One of the specific purposes of increased federal financing would be to encourage expansion of children's services in Canada. For example, the new financing arrangement compared to the Canada Assistance Plan will include funds to share in the provincial costs of preventive and developmental services for children.

Preventive services are intended for both parents and children, to support parents in their parenting role, to help children who are at risk because they are living in a problematic situation creating the circumstances that could lead to a state of neglect or the need for protection.

Developmental services, on the other hand, are intended to assist parents who have children with extraordinary needs and lack the ability to function normally within their homes, schools and/or communities. Their needs cannot be reasonably met by their own families, and they may be living in or outside their own homes. Children with extraordinary needs are intended to include children such as the hyperactive child, and acting-out child, the withdrawn and antisocial child, the autistic child, the emotionally disturbed and socially retarded child, the handicapped, mentally retarded and socially disadvantaged child, the preschool child with learning disabilities, the disabled and handicapped children who have been rehabilitated to their maximum potential but still have a continuing need for residential care, and other children experiencing serious difficulty in functioning normally.

There are many other services under the new legislation that have an effect on the lives of children including day care services, rehabilitation services and services to communities.

The department is also involved in quality prenatal and infant care, it encourages poison control centres and monitors birth defects across Canada. A number of research projects have been supported and extensive information has been provided free of charge to the public at large. Currently, we are supporting projects ranging from research into genetics to evaluating the impact of psychiatric consultation on the education of emotionally disturbed children.

The department established in October 1975 the adoption desk at the request of the provinces which facilitates the placement of children across provincial boundaries through a central registry of children and potential adoptive parents. The desk also provides to the provinces a co-ordination and liaison service in international adoptions. To date 100 children have been placed interprovincially through the desk. Approximately 75 international adoptions are currently being co-ordinated by the desk.

The department also has an interest in the area of preventing child abuse and neglect. I am sure that hon. members are aware that the Standing Committee on Health, Welfare and Social Affairs published its report to the House of Commons on child abuse and neglect in 1976. As a result of the findings of the committee, and as an illustration of its concern for the problems of child abuse and neglect, the department has undertaken a number of activities, including the insertion of a flyer on the subject of child abuse and neglect in the March 1977 family allowances cheques, and has purchased a number of audio-visual materials on child abuse which are co-sponsored in a series with the Challenge for Change program of the National Film Board of Canada and the Tree Foundation of Canada.

There is one more federal activity I would like to discuss today, the forthcoming Year of the Child slated for 1979. Canada participated in the consensus reached at the United Nations to establish a year set aside for children so that countries might focus on their own children and examine their status. The federal government has contributed $100,000 toward the maintaining of a secretariat at the United Nations for this purpose.

In recent years, with the increasing sensitization of the needs of women and working mothers in particular, a number of improvements were implemented. A major change was the granting of paid maternity leave, up to 15 weeks under the unemployment insurance program. Claimants must have 20 or more weeks of insured employment in the preceding year. The benefits are the same as for regular unemployment benefits.

A second important support to parents are day care services. In Canada, these are funded as a welfare service under the Canada Assistance Plan Act for persons in need. The federal government reimburses up to 50 per cent of the costs to the provinces of providing welfare services. The cost-sharing provisions for day care services have been made more generous than for some other welfare services.

The programs are designed to ensure that all residents of Canada have access to needed medical and hospital care on a prepaid basis. The Hospital Insurance and Diagnostic Services Program, which started in 1958, has mandatory in-patient care as well as elective out-patient services, which vary somewhat from province to province. At this time, all provinces and the two territories are participating in the Hospital Insurance and Diagnostic Services Program.

Other services important to the family as a whole are health services and adequate housing. Adequate housing plays a most important part in the well-being of Canadians, particularly children. Under the National Housing Act the federal government promotes construction of new houses, repair and modernization of existing dwellings and improvement of Canadian housing and living conditions. The prime thrust of the federal legislation is to provide adequate accommodation for citizens on fixed or limited incomes.

Mr. McGrath: Mr. Speaker, I rise on a point of order. I hesitate to interrupt the hon. member during private members'

hour, but I find it very difficult, as I believe many other members do, to relate what he is saying to Bill C-236 which is before the House. Surely the rule of relevancy has to apply and I would ask Your Honour to so rule.

The Acting Speaker (Mr. Ethier): When the hon. parliamentary secretary resumes his speech I would ask him to relate his remarks to Bill C-236.

Mr. Robinson: With respect, Mr. Speaker, I think my remarks are relevant. I do not have to refute everything the hon. member for Edmonton-Strathcona has stated. I am merely adding to his remarks and I think mine are relevant. In any event I was just finishing.

The fact remains that it is our belief that couples should have free access to information and services to enable them to have the children they want when they want them. The government's interest in supporting families on the one hand, and its recognition that couples have the right to decide the size of their families on the other, are seen as complementary policies that have as their end product the maintenance of a healthy society.

Mr. Roche: I rise on point of order, Mr. Speaker. I should like to ask whether the hon. parliamentary secretary will accept a question.

Mr. Robinson: Certainly.

Mr. Roche: I should like to ask the hon. member who has just given the government position on abortions whether he is prepared to recommend that the subject matter of Bill C-236 be sent to the Standing Committee on Justice and Legal Affairs.

Mr. Robinson: Mr. Speaker, I do not think I have the authority to make such a recommendation to this House at this time.

Mr. Knowles (Winnipeg North Centre): Aren't you a member of parliament?

The Acting Speaker (Mr. Ethier): The hon. member for Provencher (Mr. Epp).

Mr. Epp: Mr. Speaker, the hon. member for Surrey-White Rock (Mr. Friesen) preceded me on the list of speakers on second reading of this bill. I wonder if Your Honour would care to recognize him before recognizing me.

The Acting Speaker (Mr. Ethier): The hon. member for Surrey-White Rock (Mr. Friesen).

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I have no objection to the hon. member for Provencher (Mr. Epp) taking the floor. He and I are of one spirit in this matter with the hon. member for Edmonton-Strathcona (Mr. Roche). I want to begin by complimenting the hon. member for Edmonton-Strathcona for bringing this measure forward. It is a subject that easily becomes very shrill and strident. He is seeking a solution to a problem that concerns a great many Canadians, one which I believe has been the subject of great abuse on both sides of the argument. I want to compliment him on his initiative.

There are two problems with the whole subject of abortion, abortion committees and abortion clinics. The first is that we ask abortion committees in our hospitals to make decisons that fundamentally they are not trained to make. These people are specialists. They may be trained gynecologists or obstetricians, the best in their field, but they are not necessarily trained to make some the non-technical decisions that frequently have to be made.

• (1742)

I might add parenthetically that, if we want to talk about therapeutic abortions and bring them into the perspective of statistics that are current nowadays, last year, for example, there were 60,000 therapeutic abortions. I cannot imagine that there are 60,000 seriously ill women walking around this country. And when we look at the 12,000 teenage abortions, we are thinking of 12,000 seriously ill teenagers walking around. Can we seriously consider that all of these have been therapeutic abortions? This simply supports the point that we are asking committees to make decisions that are outside their expertise. I am not taking away from their brilliance or their competence in their area. I am saying that the university medical schools are not training our doctors, gynecologists and specialists to ask questions relative to this whole area. The difficult questions are not ones of technique; rather the difficult questions of life today are questions of morality and ethics.

I would now like to illustrate another point. Some months ago I was travelling home on a plane. I sat beside a gentleman and soon after engaging in conversation with him I learned he was a brilliant man in the field of economics. So I am illustrating my point from two other disciplines. This gentleman had received his Ph.D. in economics from the University of Chicago. He had been a consultant in finance in some of the highest offices in that area. He has consulting offices in Vancouver, Ottawa and in the Middle East and obviously he is a very proficient person in his field. He said to me "You know, when it comes to the difficult questions in life, I have to turn to the church."

This was simply illustrating the point that the technical questions are not necessarily the difficult ones in life. The really difficult ones are those on ethics and morality. As I said before, I am not taking away from the brilliance or the expertise of the people who are sitting on the abortion committees. I am saying that they have been trained in an area which is not within their expertise.

We are moving in our society into a world of specialization, and specialization by definition means abstraction. As soon as one moves into the area of abstraction one necessarily by definition moves away from the area of universality. How can a person who abstracts be a specialist and be a universalist at

the same time? That is beyond me. We are asking these Canadians to deal with problems that are very difficult.

In this last generation we have moved in an area of technology that has been totally anticipatory. By our technology we have put people in space and on the moon. We have moved them into an area where it is impossible to experience what these people would have to go through as they moved out in space. All of this has to be anticipated by science and technology, taking into account all the physical laws that would be brought into play. We have done this without flaw. These are not problems of technology. We have the technology. The questions we have to ask are the moral and ethical ones.

When we move into the area of rationalism, inevitably we move into a field that violates human rights. I will illustrate that point by reading a letter from a parent who wrote to me from Langley, British Columbia. If we take a totally rational view of abortion, we bring into play such things as cost, economics, statistics and population growth. These are all statistical, rational questions. But there are some other questions that have to be asked. This father wrote to me as follows:

> I had contact with the executive secretary of... in fall, 1975. It was in connection with the pregnancy of my 17 year old daughter who very much wanted an abortion. She was able to obtain it by attending a... clinic in North Vancouver who referred her to a gynecologist who performed in the Vancouver General, less than two weeks after the initial contact at the clinic. It is my view that my daughter was able to obtain an abortion simply because she wanted it. The abortion committee at VGH was a rubber stamp of the gynecologist's recommendation and no counselling was provided for this teenager regarding the drastic action she was taking aginst the new life inside her, either at the... Clinic nor at the VGH nor by the gynecologist.
>
> The interview I had with the... secretary was one of many I had with professionals and officials in the health & welfare community in Vancouver. I wanted the answer to the question "Why was it necessary to end the life of this fetus?" Of course I was told I had no right to interfere. One of the many to tell me this was the woman at... I brought up the matter of counselling and she gave me a very nice talk on what should have been said to her. I informed her my daughter told me no one had talked to her about anything except the arrangements, times, places etc., and about her condition—number of weeks of pregnancy, etc. The woman said it was strictly between this girl of minor years and her doctor. She then attempted to inquire about my religion. Apparently, from her attitude I think she assumed I was Roman Catholic. I told her I would not tell her my religion but that I wasn't R.C.
>
> I would say further that the people who were so interested in this girl and who supported her in this unnatural and inhuman act, when it was done, disappeared completely from her view and have never inquired of her wellbeing since. They ought to know her troubles were not solved by the "operation".

Here is a case where the father of a teenage girl had his legitimate legal rights overruled by somebody who took a totally rational approach to this very human problem. I illustrate further that rationalism becomes totally irrational. In the report of an agency that contacted all members of parliament on this subject was a quotation from the Badgley report. In this agency's report it said:

> The report also estimated that in 1974 Canadians spent 58 cents per capita on the costs of therapeutic abortions against $1.61 for normal childbirths and 24 cents earmarked for federal and provincial family planning programs.

I wonder if we are prepared as a people to regard this issue in dollars and cents terms and to highlight rationality of the whole approach. I put that in juxtaposition to the report I read in *Time* magazine of this week entitled "Fishy Reprieve—The snail darter wins—for now". This article deals with the supreme court decision in the United States. I quote:

> Last week the U.S. Supreme Court ruled 6 to 3 in favor of the snail darter's right to life.

In this case there are 10,000 three-inch fish who live in the reservoir area of a dam. They have been given the right to life by the Supreme Court decision. This dam costing $116 million woud have provided sustenance for thousands of people throughout its irrigation and drainage area. This project was shelved because of 10,000 three-inch fish. The report goes on to say:

> Indeed, the decision could affect at least eleven other projects, including the proposed $690 million Dickey-Lincoln Dam in Maine, which would endanger the Furbish lousewort, a rare plant that resembles the snapdragon.

● (1752)

It seems to me that this country is getting completely out of whack. When we consider in dollars and cents terms that a therapeutic abortion and information about therapeutic abortions costs only 58 cents per capita whereas a live birth costs $1.61, I cannot help but believe we are getting into a world of absurdity with human life being determined in that sense.

I commend the hon. member for Edmonton-Strathcona for looking for an answer to this problem which affects the morality of all of us. There were 60,000 abortions performed last year and the projection is for an equal number this year. I compliment the hon. member for Edmonton-Strathcona on looking for a solution to provide for the protection of human life of the yet unborn child.

Mr. Jake Epp (Provencher): Mr. Speaker, may I thank you or your indulgence previously when you recognized the hon. member for Surrey-White Rock (Mr. Friesen). I will be very brief. I commend the hon. member for Edmonton-Strathcona (Mr. Roche) and the hon. member for Surrey-White Rock for their contributions.

I had an opportunity at previous times in this House to speak on this issue. Those of us in this House who believe so deeply in the issue of the right to life have been silent too long. Hopefully we will speak out more boldly in this forum and every other forum available to us.

I have again read the debate of 1969, the debate on the change to the Criminal Code in the omnibus bill. The spirit that prevailed was that abortions could be granted where the health or life of the mother was seriously in danger. No member of this House, some nine years later, can argue that 60,000 therapeutic abortions fits the definition of 1969 and the law passed by this House at that time.

The fact remains that abortions in many areas have become abortions on demand. Why? I shudder to think that in our society, with the economic well-being that we have, that we can suddenly trundle out the argument that, economically speaking, the unwanted child will be such an economic drain on the family that the child's life must be destroyed.

All of us have had experience where people in much poorer circumstances than the average person today took children

who were not their own, adopted them and made them their own. Today they are citizens. While there were economic hardships, the joy of helping someone along the path of life surely outweighs any decision to destroy life. Therefore, the economic argument just is not valid. I do not see how any person in this House can argue the economic concept.

The hon. member for Toronto-Lakeshore (Mr. Robinson) argued that we should not tie in abortions in the large numbers which we see in our society today with social engineering, the removal of the aged and the infirm. Why is he so sure that society that can rationalize removing the life of the unborn person, having determined it has the right to remove that life, will never make the decision to remove life at the other end of the age spectrum? How can he make the assertion that that will not happen?

What it comes down to is that it is a moral issue. If we believe that life is sacred and comes from God, how come the state has the right through its agents, members of parliament, to determine that we can remove that sacred life? I ask the hon. member how he can guarantee that, in a society which is recklessly hurtling down the immoral road, life will not become so cheap that it will in fact become worthless?

Next year we will have the International Year of the Child in commemoration of the twentieth anniversary of the signing of the Charter of Children's Rights at the United Nations. What greater gift can we make than to re-examine the abortion law and give the hope of life to 60,000 Canadians so that they may not be added to the one quarter million who have died since 1969?

I thank the hon. member for Edmonton-Strathcona for bringing this topic before the House. More important, I plead with the hon. member for Toronto-Lakeshore to take this question back to his government to see whether they will have the subject matter go to the committee where we can discuss it further.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I will take only one or two minutes so as not to run the risk of talking out this important bill. I willingly add my voice in support of the bill. I compliment and congratulate the hon. member for Edmonton-Strathcona (Mr. Roche) on bringing in this bill.

We as a parliament should concern ourselves with the most basic human right of all; that is, the right to life. Last year alone in Canada 60,000 human beings were denied this right through the abuse of the present law. It is inadequate. In my humble opinion, this is nothing short of a national disgrace. We should not base our moral standards in this country on those of any other country of the world. We should establish our own moral standards based upon the Judeo-Christian ethic. There can be no other way to measure the moral standards of a society. I commend the hon. member and urge hon. members to have the subject matter of this bill referred to committee so that it can be studied further.

The Acting Speaker (Mr. Ethier): The hon. member for Verdun (Mr. Savard).

[Mr. Epp.]

Mr. Paproski: Mr. Speaker, in view of the fact there is only one minute remaining, I think you should put the question.

The Acting Speaker (Mr. Ethier): Order, please. An hon. member stood to be recognized and I recognized him.

[*Translation*]

Mr. Raymond Savard (Verdun): Mr. Speaker, I think that legislation on abortion is proposing cumbersome measures on a procedure which appears to me to be within the medical jurisdiction. In view of the restrictions now provided in the Criminal Code, it seems to be unthinkable that in 1977 the hon. member for Edmonton-Strathcona (Mr. Roche) is trying to limit the definition of the word health to an absence of physical indisposition whereas we all know that social and familial effects are recognized—

The Acting Speaker (Mr. Ethier): Order. It being six o'clock, I do now leave the chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

CUSTOMS TARIFF

MEASURE TO AMEND

The House resumed consideration of the motion of Mr. Chrétien that Bill C-48, to amend the Customs Tariff and to amend An act to amend the Customs Tariff, be read the second time and referred to committee of the whole.

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I have some comments to make on this bill. I wrote a letter recently to the Minister of Finance (Mr. Chrétien) indicating I would have some observations to make. I have received considerable correspondence from people in my constituency who are seeking assistance from the federal government but are not getting any. There seems to be something missing in this bill. Perhaps hon. members will allow me to supply some background.

In 1973, the chief executive officer of a company in Perth, Ontario, known as International Silver was, along with some other entrepreneurs, considering setting up a new company. At that time about five million pairs of scissors were being imported into Canada each year. When I was first given this information I was surprised; I thought the number was greatly

exaggerated. What did people use all those scissors for? Yet the statistics are there. Six million pairs of scissors are presently being imported, one million of which are of high quality, made of hot-forged steel, the rest a cold-stamped product, some of them used by children in kindergarten to cut things out. I suppose they break them all the time which is one of the reasons we import so many. Yet despite the size of the home market—every home, every office, every industry uses scissors—never in our history have scissors been manufactured in this country.

In December, 1973 a study was completed by the Department of Industry, Trade and Commerce. The tariff on imported scissors was 20 per cent. The department analysed the market and concluded it was a pretty good idea to manufacture scissors in this country. This study showed how much we were bringing in. There was no established domestic market.

● (2012)

The import analysis referred to the 20 per cent tariff. So in January of 1974, a month after they got this information, they were then far enough along the way, and they decided to go ahead. They incorporated the company, and between January of 1974 and March of 1974 they set out to raise capital. They spoke to the Eastern Ontario Development Corporation. With their shareholders they arranged for a line of credit at the banks. I want to emphasize that this is not a fly by night firm. It is not coming in as some of those we have supported under DREE with 20 per cent shareholder equity and so forth. These people arranged for shareholders to commit $450,000. The Eastern Ontario Development Corporation, an agency of the Ontario government, gave them an incentive loan of $497,000. They had a bank line of credit of $300,000. Over $1 million was being committed for the setting up of a plant.

In April of 1974 the building was started. Contracts were let to instal machinery. Things were going along very nicely through April, May and June, when boom, in July of 1974, just at the end of the election campaign of that year, it was announced that the Privy Council had passed Order in Council P.C. 1974-1416. That order in council was actually passed on June 20, 1974, but it was not promulgated in the press and in the Canada *Gazette* until July of that year. The order in council knocked down the most favoured nation tariff from 20 per cent to 15 per cent, thus allowing Italian, German and Finnish scissors to come in at 15 per cent.

Included at that time was the general preferential tariff for developing and underdeveloped countries. That was introduced as a result of the passage of Bill C-179 in the closing days of the 29th Parliament. I think that bill was passed in March of 1974. The tariff on Brazilian scissors coming into Canada was lowered to zero. In July of that year, just after hearing about this and before production started, the president and general manager of the company, Mr. Christopher, wrote to the government to complain.

Mr. Christopher indicated that a large volume of Brazilian scissors were imported into Canada and that they were made in a factory which is one of the largest scissors manufacturing plants in the world. It has some of the best technology, and it is very efficient. Assistance was requested starting from that time, and I will deal with that later. It was indicated that perhaps for three years that tariff would be helpful until the company got established and got costs down as the plant worked out its wrinkles. Since then it has been drawn down to two years, and there has been correspondence to the effect that it would be desirable to have that tariff back to 20 per cent for two years.

In September of 1974, just about eight weeks after the announcement of the tariff change, the plant was opened, the building was occupied and it was ready for production by January of 1975. The company was writing and pleading what I think is a very reasonable case for a new industry owned by Canadians, using Canadian capital, raw materials and workers, not for a tariff barrier which is more than we have had in the past or anything high, but just the barrier which was there when the report from the Department of Industry, Trade and Commerce was made in December of 1973.

The report contains some 20 pages. It deals with scissors, shears and trimmers, and at page 7, in section 3, it refers to production. It says that there are no Canadian manufacturers of scissors or shears, that imports can be equated with apparent domestic consumption, that one of the largest purchasers of scissors and shears for its own use is the federal government through the Department of Supply and Services, and that some of the department's foreign suppliers are experiencing difficulty in meeting promised delivery dates.

The report assesses the number of scissors coming into Canada in the year 1972. On page 8 it indicates the quantity to be 5,404,752 scissors. It indicates that in 1968 the number was 4,358,976. The report deals with quantities and dollar values for 1968, 1969, 1970 and 1971 and it ends up with the 12-month figure of 5,404,752 for 1972. At that time there had been a most favoured nation tariff of 20 per cent on scissors and shears, but it was free under the British preferential tariff. However, the company felt that there was no problem because of the quality and type of scissors which were coming from England. They were of the cold-stamped variety, and this company did not want to go into that production. It has never mass produced cold-stamped scissors. It produces high-quality hot-forged scissors, a quality product. The company felt that it could compete with that kind of product.

In July of 1974 the president of International Scissor indicated in a letter that he contacted people in Mexico and they told him that the operation was an extremely large one which produced cutlery, scissors and many other products. This was with reference to the Brazilian company. That company was started by the Germans after World War II under the name Hercules S.A. That company employs about 7,000 people, and it produces cutlery and things of that nature as well as scissors. On page 2 of a letter from Mr. Christopher we find the following:

> By breaking out the 15 per cent duty, it shows that a landed cost of $1.63 for a pair of scissors under the present set-up with the 15 per cent duty, 12 per cent sales tax, 40 per cent mark-up on selling price for the importer and a 50 per cent mark-up on the selling price for the retailer would make that pair of scissors go

from $1.63 to $7.00. Conversely if the duty were removed and the importing price the same, that is $1.63, it would then make the selling price $6.05, so that you can see by removing the duty makes a difference of 95 cents in the selling price.

One must recognize however, that per unit the importer will make less profit, the retailer will make less profit by the very fact that the duty was not there and they certainly take a mark-up on that as well, and I am sure that the consumer will not benefit by the reduction of duty. This money will go into profits for the importer and retailer and all it does is make the imported product look more attractive than what the domestic product would look if we had the 15 per cent duty.

I don't think we're asking too much to have this duty maintained as we most definitely are going to need it, particularly in our start-up years, that is for the next couple of years.

● (2022)

That was a letter of July 15, 1974, urging the continuation of the tariff of 15 per cent, or recognizing it was down to 15 per cent under the most favoured nation tariff.

On January 22, 1975, writing to Mr. J. G. McEntyre, Mr. Christopher writes in part in the third paragraph:

Construction was started in April and concluded in October 1974.

He indicated that they were well along the way when the announcement came in July of 1974. He goes on to write:

When the initial investigation to set up this company was made, the duty on scissors was at that time 20 per cent, however, in mid-1974 changes were made that put severe pressure on this company that we had unfortunately not anticipated. The duty rate was reduced to 15 per cent making our ability to compete with off-shore products that much more difficult and also duty was removed completely on a long list of nations, particularly Brazil.

That country has one of the most advanced and largest scissor producing companies in the world, now they are allowed to send scissors to Canada without duty. Since this product is labour intensive it is easy to understand the difficulty we will encounter from that source.

In the next paragraph he goes on to say:

Obviously we would request any consideration that you could give this company in at least maintaining the existing duty rates until such time as we have had the opportunity of reaching a reasonable degree of efficiency. We also feel that products coming in from Brazil, a country that is in such an advanced state of productive capacity, duty free is certainly very detrimental to our ethics.

They continued with their process, and in March of 1975, writing to Mr. L. Loomer, director of tariffs, Department of Finance, Mr. Christopher said in part in paragraph 2:

In our approach to importers and distributors of scissors in Canada, we are running into virtually the same comments from all.

In the next paragraph, he says they are too high priced in comparison with the low price of the product brought in from off-shore. In the third paragraph of the letter he says:

Again, I wish to stress it is not our intention to endeavour to hide behind tariffs, however, we do recognize the absolute necessity of some form of protection until such time as we can develop this company into a viable operation. For the first time scissors will be made in Canada from Canadian raw materials, by Canadian workmen, using Canadian capital.

A copy of the letter was sent to the following officials: R. E. Foster, W. H. Chander, J. H. O'Connell, J. Stewart, and R. Catellier. At that time they enclosed an indication of what was happening in the scissor market. Whereas in the government import analysis done in December of 1973, Brazil was not included because that country was not a major factor at that time, the analysis shows that between 1969 and 1974, Brazil had increased its exports from 119,000 pairs to 262,000 pairs, an over 100 per cent increase. Italy, which has a cheaper model, has increased its exports from 639,000 pairs to 1,040,-000 pairs.

In a memo dated May 6, 1975 it is pointed out that Brazil has the largest and most up to date manufacturing industry of scissors in the world. It reads:

A company called Zivi was formed by German scissor technicians after the war, presumed to be Henckels of Solingen, however, there is no proof of any degree of ownership . . . distributed in Canada by Henckels (Canada) of Toronto.

International Scissor Limited goes on to state in the memo:

Quality of Brazil is very good. Quality of Italy is poor and they do not have a good reputation in the trade.

Apparently they have difficulties meeting some of their commitment dates, and their scissors are not as good. The memo goes on to read:

German scissors are comparable in quality and price to Canadian scissors. England produces more "cold formed" scissors and delivery of quality scissors from England is poor.

This was their assessment of the market at the time. They go on to say:

Singer Company which is probably the largest sales organization of scissors in Canada sell Henckels manufactured in Brazil. We have just been informed that Eaton's of Canada will in future feature only scissors purchased from Henckels of Canada imported from Brazil.

On May 14, 1975 International Scissor Limited received a letter from an importer named Lamplough Cutlery Ltd., in Montreal, which says the following in part in the second paragraph:

The idea of setting up manufacturing facilities to provide scissors in Canada is commendable. It is a household product used in every household in Canada as well as every office and industry.

In the third paragraph they say:

We intend to support your entry into the Canadian market to the fullest extent. As I pointed out to you this will be difficult as a result of the federal government decision in July of 1974 to reduce the tariff from 20 to 15 per cent and also to remove the duty completely from a long list of "Emerging Nations" . . .

The laid down cost of scissors from Brazil, without duty, is much lower than that from Italy with 15 per cent duty and the quality is superior.

They go on to say a little farther down in the paragraph:

I am sure you can see the unfair competitive position you are being forced into.

The last three paragraphs in that letter bear reading. They read as follows:

A lower duty structure than that which obtained when there was no scissor manufacturing facility in this country appears illogical. The free entry of scissors from a country boasting the largest and most modern scissor and cutlery facility in the world, appears ludicrous.

The lower level of duty will make your job difficult. The elimination of duty on cutlery from a low labour cost-high technology country such as Brazil will serve to retard the development of the industry in Canada.

I find it difficult to believe that our representatives in Ottawa had this as their goal.

On July 4, 1975, in a letter to Mr. R. E. Foster of Ottawa, the following is to be found in the fourth paragraph:

The more we look into this matter of imports and the reduction of tariffs the more I am becoming convinced that our only salvation for the establishment of

an effective Canadian operation is to have all duties revert to the 20 per cent including Brazil. This represents somewhat of a change in my point of view since previously I thought we would be interested in just having Brazil removed from the emerging nation list.

However, imports from Italy seem to be on the increase as well as imports from Japan in the cushion handle scissor. This naturally will have a dramatic effect on our market if it continues its popularity as it has in the past 12 months.

We were scheduled to be represented in the Eaton's catalogue for spring and summer of 1976, however, this week we were advised by telephone they would not be featuring our product since they had decided to feature Brazilian merchandise supplied by Henckels. This naturally is a bitter disappointment for us especially when one is helpless in being unable to compete with the low prices from Brazil which are allowed into this country duty free.

On July 18, 1975, Mr. D. P. Messing, director of tariffs in the Department of Finance, stated as follows:

—we have written to J. A. Henckels Canada Limited requesting its views on your request to have the general preferential tariff removed on scissors imported from Brazil.

That admission is rather as if you were telling someone you were going to war against him and you will attack his flank. Of course they are going to object—this means half their profits. They are importers and naturally they would object. It would be unreasonable if they did not.

On August 6, 1975, Mr. Christopher, in writing to Mr. O'Connell, chief of the service industries machinery division of the Department of Industry, Trade and Commerce, wrote the following:

While I have stressed repeatedly in my communications with various departments of the federal government that we do not intend to hide behind a duty but ask only consideration for the reimposition of the duties to 20 per cent until such time as we can get our feet on the ground and penetrate the Canadian market. This might take a very few years.

● (2032)

Subsequently I indicated in letters to the department that it would take two years. The letter of August 6, 1975 continued as follows:

An example of the problems we face is that we were scheduled to be represented in the 1976 spring and summer Eaton's catalogue but unfortunately we have now been informed we will not be represented in that catalogue as they have been able to buy scissors from Brazil at a more attractive price than we can offer them the Canadian product.

Continually they have attempted to approach the government. On August 12, 1975 Mr. Christopher wrote another letter which read as follows:

Unfortunately in the area of manufacturing Canada is the emerging nation relative to scissors not Brazil.

The letter continued on page 2 as follows:

I personally feel this is a terrific blow to us as that would have been a sizeable portion of our production and to lose that right at the beginning was very disheartening. The prices that we had quoted Eaton's were extremely low, however, we were underbid by a company who could import from a nation that did not have to pay duty on their products coming into Canada. Not only is it harmful that there is no duty, but unfortunately, we as a Canadian manufacturer have to pay a much greater sales tax on our product than does the Brazilian importer. I can't see any fairness in that whatsoever.

Then he referred to two major accounts, Singer and Eaton's. Subsequently on page 3 the letter continued:

As a matter of interest below listed you will find the imports from Brazil from 1970 through April 1975 which does show a modest increase in the selling price of the product until 1975 when there was an $.08 per piece drop, taking it back to the 1973 level.

The letter contains a list of units from 1970 at 112,000 to 1974 at 261,707. The 1970 price is shown as 83 cents; 1971, 88 cents; 1972, 91 cents; 1973, $1.06; 1974, $1.15; and 1975, $1.07. At about this same time other concerns began to develop. On August 21, 1975, a letter from Mr. Messing, the director of tariffs for the Department of Finance, was directed to Mr. Sandford. In part it read as follows:

As we discussed in previous telephone conversations, the information received to date would lead us to believe that importations of scissors from Brazil in the forthcoming year would be about in line with those of previous years. However, I wish to advise you that we have since written to both Eaton's and Singer for their views on your request.

That was a request to have the tariff rejected. Henckels are making a bigger profit because they are making scissors cheaply, and are able to sell the product at a few cents cheaper than the Canadian product is available to consumers. Singer and Eaton's are also making a bigger percentage of profit.

On November 24, 1975 Mr. Christopher directed a letter to Mr. J. P. Connell, Deputy Minister of National Revenue, which read in part as follows:

Imports from some countries, particularly Italy, are seriously damaging our entry on the Canadian market. As a result of the extremely low prices of Italian scissors, I would request your assurance they are paying the duty on a valuation in accordance with the Canadian Customs Act.

The reason for this concern is that although there are difficulties on the production line, which is known by Canadian authorities in Italy, and although Italy has had a greater inflation rate, is required to pay more for its steel and labour wages are higher than those in Perth, according to the American Scissors Manufacturing Association after three years their scissors ended up being offered to consumers at approximately the same prices of 90, 91, 92 and 93 cents per unit. How that company could maintain those prices with Italy's inflation rate and higher wages is beyond imagination.

On December 5, 1975 a letter was directed to Mr. J. Loomer of the Department of Finance which read as follows:

Unfortunately for us, this has not happened and in our efforts to penetrate the Canadian market, we are continually discouraged by negative answers from buyers, resulting from adequate stocks of lower priced merchandise coming in from particularly Brazil and Italy.

The letter continued:

Very recently, we had the opportunity of quoting on scissors being purchased by an American distributor, however, we were more than surprised on learning the duty of scissors going into the United States was 22½ per cent plus ten cents per pair on scissors valued at over $1.75 per dozen.

The duty on American scissors coming to Canada is 20 per cent. In 1975 it was approximately 15 percent. The Americans have a much more protective tariff than Canadians. The difference in tariffs is hardly fair for Canadian industry.

On December 24, 1975, a letter was written to Mr. D. P. Messing, Tariff Division, Department of Finance which read as follows:

We had the opportunity of quoting on an order for export to the United States very recently, however, on investigation the duty just completely killed us. Believe it or not, exporting scissors to the United States commands a duty of

22½ per cent plus ten cents per pair. Protection like that we would love to have to get this company started.

The Americans protect their businesses, which results in the creation of jobs. The letter continued:

We recently received an export price list of product from Brazil, at the same time we're informed unofficially and verbally the Brazilian government was subsidizing their industry to the extent of 50 per cent of all sales made to the North American market. We can assume this would assist the Brazilian manufacturer in overcoming the high rate of duty going into the United States but would certainly be a windfall for any product shipped into Canada.

On December 24, 1975 this concern about the subsidization of the Brazilian low price was expressed. Continually this company has attempted to receive some recognition. On May 28, 1976, Mr. Christopher directed a letter to me which read in part as follows:

In the recent budget brought down by Mr. Macdonald, he did recognize our problem and the duty will go back on most-favoured nations from 15 per cent to 20 per cent effective June 30. This will be a help.

That assisted them in coping with the problems arising from Italian manufacturers. The Canadian manufacturer is more competitive than English, Finnish, German and Japanese manufacturers. They are not concerned about the scissors from Pakistan, Taiwan or Hong Kong. They are concerned about the high quality scissors from Brazil and Italy. The Italian quality is less than the Brazilian quality. Their main concern was really with Brazilian scissors, which were coming into the country duty free. The letter continued as follows:

The most damaging one to us is the free entry of scissors from Brazil and again since I talked to you on the phone we have had heartening discussions and I do expect a review of our situation by cabinet at a very early date.

I should like to refer to an inter-office memo of the Department of Industry, Trade and Commerce dated July 23, 1976. It was directed to the Chief, Latin America Division, Western Hemisphere Bureau. It was from the commercial officer and was in respect of anti-dumping. According to that document, import tariffs on scissors from Canada to Brazil are 155 per cent. In practice this means very little, because scissors are on the banned commodities list, and the government will not grant import licences even if they could be imported at 155 per cent. Also we find that there are local taxes on scissors in Brazil. There is an industrial products tax of 12 per cent and a mercantile circulation tax of 14 per cent. These are paid by the customer, and one by the manufacturer in respect of exports from these countries coming into Canada. They can claim a greater credit, to the extent of 26 per cent.

● (2042)

On August 17, 1976 he received a communication from Brazil indicating there was a tax problem there. In that letter we found out that the government was willing to investigate anti-dumping. There was an indication on September 3, 1976 that the information available would suggest there was not sufficient evidence to warrant initiating anti-dumping proceedings at that time. That letter ends up by stating that in the circumstances they are closing their file on this matter. This is a matter in respect of which they had just indicated they had knowledge that the Brazilian government was paying a subsidy of 26 per cent on these exports to Canada at a time when Canada was already allowing them to enter the country duty free.

There was some hope in December of 1976 when, through an error, the Minister of Finance issued a memo which was prepared in anticipation of a return to the 20 per cent level. It suggested that scissors from Brazil were to be returned to the 20 per cent duty classification and the preferential tariff would no longer be applicable. That was revoked by a subsequent press release one day later saying that one had been issued in error. Although they had anticipated this return to that level the cabinet ruled against it. Naturally this was a big blow to the company.

A letter from the then minister of industry, trade and commerce, the present Minister of Finance, explained the problem that the scissor company in Canada had in going to Brazil. He said this:

The present tariff on scissors exported to Brazil from Canada is 155 per cent plus a 100 per cent prior deposit of the F.O.B. value of the shipment at the point of export to be held for 360 days without interest and monetary corrections. In addition, due to Brazil's balance of payments difficulties, scissors are on the list of banned imports.

Let me point out that on April 21, 1977, in a letter to Mr. Connell, the Deputy Minister of National Revenue, in paragraph 3, Mr. Christopher, President of International Scissors, states:

We are being materially injured by these subsidized imports from Brazil which are allowed into this country duty free.

In the next paragraph he stated:

It had been brought to our attention by a government official that in addition to the elimination of domestic taxes, the Brazilian scissor industry was subsidized in the amount of 26 per cent by the Brazilian government. We do feel that this is very unfair competition and as a result Countervailing Duties should be imposed.

The next paragraph in the same letter states:

Another source of injury is the result of Italian imports coming into this country in hot forged scissors and the amount of 977,786 pair at an average value of 90 cents. Obviously the difference in price between the Brazilian scissors, which we understand are subsidized, and the Italian scissors surely indicates some degree of subsidizing by some form in Italy.

Perhaps this is speculation, but surely there is reason for some belief that this is in fact the case.

On May 3, 1977, in a letter to the Assistant Deputy Minister of the Department of Finance, Mr. R. Joyce, Mr. Christopher in the third paragraph asks for countervailing duties to be applied to the Italian scissors. He pointed out:

It will be noted the total imports of scissors dropped in 1976 from 5,142,000 to 4,573,000 pair. While the total market was down Italy increased from 884,512 to 977,786 pair and the average price dropped from .93 cents to .90 cents per pair. It is amazing this was possible in view of the increased cost of labour and material in 1976. How can this be possible without either selling at a much reduced value or subsidization of some form.

The final letter which I want to quote at this point is dated November 24, 1977. It is from Mr. Christopher and he states:

—I'm still being slaughtered by Italian imports whose price has not changed even though the dollar has been depressed and inflation runs rampant in Italy. Also the Brazilian situation is getting worse since Singer are selling more and naturally that means they are importing more.

I do feel that the United States certainly know how to protect their industry and that is very evident by the countervailing duties they have imposed on the Brazilians. Also another pill that is pretty hard to swallow is the fact that I have been trying to get in the U.S. market but the extra duties going into that country certainly hurt.

Those are extra duties as compared to the duties the United States companies pay on goods coming into our market.

Let me point out briefly that the Department of Industry, Trade and Commerce, in a letter over the signature of "Alastair Gillespie," then the minister of industry, trade and commerce, dated July 16, 1975, stated:

We have provided financial assistance under the Machinery Program—

That amounted to about $8,000. The letter continues:

—and the Industrial Research and Development Incentives Act.

That amounted to about $38,000. It goes on to state:

In addition, we undertook a comprehensive breakdown of scissor imports which helped them in assessing the Canadian market.

I have already referred to that. The federal government contributed money trying to help.

On another sheet I have here which was printed by the American Scissors Association it is indicated that in 1976 the hourly rates for workers in scissors factories in Monza, Italy, was $5.31, and the companies were having persistent assembly operation problems, whereas in Canada the hourly labour cost in Perth is $3.85 to $4.25. In spite of this the Italian scissors come in at a much lower rate, which certainly leads to speculation that in fact there may be subsidization by that government and that perhaps countervailing duties should be imposed.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but I must inform him that his allotted him has expired. He may continue with unanimous consent? Is there unanimous consent?

Mr. Dick: Thank you; I will try to be as brief as possible in wrapping up this matter.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): Order, please. I do hear some no's, so I cannot permit the hon. member to continue.

Mr. Dick: Perhaps I will finish this at a later stage. I regret that I was not given unanimous consent by members on the government side.

An hon. Member: You are the ones that withhold unanimous consent. You have to play the game.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Ethier in the chair.

Clauses 1 to 6 inclusive agreed to.

Schedules 1 to 4 inclusive agreed to.

Title agreed to.

Bill reported.

• (2052)

The Acting Speaker (Mr. Ethier): When shall the bill be read the third time? With consent, now?

Mr. Knowles (Winnipeg North Centre): By leave, now.

Some hon. Members: Agreed.

[*Translation*]

Bill reported.

Hon. Jean Chrétien (Minister of Finance) moved that the bill be read the third time and do pass.

The Acting Speaker (Mr. Ethier): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I will not take as much time as I did on second reading as I try to complete this matter. I know the Minister of Finance (Mr. Chrétien) will be very happy about that but I hope he does not mind that I tried to present the case. For four years small business has pleaded at every door it could and I have undertaken to try at this juncture as well.

It has been established that there was a possibility that countervailing duties could be imposed by Canada. On October 15, 1976, however, the Department of National Revenue, in a letter to Mr. Christopher, stated as follows:

I refer to your letter of September 16, 1976 in which you refer to the possibility that tax credits provided to manufacturers in Brazil might be subject to countervailing duties in Canada.

There is provision under Section 7 of the Customs Tariff Act for the Governor in Council to impose additional duty on imports that have been subsidized by the government of another country where the goods in question are of a class or kind made in Canada. However, to date, Canada has not invoked this legislation and no regulations to implement the law currently exist.

That section has been in existence for almost 20 years and we have never passed regulations nor promulgated it. This company by its persistence helped to bring about at least the implementation of section 7 and some provisions for countervailing duties in this country. It was as a result of that that in the first part of April, 1977, section 7 was proclaimed. A press release was issued and countervailing duty regulations were put into effect.

On May 11, 1977, a letter was sent to Mr. Christopher from the Deputy Minister of Revenue acknowledging receipt of his letter and continuing:

—concerning the alleged injurious subsidization of hot forged scissors originating in Brazil and Italy and imported into Canada.

Your request for an investigation pursuant to the recently promulgated countervailing duty regulations is presently under consideration—

The letter did not say they were going to make an investigation, just that it was under consideration. They then asked him to fill in 13 pages of forms which were very complicated compared with the simplicity of the forms required in the United States. On July 28, 1977, the deputy minister again wrote to Mr. Christopher as follows:

No evidence has been disclosed which would indicate that Italy is subsidizing its scissor industry.

Then it continued:

There is some evidence of subsidization with respect to scissors originating in Brazil.

However, it has been noted that that country's share of the Canadian market is relatively small—

It had just about doubled in four years, Mr. Speaker, and the share was very large at the high quality end; in fact, it was the greatest competitor in the high quality end. The letter continued:

—and that there is a significantly larger volume of considerably lower priced Italian scissors entering Canada.

No doubt the quality is not the same. Later the letter stated:

Given these facts, I do not believe that there are sufficient grounds for me to cause a countervailing duty investigation to be initiated—

They did not even bother to investigate, Mr. Speaker. If they had investigated they would have seen a memorandum from the Department of the Treasury in Washington to the Secretary of the Treasury on the subject of the Brazilian export incentive programs, reviewing the fact that there were export incentives in terms of tax that put on a 17½ per cent countervailing charge plus the American tariffs for Brazilian scissors which were now 22½ per cent, plus ten cents per pair. For the same Brazilian scissors to come to Canada the tariff was zero. That just invites a flood of Brazilian scissors into this country.

Even the anti-dumping countervailing duty notices were published in the Federal Register on November 2, 1977. I have a copy of the Federal Register, volume 41; the relevant page is page 8634. If they had investigated they would have found as well the petition for countervailing duties on scissors and shears imported from Brazil submitted by the National Association of Scissors and Shears Manufacturers.

It is unfortunate that they did not have an investigation and did not impose countervailing duties on the excuse that the United States legislation was in effect and they could impose countervailing duties where Canada could not. That argument can easily be answered by the fact that Canadian legislation was in effect at the same time as the legislation in the United States. It was on our statute books, whether it was promulgated or not and whether we introduced the regulations at that time or not. I think we have an arguable case, yet this country is continually flooded with Brazilian scissors of exactly the same quality as Canadian scissors.

I note that the government did cancel a tariff reduction on March 21, 1975 on bicycles entering this country because of their adverse effect on Canadian production and employment. These manufacturers may go bankrupt if they continue to lose money every month, but they are persistent and want to get into this market and so keep trying. If they go bankrupt we will not have any such industry in Canada.

The preferential tariff on rubber footwear was suspended. This commodity again was imported in large measure from Brazil. The footwear industry was somewhat concerned and in order to protect jobs and capital invested in Canada the government acted. So we now have two precedents, cases where the government acted.

There was also a reintroduction of tariff on certain tires, so we have two and perhaps three examples of where, because of the potential loss of jobs and capital investment as well as the breakdown of industry in Canada, the government has assisted large companies. The ones I speak of are small entrepreneurs, however, having only about 20 to 40 employees. They cannot work to capacity because they cannot get government assistance.

An article in the *Globe and Mail* of June 24, 1977, read as follows:

Japanese producers of ball bearings and tapered roller bearings have told the European Economic Community that they are willing to make substantial price increases on all their EEC exports equal to the duty on the bearings, an EEC spokesman says.

● (2102)

So because of the effect that countervailing duties had there, this was to correspond with the dumping margins the EEC claims it found before introducing a 20 per cent countervailing duty on February 4.

This company has asked only for the assistance of the 20 per cent tariff in Brazil. They have asked for a thorough investigation of anti-dumping or possible countervailing duties from Italy. This action has not been taken as yet. They are a small company and they have been stretched to their maximum. This company has begged, it has pleaded, it has done everything except come here with all of its workers, kneel on its knees before parliament and ask for some assistance. What does small industry have to do in this country? The government has been paying it lip service. We have a Minister of State (Small Business) (Mr. Abbott) but what do small business have to do to get assistance? They do not want a 30 per cent, 40 per cent or 50 per cent tariff; they have asked for a return to the 20 per cent tariff which was the tariff they were told was in existence by the Department of Industry, Trade and Commerce.

This bill does not call for the reintroduction of that tariff, and I think this bill is lacking in that regard. I wish the minister had amended the bill to bring in this 20 per cent tariff. Without it we will probably lose more jobs in an area which already has 15 per cent unemployment. We will lose Canadian capital. We will lose technology which is being built

up at quite a price. Small business is not being helped. The minister looks at me sort of askance. I would remind him that I sent a letter to him on June 19; I know he received it because he was kind enough to reply. I asked for the minister's assistance within cabinet to try to get the customs tariff reinstated. I wanted to plead this case and I felt that perhaps under Bill C-48 it would be the appropriate time to expose this matter. I hope the minister will help small business, and especially this particular one.

The Acting Speaker (Mr. Ethier): Is the House ready for the question?

Some hon. Members: Question.

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

* * *

[*Translation*]

INCOME TAX ACT AND EXCISE TAX ACT

OWNERSHIP AND OPERATION OF SMALL BUSINESSES

Hon. Jean Chrétien (Minister of Finance) moved that Bill C-59, to amend the Income Tax Act and the Excise Tax Act in matters relating to the ownership and operation of small businesses, be read the second time and referred to committee of the whole.

[*English*]

He said: Mr. Speaker, it is unusual for a Minister of Finance to have one tax bill follow another as closely as is the case tonight. But I believe it indicates this government's sensitivity towards the need to encourage and preserve Canadian entrepreneurship.

The bill introduces a series of tax relief measures for small businesses to be added to the broad range of concessions already accorded to such enterprises through our federal tax structure.

Before I touch on the new measures I would like to outline some of the existing provisions that encourage small business development. The most important of the measures already in place is the low income tax rate for small Canadian-controlled private corporations. The tax rate on the first $150,000 of small business income is some 20 percentage points lower than that for large businesses. This preferential treatment is available as long as retained business income accumulated after 1971 does not exceed $750,000.

At current ratios of sales to taxable income, the low tax rate is typically available on the business income of firms with up to $1.5 million in sales and so benefits a large group of Canadian enterprises. Taken in conjunction with the recently enriched dividend tax credit of 50 per cent of dividends received, this measure provides three advantages.

First, the federal revenue forgone due to the low rate of corporate tax is estimated to be some $900 million in 1978. This is thus one of the richest and perhaps the single most significant incentive provided through the Income Tax Act. The reduced rate significantly enhances the after-tax cash flow available to these businesses to aid their expansion.

Second, as a result of the new dividend credit, the total corporate and personal income tax on small business income is approximately 10 percentage points lower than that applicable to other types of income, such as employment income or investment income, received directly by individuals.

Third, high income taxpayers enjoy a significant tax deferral on their income from incorporated small business. As long as the income is retained in the corporation it bears the low corporate rate of roughly 25 per cent, or 20 per cent in the case of manufacturing and processing profits. Only upon eventual distribution is tax payable at the higher individual rates. Even these eventual distributions now bear a much lower tax rate due to the new enriched dividend tax credit.

Another important provision of benefit to small business is the guaranteed capital gains treatment. As a result of the 1977 budget, venture investment-type companies which generally invest in the shares of small and medium-sized concerns can elect to have guaranteed capital gains treatment on their investments. This removes a significant degree of uncertainty that existed concerning the gains on the eventual sale of their shares, and thus removes an impediment to venture funding operations.

The 1977 budget removed or greatly simplified a large body of complex tax rules governing corporate distributions. These simplifications removed impediments to useful and constructive business reorganizations, which is an important element in many venture investment situations, and to the expansion of smaller businesses.

Yet another generous small business tax measure is the treatment of employee stock options. With the 1977 budget, the taxation of stock option benefits granted to arm's length employees of Canadian-controlled private corporations is deferred until eventual sale of the shares by the employee and the tax is made payable at capital gains rather than full income rates. This measure directly attacks one of the problems of smaller businesses by making it easier for small, newer companies adequately to reimburse executive and other key personnel without inordinately lowering the firm's working capital.

Turning now to the bill which is before us, it includes two measures amending the Income Tax Act. The first is the introduction of a deferral, for an individual, of capital gains on the transfer of his shares of a "small business corporation" to his children or grandchildren. This deferral would be available only in respect of shares of Canadian-controlled private corporations where all, or substantially all, of the assets are used in certain kinds of business activities. The maximum amount of deferral of capital gains that would qualify would be $200,000 over the lifetime of the individual.

The rollover applies to the shares of corporations that carry on certain specified entrepreneurial activities in Canada. The qualifying categories of business activity include manufactur-

ing, processing, farming, fishing, mining, logging, construction, wholesaling and retailing.

The legislation also provides the authority to add other categories of qualifying business activity. Consideration was given to the extension of this concession to any company that had active business income that qualifies for the small business deduction. However, this would extend the rollover to those individuals able to incorporate a company into which their income from professional and other personal services may be channelled.

● (2112)

In addition, the courts have interpreted the expression "active business income" in such a way as to extend the low corporate tax rate to a broader range of activities, including investments, than was the original policy intention. I think it would be difficult to justify the extension of this new rollover to the shares of professional or personal service corporations or to the shares of those corporations whose activities are essentially of an investment rather than of a business nature.

The second tax measure introduced in this bill relates to capital losses. Under the existing Income Tax Act, a corporation may only deduct allowable capital losses from taxable capital gains. Deductions that cannot be used in the current year may be carried back one year and forward indefinitely.

An individual is subject to the same rule except that he may, in any year, deduct a further $2,000 of his allowable capital losses from any other income. The amendment removed the limitation on the deduction for capital losses on shares and debts of Canadian-controlled private corporations. These "allowable business investment losses" are now to be deductible against income from any source. To the extent that the deduction exceeds the income for the year, the loss could be carried over in the same way as non-capital losses under the present act. To prevent abuse, the loss offset will not apply in certain transactions between related persons.

To provide an additional measure of relief, this bill also extends the period during which the capital gains tax arising on the death of an individual may be paid. Under existing law, payment may be made in equal instalments over a six-year period, together with interest. The bill extends the period to ten years.

This bill also includes two important changes to the Excise Tax Act. Current provisions relating to filing of monthly returns by licensed taxpayers are being amended to provide authority for the Minister of National Revenue (Senator Guay) to alter the period for which returns are required to be filed and tax remitted. It is estimated that more than 20,000 taxpayers who normally pay less than $200 of tax monthly will benefit from this change.

I would remind hon. members that the Minister of National Revenue has also announced that the small manufacturers' regulation will be altered in such a way as to raise the exemption from federal sales tax from $10,000 to $50,000 of annual sales. It is estimated that 11,000 taxpayers who have annual sales of less than $50,000 will no longer be required to account for federal sales tax. This bill will also provide relief from the federal sales tax on machinery and apparatus for use by small manufacturers directly in the manufacture or production of goods.

These new measures, added to those already in place, demonstrate clearly that our federal tax system is highly favourable to the small businessman. It is probably the most generous among industrial countries in this regard. As an example, let me point out that in the United States the low corporate tax rate applies only to the first $50,000 of income. The limit in Canada for the low rate is $150,000. We go even further by providing a dividend tax credit of 50 per cent of dividends received. The U.S. law provides no such credit. This is indicative of our generally favourable tax treatment of corporations when compared to U.S. tax law.

Whenever one group in our community is helped by a tax incentive, it means that other taxpayers take on a greater share of the burden of financing public services of this country. It is the task of the government to ensure that tax incentives get results and go to the taxpayers they are intended to reach. I believe that the measures in this bill, which will be of significant benefit to small business, are timely and deserving of support.

In conclusion, I wish sincerely to thank my colleague the Minister of State (Small Business) for his help and the continual pressure that he applied to me in order to achieve this measure.

I thought it important that we dissociate these measures from the budget. We had to make a special effort to meet the pressing problem of giving the entrepreneurs of this land a break. The Minister of State (Small Business) and his predecessor, the Minister of State (Environment) (Mr. Marchand), who was in the chamber a few minutes ago, worked very hard at that.

Some hon. Members: Hear, hear!

Mr. Chrétien: I am very pleased to have been associated with the creation of the post of Minister of State (Small Business). It was created when I became Minister of Industry, Trade and Commerce. This Minister of State has worked in close relationship with the Minister of Industry, Trade and Commerce (Mr. Horner). In the present case, he has been of great help to me in persuading my cabinet colleagues to proceed with measures that would be well received by small businesses in Canada. I thank hon. members for their attention.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, we are very pleased to see this bill. Many of the features in it have been asked for by my colleagues and myself over the years. It is good that someone on the other side was listening and that the government have put the various recommendations we have made into a statute.

There is no doubt that the stability that will come in time to our economy will be brought about by reactivation, encouragement and stimulation of the small business sector. We still

have a long way to go, but this is a good first step in aiding our small businessmen.

The rollover feature is good. The only comment I have in that regard is that it seems to leave out the service industries. I suppose when we move into committee of the whole, if that is the intention, we can determine whether service businesses are covered under qualifying small business corporations. They may well be.

The rollover feature, the transfer of share capital of a small business corporation from father to son, mother to daughter, or whatever the case may be—the children of the owner of the corporation—is a good move on the part of the government. I commend them for accepting our recommendation and putting it into this statute.

The small business community generally is very receptive to any encouragement it can be given. I again ask the Minister of State (Small Business) (Mr. Abbott), as I have on numerous occasions, to look into the Small Businesses Loans Act. I believe we can make some improvement there. Since he is also in charge of the paper burden, I would ask the minister to look into the possibility of putting together a pamphlet for the small businessman telling him how to apply for and obtain a loan under the Small Businesses Loans Act. One of the difficulties businessmen encounter is the preparation of the correct information for the banks. I would be pleased to talk to the minister privately at any time to explain what I am getting at.

● (2122)

This bill will go a long way to help the small business sector. We had hoped something more would have been done to stimulate research and development. The small business sector finds it hard to accumulate the funds needed to carry research and development forward. I know from my own experience that many times after a program has been put into operation one finds the treasurer or the comptroller advising that it should be brought to an end because funds for its continuance are not available. I had hoped there would be provision to allow small business to accumulate a reserve for research and development; this would have gone a long way to stimulate development in this important sector.

Small business employs in the order of 60 per cent of the work force of this country and such employment is usually stable. I know from my own experience that we rarely lay people off. When business is slack, when the economy slows down, we usually find some slot for them. This creates a great deal of stability in the labour market and I believe should be recognized.

One would like to have seen something more definite with regard to capital gains. This whole area needs to be looked at carefully. At present there is a great deal of confusion attached to it, particularly in the small business field, and the situation will have to be cleared up the next time a budget is presented.

There is really not much more one can say about this bill. We can deal with individual sections when we consider the measure clause by clause. We are generally of a mind that we would agree to the legislation being completed and given third reading before ten o'clock, if other hon. members share this view.

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I do not wish to take up the time of the House unduly. The Minister of Finance (Mr. Chrétien) has outlined effectively and comprehensively the contents of this bill which he is sponsoring. I simply want to thank the hon. member for Halton-Wentworth (Mr. Kempling) for his positive comments. He and I, along with members on all sides, share the general view that for too many years the concentration of government, parliament and the media has been least on the unsung heroes of the economy—the businessmen who represent the truly dynamic force of the community. This is the sector of the economy from which new ideas come forward; small companies become great enterprises or, in any event, influence the communities in which they are active. And as we have discovered, they need help.

I do not suggest that the measures in this bill or elsewhere in this small business package represent everything which must be done for small business. We recognize that government has a major role to play but that role must be regarded as a limited one. Government alone cannot create prosperity. It cannot create skilled management or an entrepreneurial spirit in the economy if it is lacking. What government can do is make certain there is a dynamic economy in which business generally can survive.

Further, it can limit the impact of regulations and paperwork falling on the business world. These are, perhaps, small steps but I think they will lead to major accomplishments. We know there is a problem. There is not a government department today which is not much more cautious than it was even a few months ago about inflicting a paper burden on the business community.

Finally, government must ensure that its tax policies and purchasing policies are tuned not solely to the needs of government but to making sure that the system does not deaden entrepreneurship but stimulate it. I believe the tax measures which the Minister of Finance has introduced in this bill go a long way in this direction.

I might mention one of the more important aspects of this bill, one which I believe has received too little attention. I refer to allowable capital losses being deductible in unlimited amount from other income. We have a tax on capital gains and now we have capital losses which are treated in similar fashion. Instead of simply $2,000 a year being deductible, half of any losses sustained by a businessman or someone who invests in the shares of a small business, if the worst happens, can be recouped to a substantial extent through a rebate of income tax.

All across the country there are people who are employed or who have substantial incomes and who dream of the day they cango into business for themselves. What has prevented many of them from doing so is the idea that going into business for themselves is attended by high risk. Anything we can do to

encourage them by tax measures which do not take all their money when a business makes money, and also provide a cushion in the event of business failure, is surely welcome. Should the venture fail, those engaged in it can take up other work, earn money and write off a substantial amount of their losses against income. The idea is not to support losers but to give an added incentive to those who want to get into business.

I thank hon. members on both sides for the positive attitude they have taken toward this measure and I hope that, as we draw to the end of this session, at least one substantial group in the economy will be happier; that is, the small businessmen.

● (2132)

Mr. Ron Huntington (Capilano): Mr. Speaker, I am rather surprised to find myself rising to speak at second reading of Bill C-59, to assist small business. I cannot help but reflect that the need for this type of legislation goes back to the very complicated tax measures which came in under this government in 1972, supported again by the NDP. I think the reason we have this type of legislation before us, which is to give relief and aid, falls right back on those very sad days for Canada when we took a relatively simple tax act and turned it into a very complicated monster which we have been trying to fix, monkey wrench and ratchet ever since.

I am from the small business community. I am one of the people who have spent their lives—and it was not easy—in that community. I started from nothing. I have failed, had to pay off debt, and I have started again. I know the hazards. I know about the 16-hour days and the seven-day weeks which are involved in coming through the preriods of trial and error which an entrepreneur has to go through in order to become successful in the world of business.

The world of business is very exciting. You start to master it only when you gain control over many aspects and components of life. You deal with lawyers and tax auditors. You balance many inputs and conditions. You struggle on matters of supply. Of course, you cannot produce anything unless you have a market to sell it in. Fundamental to it all is an understanding of the marketplace and an ability to handle the data of the marketplace in order to make better decisions, to produce better products and to be competitive in the marketplace.

In the world of small business there is true competition. Small businesses grow, and they fight, and that is where they really have to struggle. That is where the free enterprise system really works. As you come through the limits and parameters of small business, you then begin get into the bigger and heavier leagues where scales of production are necessary and where your marketing becomes more sophisticated and the costs of operating higher. I have seen pre-1972 audit bills in the $3,000 to $4,000 range become an $18,000 to $22,000 wasteful exercise in trying to control an operation in order to be accountable to the tax collector.

One of the reasons I find myself in this House tonight is that I have been through these costs and exercises, and when I come here knowing the sweat it takes to produce a tax dollar in the private sector and that it is being squandered down here in a careless way, I feel that I have to make my input in order to bring some standard of accountability into the system.

One of the things lately—and particularly since the 1972 Income Tax Act—which has troubled me has been the capital gains tax. I think this is turning out to be an absolute tragedy. I speak from some personal experience. Growth since 1971 has been helped by a very serious inflation component in our economy. Our capital gains tax is not indexed against that inflationary component, and we find that as companies finally latch on to the marketplace and become successful, growth in equity against shares has been very rapid, particularly since December, 1971. So we find that the entrepreneurs who have created much of the new wealth and worth which is being put to work in the Canadian economy employing people and creating new jobs is being locked up in a liquidity which I think is a tragedy for this country.

I think that is one of the causes of the lack of incentive which exists in Canada today. What is the point of becoming successful if you find yourself with $200,000, $300,000 or $400,000 in capital gains which you cannot invest in machinery and physical plant to create new jobs and to create new worth if you have to keep a portion of your capital liquid in order to preserve an estate on death?

I frankly welcome that part of this bill which allows one to roll over to family or defer a capital gain in the amount of $200,000, but what will happen to the family down the road? In the Canadian economy now we have registered retirement savings plans, which are just a mechanism for turning a citizen of this country into a debtor of the Government of Canada. The capital gains tax has turned entrepreneurs and shareholders of successful Canadian corporations into debtors of the Government of Canada. We are playing right into the hands of insurance companies. Because if we are active in life at all and if we start to create this kind of liability for our estates, as we are doing under the present Income Tax Act through capital gains, we are just getting into a situation where more income from corporations and more personal incomes are going into insurance policies to afford some measure of liquidity for our estates or those of our corporations.

I predict that many successful family businesses will be wiped out on the deaths of their successful entrepreneurial owners if they do not have substantial insurance policies or a substantial degree of liquidity in order to handle the capital gains tax.

I think the present law is very harmful to the cash flow needs of small business and is interfering with the investment of capital into new activity and new research. I would like to see the government give serious consideration to turning equity in the small, successful business component over to employees. I do not think this should be limited just to members of families. Many people who are not blood relatives of owners of businesses who have worked long and hard and dedicated their lives to the success of the owners' enterprises should have an entitlement to some kind of rollover formula, such as a share

ownership trust, and should be able to purchase the equity in these companies with pre-tax dollars.

If we really want to do something useful for the business community, which includes small businesses and large businesses, I think that is where this bill fails. I think the Minister of Finance (Mr. Chrétien) and this government should be ashamed of themselves. They have not introduced measures to roll over with pre-tax dollars ownership and equity to key employees or employees at large in Canadian corporations.

I am glad to see this bill coming forward. It is too bad that bills of this nature are necessary to fix up a very complicated and cumbersome taxation system which is stifling the incentive out of the Canadian economy.

• (2142)

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Turner in the chair.

Clauses 2 and 3 agreed to.

On clause 4—*Debts established to be bad debts and shares of bankrupt corporation.*

Mr. Kempling: Mr. Chairman, one does not even have a chance to straighten one's tie before finding the committee is already on clause 4.

Mr. Huntington: There is an engine driver in the chair.

Mr. Kempling: First I will ask the minister to explain clause 4.

Mr. Chrétien: This is an important technical amendment of a relieving nature to enable a capital loss to be triggered in respect of shares of the capital stock of a bankrupt corporation in the year in which the corporation becomes bankrupt.

At present, a taxpayer is forced to dispose of his shares in a bankrupt corporation in order to recognize a capital loss. In the case of a bankrupt corporation its shares would not have any value. This amendment eliminates the disposition requirement by simply deeming the shares to have been disposed of for no proceeds in the year in which the corporation becomes bankrupt. This amendment is particularly relevant for the purpose of the new rules introduced in this bill for the deduction of "allowable business investment loans" on shares of a bankrupt Canadian-controlled private corporation. But the rule is not restricted to such corporations—it will apply to the shares of any corporation that becomes bankrupt.

Mr. Kempling: The minister said initially in his remarks that the provision applied to the shares of a small private corporation. Then he said it would apply to any incorporated business that goes bankrupt.

Mr. Chrétien: I did not say it applied only to small businesses. I said it applied to the shares of any corporation, big or small.

Mr. Kempling: How does the minister differentiate between them? Is this to apply to a public company as well as a private company?

Mr. Chrétien: It is to apply to every private and public company that goes bankrupt.

Clause agreed to.

On clause 5—*Transfer of share of capital stock of small business corporation.*

Mr. Huntington: Mr. Chairman, I wonder if I could ask the Minister of Finance to explain clause 5, the deferment of capital gains and the rollover provisions, and why the government found it necessary.

Mr. Chrétien: With pleasure, Mr. Chairman. The government believes it is important to encourage family businesses. It does not want the capital gains tax system to impede the orderly transfer of small, family-owned businesses to succeeding generations. Family businesses are an important part of our society. The government believes it should be possible for the owner of a small business to pass it on to his children without incurring an immediate tax liability.

This clause and clause 6 will provide an important new deferral of tax on up to $200,000 of capital gain where a taxpayer transfers the shares of a qualifying "small business corporation" to his children or grandchildren after May 25, 1978.

A qualifying "small business corporation" is a Canadian-controlled private corporation whose property consists substantially of assets used in manufacturing, processing, mining, construction, logging, farming, fishing, wholesaling, retailing, or other prescribed qualifying businesses, or shares and debts of another qualifying business corporation.

The rollover will not apply to the shares of a company that carries on a service business, such as a company formed for the purpose of rendering personal, administrative or professional services. It will not apply to a business whose income is "passive", for example, consisting of real estate rentals or income from investments.

Is that all right?

Mr. Huntington: I think the minister is doing fine, but I wonder if he could explain to me why service businesses and passive businesses have been excluded from this provision.

Mr. Chrétien: It is a complex problem, as the hon. member can understand. There are all sorts of corporations that are not of an entrepreneurial nature. I called them passive in my description. For example, there are some professionals who incorporate into service corporations. Part of their income is transferred into that corporation, but in fact their earnings are their own, not those of a business activity. We want to encourage entrepreneurs and we do not want to create a loophole for what we call passive investments. That is why we make a distinction between an entrepreneurial type of business and the passive type of business in this provision.

Mr. Huntington: I thank the minister for his explanation but I should like to point out to him that if he wants to encourage entrepreneurial talent in this country he will find that these are usually people who start without capital. When they want to borrow, they deal with a banker who puts a $5,000 limit on them, so they need someone to come along with risk capital, and this bill seems to take care of that in part.

Most manufacturing businesses and successful entrepreneurial enterprises which grow to employ people in good, productive work start a service business. I would like to know why service businesses have been excluded from this rollover. There are probably some successful businessmen with substantial equity whose progeny deserve the same type of privilege that is being extended to the other businesses classified here.

Mr. Chrétien: The type of person to whom the hon. member referred would qualify under this provision. We are trying to restrict passive corporations—for example, lawyers, accountants, or medical doctors who incorporate and then rent premises from the corporation and pay a big rent to their own corporation so as to get a better tax rate. That is the kind of loophole we want to avoid. But in the case which the hon. member described of a small business with a spirit for risking money and developing, such a business would qualify.

Of course, in the schedule in the regulations we try to make a distinction to cover the type of case mentioned by the hon. member. In the case of a passive service company which incorporates to protect itself against higher taxes, we do not want to encourage them. The hon. member wants to encourage exactly the same thing as I, namely risk-taking ventures by small businesses. These situations will be covered.

● (2152)

Mr. Huntington: This area will require work in order to clean up the regulations. The last thing I want to see created is another bureaucracy, along with the Minister of State (Small Business). That area will cause various problems if the regulations are not worked on and cleaned up.

A rollover of up to $200,000 in capital gains into the second generation is being allowed. If a business continues to grow and is successful, and, as every man hopes, if the son is smarter than his father, a capital gains debt situation will be created which could wipe out the estate of that second generation. This type of legislation puts the entrepreneurial energy of Canada and Canadians into a continuing debt load which will have to be handled down the road. Is there any planning involved? I am grateful for the rollover and so are many people in my generation, but what about the generation to follow? Has this been thought about?

Some hon. Members: Hear, hear!

Mr. Chrétien: An exemption of $200,000 is being allowed for the rollover to the family. If there is a larger capital gain than that at death, an extension to ten years has been provided in the time for the second generation to pay taxes over the $200,000. That period of time has been extended from six years to ten years. They have ten years in which to pay the required taxes. We are not forcing them to sell. If there is a large capital gain, the first $200,000 is exempt. For the remainder, they will be provided with ten years in order to pay the government. That was to ensure that the next generation was not burdened with a heavy debt load upon the death of their fathers. There are provisions to cope with the situation described by the hon. member. I do not know what will happen in the distant future. I hope I will not be Minister of Finance 15 years from now.

Mr. Huntington: If the Minister of Finance had removed capital gains taxes, I am sure he would have overcome all the troubles he has faced since taking on his portfolio.

Some hon. Members: Hear, hear!

Mr. Towers: Mr. Chairman, what is the relationship of this tax measure compared to the one passed in Bill C-56 which relates to farming? Does the minister have a comment to make on that?

Mr. Chrétien: It is exactly the same, but in farming we have not imposed a ceiling of $200,000.

Mr. Towers: Did the minister say that in the case of farming a ceiling of $200,000 is not being imposed?

Mr. Chrétien: That is right.

Clause agreed to.

Clauses 6 to 10 inclusive agreed to.

On clause 11—*Commencement and application.*

Mr. Peters: Mr. Chairman, what is the significance of the two exemptions in clause 11? Why are they separated?

Mr. Chrétien: Mr. Chairman, the purpose of this amendment is to extend the same relief from federal sales tax for machinery and apparatus currently available to licensed manufacturers to persons and firms classed as small manufacturers.

Under the current provisions of the Excise Tax Act, small manufacturers are not required to account for tax on their sales. However, small manufacturers are specifically excluded from the benefits of the exemptions for machinery and apparatus used directly in the manufacture or production of goods which are available to licensed manufacturers.

This amendment will permit small manufacturers to purchase most machinery and apparatus for use directly in their manufacturing operations exempt from federal sales tax, and thus provides additional benefits to small businesses.

Mr. Peters: Does this bill leave in the old category things such as the acquisition of property, buildings and other assets which are not directly related to production?

Mr. Chrétien: No, Mr. Chairman.

Mr. Peters: Does that mean they are exempted, or are they in the same category as production machinery?

Mr. Chrétien: Production machinery does not apply.

Clause agreed to.

Clause 1 agreed to.

Title agreed to.

Mr. Paproski: Mr. Chairman, I rise on a point of order. Once this bill has carried, will the Minister of Finance resign?

Some hon. Members: Hear, hear!

Bill reported.

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

Some hon. Members: Agreed.

Mr. Chrétien moved that the bill be read the third time and passed.

Mr. Peters: Mr. Speaker, I should like to ask the Minister of Finance (Mr. Chrétien) if this is an *inter vivos* transfer which we have completed tonight.

Mr. Chrétien: Mr. Speaker, I stopped studying Latin 25 years ago.

The Acting Speaker (Mr. Turner): I realize the hon. member for Timiskaming (Mr. Peters) wants to be recognized, but he has already spoken and he cannot speak again.

Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

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

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MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Turner): Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has appointed certain hon. senators to act on a Special Joint Committee on the Constitution of Canada.

Is the House disposed to attempt consideration of Bill S-2?

Some hon. Members: No.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

ANTI-DUMPING TRIBUNAL—APPOINTMENT OF NEW CHAIRMAN

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, on February 13 last I asked certain questions about the reason the government passed over the highly qualified vice-chairman of the Anti-dumping Tribunal, Dr. Marguerite Ritchie, and appointed as chairman a man with no experience of any kind with the tribunal. The Deputy Prime Minister (Mr. MacEachen) complimented Dr. Ritchie, stating that she had a distinguished career in the public service and a well established reputation as a lawyer. The only part of his reply which could be related to my question was the following:

> In this particular case, because of the tribunal's requirements in relation to international trading concerns it was felt that the present appointee would be best qualified. There is no tradition in the public service, to my knowledge, that the vice-chairman automatically proceeds to the post of chairman.

This reply, like many from the government to repeated questions about this appointment, contains statements which are obviously senseless. The man appointed as chairman of the tribunal obviously has no recent experience with international trading concerns as he has spent the last five and half years with the Department of Transport and the Department of National Defence. The government was clearly not being factual in this reply. I have nothing against the chairman and I am certain he is competent in his field, but having worked under the Minister of Transport (Mr. Lang) one wonders.

When we speak of the Anti-dumping Tribunal, we are speaking of a court of record. Let me refer to the act for a moment. It states that the tribunal is a court of record and shall have an official seal which shall have judicial notice. The five members who make up this tribunal must be skilled in international trading, have trained legal minds, and must understand how to operate a court of record. Having unskilled people in this area is just not adequate.

I have appeared before this tribunal and such appearances are costly because of legal fees, but what is more important is the time it takes. Very often an industry or a business is up against the wall because of dumping, and the preparation of a case requires time and a high degree of legal and accounting skills. Can you imagine the frustration of an industry which takes its case before the Federal Court of Appeal, which upsets the finding of the Anti-dumping Tribunal and has to start all over again? I have a reference before me of a case before the Federal Court of Appeal on June 9. In the judgment the application was allowed, and the decision which dated back to December 31, 1976 was set aside. Can you imagine the consternation of this industry when it found that the Federal Court of Appeal sent it back to the drawing board?

Again I suggest that the chairman, the vice-chairman and other members of this tribunal must come from a highly skilled background, particularly in these days when the business community has many concerns about the present economic climate. They want to be certain that the tribunal is being run competently.

● (2207)

I was disturbed at the way the appointment took place. A letter from the Prime Minister's office says that the only reply to questions on Dr. Marguerite Ritchie is the one given in the House. It points out that different qualifications were required by the organization at this time, that the demands of various government organizations change with the times and that the government must be aware of this and responsive to it in order that they be effective in their work. The letter pointed out that the appointment in no way reflected on Dr. Ritchie's qualifications, as her work is well known by the government, and that there was no discrimination on the basis of sex in this case.

I worry about the government wanting to change things, Mr. Speaker. I am all for change in the corridors of power in this country, but it worries me when this government wants to change things that only parliament can change. Parliament is the instrument of change, not the cabinet or the Privy Council office.

The Anti-dumping Tribunal is a court, Mr. Speaker. It has power to assess witnesses. It is referred to in the act as a court of justice; there is provision for a report to the tribunal and an annual report must be made to parliament. It is a court and I think it is very important that the most highly skilled people be put in place there. Interference in the courts is never permitted and we must be very certain that at no time could a telephone call from high places in this government make the Anti-dumping Tribunal perhaps change its findings. This is a very critical matter.

There is one other area that I think I should comment on and that is the D'Avignon committee which is looking into employment practices regarding women. There is no woman on this committee, Mr. Speaker. Considering that the percentage of women in the ghetto that is called the administrative support area has risen over 10 per cent, the most important thing to remember is that women in the senior executive category have risen from zero per cent to 2.9 per cent. It is almost inconceivable that a committee looking into injustices in the public service would not be represented by a member of a group that seems to be suffering the greatest injustice.

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

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, it is difficult to add to the good and honest answer given by the Deputy Prime Minister (Mr. MacEachen) on February 13, 1978 to a question from the hon. member dealing with the non-appointment of Miss Ritchie, vice-chairman of the Anti-dumping Tribunal, to the position of chairman and the appointment of Dr. Kirkwood, formerly the senior assistant deputy minister of transport, who was appointed chairman effective January 15, 1978. Let me insist on making four short but complete and clear points.

First, there was no element of discrimination whatsoever in this case and the government is committed to the promotion of women based on merit.

Second, Miss Ritchie has had a distinguished career in the public service and has a well established reputation as a lawyer.

Third, in making the appointment of Dr. Kirkwood the government wanted to place in the position of chairman a person with a strong background in economics, taking into account current international trading circumstances. This is very important.

Fourth, there is no tradition in the public service of promoting the vice-chairman to the position of chairman when it becomes vacant. Sylvia Ostry was appointed chairman of the Economic Council of Canada and Pamela McDougall was appointed chairman of the Tariff Board when these agencies already had vice-chairmen on staff.

MANPOWER—EMPLOYMENT OF IMMIGRANTS

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, the constituency of Vaudreuil which I have the privilege of representing includes a very large rural area. Also included is the western part of the island of Montreal, an urban area which contains a large number of businesses, many of them multinational, foreign-owned, and businesses which deal with all provinces and which in some cases are distribution centres and manufacturing centres for export business to the United States.

● (2212)

In the constituency of Vaudreuil the latest unemployment figures which I received recently from the Minister of Employment and Immigration (Mr. Cullen) indicate the level is presently at 5.6 per cent. I suggest 5.6 per cent unemployment today is a very low rate. It includes those people changing jobs, and others who for various reasons are listed as unemployed.

The problem with that low rate of unemployment is that it is proving extremely and increasingly difficult for companies to find the calibre of employee which they need in large companies; for example, pharmaceutical companies, electronics and aerospace groups which all require a fairly high level of technology. The problem is made worse by the fact that the repressive legislation of the separatist government in Quebec is effectively keeping out Canadians from other provinces who, because they are unable to send their children to English schools, are no longer willing to come to the province of Quebec.

There has always been a turnover of personnel in the west island of Montreal, which is mainly the English area. This is where the company executives live, and executives are always on the move. In fact, in one area of my riding the turnover has been in the order of every four or five years. This means that

under present circumstances people are leaving and they are not being replaced by newcomers, resulting in the fact that today companies can only draw on a market of Quebec personnel. Unfortunately, that market is not able to satisfy the demand. More and more we are finding representatives of these large companies are coming to their member of parliament and saying that something has to be done. The problem is aggravated by the fact that we have closed our doors to immigrants. Even the American owned companies are no longer able to bring in American immigrants to fill positions that Canadians are unwilling to take.

I listened to a question put by my colleague, the hon. member for Halton (Mr. Philbrook), and it seems that in the west end of Toronto a somewhat similar situation exists. Companies there are also finding it difficult to fill vacancies for positions that require a reasonably high level of experience and knowledge.

I put my question to the minister last Friday on the basis of one particular job where the salary offered was $38,000. The position required some medical knowledge. The reply I received in writing from the minister disappointed me because he pointed out that there are 150 doctors unemployed in the province of Quebec at the present time and these doctors have a right to expect a salary of between $60,000 and $80,000. Personally, if an individual has such a high expectation and is not willing to accept a position paying $38,000, I do not consider that person an unemployed worker. Nevertheless, the point is, whether or not these doctors are prepared to work for a salary of $38,000, that we do have many positions with fairly high levels of pay that we are not presently able to fill, despite the fact that, theoretically at least, we have almost one million unemployed, and also despite the fact that we have programs which are supposed to transfer people from one region to another.

Unemployment is supposed to be high in Quebec and particularly high in Montreal. To travel from the centre of Montreal to the west island of Montreal takes half an hour by public conveyance and even less by automobile.

● (2217)

The situation, then, is quite serious. If we are not able to get a change in attitude from the minister to at least permit immigrants to come in and fill the jobs that Canadians are not willing to fill, we are going to see more and more of these international companies moving out of the province of Quebec. Already three pharmaceutical companies have decided to move. Other pharmaceutical companies are experiencing the same kind of staffing problem that has been referred to previously and reported to the media by the Sun Life Company.

It is true, and I agree, that we should give preference to Canadian workers. However, if the expectation of Canadians today is such that they are not prepared to accept positions with salaries—and I use as a talking point salaries in excess of $20,000 or $25,000—as far as I am concerned they should not even be listed statistically among the unemployed.

I think the situation is serious enough that the minister is going to have to take another look at the position, not only in Toronto where the hon. member for Halton (Mr. Philbrook) referred to difficulties, but especially in the province of Quebec where the language problem has made even more difficult the finding of suitable personnel.

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

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Vaudreuil (Mr. Herbert) has presented a question which he put to the Minister of Employment and Immigration (Mr. Cullen) and also referred to a question put by the hon. member for Halton (Mr. Philbrook). His concern relates to a problem on the west island of Montreal where potential immigrants have been refused entry into Canada to fill positions which employers have not been able to fill with Canadian workers.

When the hon. member raised the question on June 23 concerning the employment of foreign doctors in Quebec, it was stated that a review of the matter would be considered. I understand that a Montreal pharmaceutical company had recruited an American doctor to fill the position of assistant medical director. This position had been vacant since June 1977. The commission was not contacted until October 1977 and by that time the American doctor had been offered and had accepted the position, although the job offer had not been validated by Canada Employment Centre.

Six Canadian candidates meeting all the requirements of the original job description were referred to the company. Reportedly none of the candidates were interviewed in person. Nevertheless the company decided that these candidates could not fill the position.

The company informed the Canada Employment Centre that they required the candidate to understand German. Some of the candidates referred, all members of the Corporation of Surgeons and Physicians of the province of Quebec, were neo-Canadian and did understand German, but they were refused just the same.

The officials in Quebec region felt that the company was not complying with the guidelines on hiring Canadian residents first and recommended that the job offer not be validated. This recommendation was accepted and I understand every indication was given that everything possible will be done to protect jobs for Canadians. However, it would appear that this decision would be reviewed if the company were to examine and consider the candidates referred by the commission and were able to give sound rationale as to why the candidates were not suitable.

The Acting Speaker (Mr. Turner): I regret to interrupt the parliamentary secretary but his time has expired.

Adjournment Debate

● (2222)

POST OFFICE—SUGGESTED REDUCTION OF EMPLOYEES

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, it is not often that we can expect to get a straight answer from the government concerning the Post Office, but last Friday the Postmaster General (Mr. Lamontagne) did give a direct and unequivocal answer to a question.

At that time I had in my possession a document entitled "Ontario Postal Region Business Plan Summary, 1978-1982", which indicated it was the intention of the Post Office to eliminate 269 jobs. The minister told me the report was incorrect. He said, in fact, that it was "very wrong". He told the House that such reports were only studies and that he could not stop management from—and I quote—"supplying me with studies on ways they could maybe save some money in the Post Office." He added that even if such plans did exist they would not be implemented in the absence of consultation with the unions. He made this very clear. "These cutbacks, if any, will be made", he said, "with the collaboration of the unions." He emphasized that point in response to a question asked yesterday, when he said: "Manpower reduction will be brought about through attrition in consultation with the unions."

Mr. Speaker, if you look at all those statements you will find that at first glance they appear to be direct and emphatic. But a closer look reveals that there are some problems. The first concerns just which reports accurately reflect the state of the Post Office. Many of us have seen the Hay report, issued in 1975, which was a damning indictment of Post Office management. But the minister asks us to ignore that because it is too old. He does not want us to be concerned with the past.

Then we discover reports which say that Post Office manpower is being reduced in the absence of any discussion with the unions. The Postmaster General asks us to ignore them because they are too new. He says they are only studies. These comments strengthen my suspicion that the minister has simply no idea what is going on in his department.

I now have in my possession another document entitled "London Post Office Business Plan, 1978-1979". This is not a study. This is not a report containing suggestions for the minister. It is the business plan for the London post office. It is being implemented. It is signed by Ray Jones, the district director for southwestern Ontario, and it states very clearly on page 1 that unless otherwise specified the starting date for all action plans is April 1, 1978. This document talks about a reduction of staff in the processing end of the operation. It talks about modifications in letters of understanding between management and the Letter Carriers Union. It also talks about eliminating certain walks and about transferring people into the letter carrier division.

I repeat that this is not a management study but a business plan which is in the process of being implemented. Yet in spite of the minister's assurances that unions will be included in the discussion of any such plans, the unions were not contacted.

[The Acting Speaker (Mr. Turner).]

I am not just referring to the Canadian Union of Postal Workers. Yesterday in the House the minister said there were problems in discussing matters with CUPW. He inferred it was the fault of the union that management had not informed the workers of changes. But he also said that with the LCUC, consultations are very easy, and he told us that before any change is made LCUC would be consulted.

I wonder if the minister was saying he had no intention of consulting with CUPW before changes are made. I wonder where the minister gets his information. I spoke to the Letter Carriers Union representative at their head office here yesterday and they contacted their office in London. The people there had not even heard of the study or of the plan which is being implemented. Obviously the Post Office has not bothered to discuss it with them. And this is a union with which the department has such a great relationship, according to the minister.

If the minister wants us to believe he knows what he is doing, it is time he issued clear policy directives and insisted that they are followed. We have been going on for too long discovering a new management study or a new program being put into operation every week. If the minister does not now know what is going on in the department perhaps the only way for him to find out is to issue firm directives and insist that they are followed. That way he might eliminate once and for all the need to deny the significance of a new report every week.

● (2227)

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, first of all, let us not get excited or emotional about this subject. I have tried to give the hon. member the most direct answer I could give him. On June 23 and again on June 28 the hon. member for Nickel Belt (Mr. Rodriguez) asked the same question. Again tonight in a different style he has asked it again. However, I bring to the attention of the House the title of an article in the *Globe and Mail* this morning, and I quote: "CLC to put all its resources behind the NDP in next federal election".

I quite understand the intervention of the hon. member for Nickel Belt. The hon. member seems to be representing the Canadian Union of Postal Workers. To me and this government all workers, without exception, have the same merit, and I will do my utmost to provide all workers with good working conditions and fair collective bargaining. Even if they do not put all their resources behind the Liberal party, the welfare of the workers is to me beyond any political consideration.

In order to avoid any confusion, which seems to be the reason for the questions and documents mentioned by the hon. member, I will give him my answer in English first.

No permanent postal employees will lose their jobs as a result of departmental or technological changes, but manpower reduction, if any, will be handled through attrition with consultation with the union.

Just in case the hon. member did not understand that in English, I will repeat it in French.

[*Translation*]

No permanent postal employees will lose their jobs as a result of departmental or technological changes, but manpower reduction, if any, will be handled through attrition with consultation with the union, if it is prepared to discuss this matter.

If I have added this last part to my sentence, Mr. Speaker, it is to indicate that it is not always easy to deal with unions, and as evidence of this I should like to quote from three letters between the managers in Calgary and the president of the local of the Union of Postal Workers in Calgary. On June 6—

[*English*]

On June 6, Mr. Wilde, manager of the Calgary plant, wrote to Mr. Hall, president of the Calgary Local of CUPW, telling him that some changes were needed and that he would like to meet with him to discuss those changes. Mr. Wilde fixed the date of June 28 at 10 a.m. Mr. James Hall, president of CUPW in Calgary, responded as follows:

I agree with Mr. Wilde that meaningful consultation is always appropriate. I must note, however—

He asked what the agenda would be, and he agreed to discuss the matter. However, here is the end of the story. On June 21 Mr. Hall, president of CUPW at Calgary, sent a letter to Mr. Hyde, our manager, and I quote:

Immediately after mailing my letter of acceptance to your invitation to consultation, I received instructions from my national president on the matter.

I am informed that the changes you propose fall within the area governed by article 29 of the collective agreement.

So, no more communication. The hon. member for Nickel Belt received a copy of one of these letters because that is indicated on the letter. However, communication with some of the unions is not always easy.

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

At 10.30 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, June 30, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

URBAN AFFAIRS

ROBERT CAMPEAU REAL ESTATE DEVELOPMENTS IN HULL, QUEBEC—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity. The affair of les Terrasses de la Chaudière has reached the stage where only a public inquiry can search out the answers to the questions that must be on the public's mind and which ministers have refused to deal with in the House. I therefore move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That the committee of the Privy Council, by order, instruct the Chief Justice of Canada to appoint three justices from among the justices of the provincial superior courts, the Federal Court of Canada and the Supreme Court of Canada, who shall be constituted by the committee of the Privy Council to be commissioners under part I of the Inquiries Act to inquire fully into any allegations, made or to be made, respecting the acquisition of land for the construction in Hull by Robert Campeau Corporation of les Terrasses de la Chaudière, the construction thereof, and the arrangements for the occupation of the said premises by the Government of Canada, and any matter bearing upon the above, and if the said commissioners consider that there is prima facie evidence of an offence in relation to any matter inquired into, to consider such other matters as may appear to the commissioners to be relevant and to report fully thereon.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

PRORATA PENSIONS FOR WIDOWS OF VETERANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the urgency of this matter increases as time goes on; sooner or later it must be resolved, and I hope it will be resolved soon. I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House calls on the Minister of Veterans Affairs, during the forthcoming summer recess, to prepare a bill that will provide *pro rata* pensions for widows of veterans where the veteran's pension was below 48 per cent, and to introduce the said bill immediately when parliament next meets, it being the view of this House that there should be no further delay in granting a pension to all widows of disabled veterans as a matter of right.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

ACTION TO AVOID POSSIBLE STRIKE OF NURSES—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that some 2,000 overworked and underpaid federal nurses will be in a position to strike on July 4 of this year, and in view of the fact that negotiations for a new contract have been under way for 18 months and a conciliation board report has supported the nurses' wage demands as being reasonable, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That the President of the Treasury Board take steps to immediately bring both parties back to the bargaining table and, failing that, that he explain on motions what contingency plans he has for providing nursing services required in places such as veterans hospitals, and so on, if the strike does go on.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

• (1112)

TRANSPORT

OPERATION OF CN MARINE—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity affecting the livelihood of CN marine stevedores, CN vessel crews and CN employees in general as a result of continuing drastic cutbacks in ship-

ments of goods and freight through the port of North Sydney to the province of Newfoundland.

Despite continuous representations which I have been making to the Minister of Transport and the government on this subject over a long period, unemployment at the port of North Sydney continues to increase, due in part to the granting of subsidies by the government to private shipping firms resulting in competition with a government-owned corporation. I would, therefore, move, seconded by the hon. member for Annapolis Valley (Mr. Nowlan):

That an immediate investigation be carried out to the end that public moneys not be provided to private shipping firms enabling them to compete against CN Marine and thus creating more employment because, as a result, goods are being shipped through the ports of Halifax and Montreal.

I have no doubt that if remedial action is not taken by the government, North Sydney will become a ghost-town—

Mr. Speaker: Order, please. The hon. member will, I am sure, realize he has now gone beyond presenting the motion: he has started to argue it.

Presentation of such a motion, under the provisions of the Standing Order, can be done only by unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

EXTERNAL AFFAIRS

RIGHT OF SOVIET NATIONALS TO EMIGRATE—MOTION UNDER S.O. 43

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, on June 23 this House passed a motion under Standing Order 43 conveying its deep concern to the government of the Soviet Union with respect to the severe sentences imposed on Ida Nudel and Vladimir Slepak for expressing their belief in the preservation of human rights in that country and, specifically, for expressing their desire for free emigration.

In view of the information now received that Mrs. Nudel is ill and is about to be moved by train in conditions which could have serious repercussions on her health, and in view of the fact that the wife of Vladimir Slepak is also in hospital, I would move, seconded by the hon. member for Trinity (Miss Nicholson):

That the Parliament of Canada urges the government of the Soviet Union, a co-signatory with Canada of the Helsinki Final Act, to take into account the humanitarian factors involved in these cases and allow Mrs. Nudel and the Slepak family to emigrate to Israel.

Mr. Speaker: Under the provisions of Standing Order 43, presentation of this motion can be made only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Muir.]

FINANCE

DUMPING DUTY ON WIDE-FLANGE STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. Since this is the eve of remission for wide-flange steel beam importers, since Algoma Steel cannot supply the needs of B.C. steel fabricators within practical time limits, in light of the fact that a just society would allow all steel fabricators in Canada to purchase steel at the same price, since the $377 formula announced by the Minister of National Revenue will injure and discriminate against B.C. steel fabricators, and since the records of exporting steel countries are now closed to the Canadian government, I ask leave to move, for the sake of regional equity, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That ministerial prescription under section 11 of the anti-dumping legislation sets the Algoma-Toronto delivery price as the basis upon which the margin of dump will be determined.

Mr. Speaker: Hon. members have heard the motion proposed under Standing Order 43. Presentation of such a motion can be made only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PRIVILEGE

MR. MACKAY—COMMENT BY MINISTER OF STATE FOR URBAN AFFAIRS

Mr. Speaker: Yesterday a question of privilege was raised by the hon. member for Central Nova (Mr. MacKay) concerning a statement made by the Minister of State for Urban Affairs (Mr. Ouellet). Perhaps I might deal with it now, since both parties are in the House and it seems to me there is some chance that questions might be put by the hon. member and answered by the minister. I will make the necessary adjustments in the length of the question period later, but I thought it proper to take up this matter at the beginning rather than at the end of the question period.

[*Translation*]

The hon. member for Central Nova (M. MacKay) rose on a question of privilege stemming from some of the observations made by the Minister of State for Urban Affairs (Mr. Ouellet), as reported on page 6859 of yesterday's *Hansard*.

The hon. member objected most specifically to the fact that the Minister had accused him of being somehow hostile to the interests of Canadians of French descent. First of all, I want to point out that, traditionally, such incidents are not considered questions of privilege. They are rather remarks that are not germane to the matter before the House at the time.

• (1117)

[*English*]

The hon. member for Central Nova (Mr. MacKay) made reference to citation 155(1) of Beauschesne's in support of his question of privilege. That citation is well known to hon. members. Again I say that this has not traditionally been dealt with by way of question of privilege but, rather, if it is a valid point, in my opinion it is a point of disorder or a point of order with respect to the proceedings of the chamber, because for one member to accuse another of motives in the carrying out of work, or to say something which has an overtone of a bigoted attitude toward any one group of people in the country is either unparliamentary and, therefore, out of order or, of course, an imputation of motives which is equally out of order.

Having regard to the words which were spoken by the minister yesterday—of course, in the heat of the exchange—I cannot come to any other conclusion than that the words had, as their effect, an imputation of motives of the hon. member for Central Nova and that in his questions about Les Terrasses de la Chaudière he was aiming some criticism at a group of Canadians of French origin. I, therefore, feel that in the heat of the moment the minister overstepped the line and was out of order in making that imputation against the hon. member for Central Nova, and I am sure that the minister would want, before proceeding further with the question period this morning, to withdraw that allegation.

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, you yourself mentioned that during the debate I may have said certain things, on the spur of the moment, which went beyond what I really meant, giving those remarks a connotation that was not parliamentary.

I should like to recall exactly what I said yesterday, that is, that it seemed obvious to me, first, that the hon. member was trying to discover scandals where none exist, and secondly, that in so doing he was slinging mud in the face of French Canadians. That is what is reported word for word on page 6855 of yesterday's *Hansard*. That is what I said. And you are now asking me to withdraw what I said, which resulted in imputing motives to the hon. member which he does not have.

Of course, Mr. Speaker, I have no intention of attributing these motives to the hon. member if he says he did not want to launch a deliberate attack against French Canadians.

I am referring to his own words, to what he said in his question of privilege in spite of the fact that he states he never meant, in his various interventions in the House, to attack anybody, whatever his origin may be. He also mentioned a number of persons of various origins, as we can read at page 6859.

[*English*]

Mr. Beatty: This is pretty shabby, Ouellet.

An hon. Member: Withdraw.

Mr. Baker (Grenville-Carleton): Mr. Speaker made a ruling.

Mr. Speaker: Order, please. The minister may have occasion at other times to argue whether any member of the House of Commons has done anything at any time which in any way is out of order. The minister has spoken some words. He said yesterday that the hon. member for Central Nova finds scandal where none exists. There is nothing wrong with saying that. However, the minister went on to say that that was in some way a criticism directed at French Canadians. That remark has to be withdrawn. If there are other arguments about what other members have done at other times, they will have to be raised by other ministers or other members at the specific times they occur, and in that context.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Ouellet: Mr. Speaker, you are asking me to say that the hon. member did not want to attack French Canadians and to withdraw my remarks. I am prepared to do it, but I submit to the House that the hon. member questions the actions of people, whatever their origin may be, be it Polish or Lithuanian or whatever. Their origin has no importance whatsoever. Of course, the fact that in reading again the hon. member's numerous interventions in *Hansard* in recent months—

[*English*]

Some hon. Members: Order.

An hon. Member: Withdraw.

Mr. Trudeau: You don't like to hear the truth.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I want to remind the minister that yesterday, when argument was made on this question of privilege, he was in the House and did not take that occasion to argue the merits of the case. Now that the Chair has made a ruling on the language and on the arguments that were made yesterday, it is no longer open to debate or discussion. It seems to me that the minister must either obey the direction of the Chair to withdraw the offending remark and allow us to get on to other business, or presumably some other course will have to be taken. The minister has said to me that he is ready to withdraw the remark: that is different from withdrawing it. I want the remark withdrawn before we proceed with any other business.

Some hon. Members: Hear, hear!

• (1122)

[*Translation*]

Mr. Ouellet: Mr. Speaker, if it is only accidentally that the hon. member asks questions about people such as Gauthier, Perrier, Marchand, Lapointe, Giguère, Pratte, Ménard, Campeau, Joanisse—

[*English*]

Some hon. Members: Oh, oh!

An hon. Member: Sit down.

Mr. Andre: Give us a talk about unity.

An hon. Member: Sick Prime Minister.

Mr. Speaker: Order, please. I will see the minister one more time to withdraw his remark, as the Chair has directed, and permit us to get on to other business. Otherwise, I have to follow another course.

[*Translation*]

Mr. Ouellet: Mr. Speaker, if it is true that the hon. member did so accidentally, then I of course withdraw my remarks because he is the most inconsequential and petty individual this parliament has ever known. It is without realizing it that the hon. member discredits and casts doubt on French Canadians. So I am forced to withdraw my remarks but I think he is a petty individual whose actions are dangerous.

[*English*]

Some hon. Members: Oh, oh!

Some hon. Members: Sit down.

Mr. Speaker: Order, please. The minister has clearly and unequivocally withdrawn the remark that he made about the hon. member for Central Nova. Therefore, I am required, in parliamentary terms, to accept that withdrawal. However, I cannot overlook the fact that repeatedly the minister rose to his feet to continue to argue a point when I had indicated that the only reason he had the floor at the time was to withdraw that remark.

I want to remind the minister and hon. members that on previous occasions when members have used unparliamentary language, they have understood that if they wished to argue the merits of what they had to say, they have had always an opportunity, then and at other times, to do so in parliamentary language. Therefore, at this moment it is not open to the minister to carry this argument forward. If he wishes to do so, he will do so at the proper time and in proper parliamentary terms. At the moment, he has withdrawn the remark that was offending the order of the House and we may now proceed to the question period.

It now being 11.25 a.m., the question period will terminate at 12.10 p.m.

[Mr. Speaker.]

ORAL QUESTION PERIOD

[*English*]

CONFLICT OF INTEREST

FORMER MINISTER SERVING ON BOARD OF DIRECTORS OF PRIVATE CORPORATION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have a question for the right hon. Prime Minister. It also involves individuals with questionable practices who are part of the Prime Minister's cabinet. This time it relates to the activities of Mr. Donald Macdonald, formerly minister of finance, who, as everyone knows, is now on the board of directors of the McDonnell-Douglas Aircraft Corporation.

• (1127)

Will the Prime Minister tell the House whether it is the practice of the government to allow backbench members of parliament to chair meetings involving senior officials and ministers concerning industrial assistance? If it is not, will he tell the House why the Hon. Donald Macdonald, while still a backbench member of parliament, was allowed to chair meetings involving the minister of industry, trade and commerce, the minister of state for small business, as well as senior officials and executives of Douglas Aircraft, the subject of which was an appeal for industrial assistance of that company?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I regret missing the beginning of the hon. member's question. If my answer is not relevant, I will apologize and ask the hon. member to repeat his question. If the question was whether a backbencher can chair a committee, the answer is, sure, they are welcome to. I hope they chair many committees.

Mr. Jelinek: Mr. Speaker, that was not my question. I was not asking whether backbenchers could chair committee meetings. My question was, can a backbencher of the government chair meetings behind closed doors involving industrial assistance to companies in Canada where other cabinet ministers and senior officials are included?

My supplementary question is as follows. Based on government documents, my information is that until Mr. Macdonald became director of Douglas Aircraft last May, the company's bid for assistance received a predominantly negative response from Department of Industry, Trade and Commerce officials. Will the Prime Minister tell the House why the written advice of officials to consider assistance only up to a maximum of 20 per cent was overruled, as shown by Treasury Board document IT and C No. 53/513c-120-1, wherein a full 30 per cent, or over $16 million, was approved by the department only after Mr. Macdonald's appointment to the board of directors of that company?

Mr. Trudeau: Mr. Speaker, I know nothing of these documents or the facts supposedly alleged by the hon. member.

An hon. Member: They are not supposedly alleged; they are alleged.

Mr. Trudeau: Since he has quoted the names of the companies, I will look into it and attempt to find that out. Very frequently there are applications made by companies for something and we say. "No." Then they improve their offer and we improve our answer. This is a process which goes down constantly in front of FIRA and DREE agencies. Naturally, the government attempts to get the best possible deal for the Canadian public in any series of negotiations. If McDonnell-Douglas has done something which permits Canadians to get a better deal, that is good.

Mr. Jelinek: Mr. Speaker, it seems strange to me that the bid by McDonnell-Douglas lasted over a year, received a negative response and was not approved until after Mr. Macdonald became a director. Can the Prime Minister explain the change in the attitude of the government toward Douglas Aircraft following Mr. Macdonald's appointment to the board, as compared to a statement implicit in a memorandum of December 19, 1977, from Mr. H. P. Horne, a senior official of the Department of Industry, Trade and Commerce, to his superiors which stressed the following:

> We should impress on the company that the Canadian government does not respond to threats by McDonnell-Douglas.

Will the Prime Minister tell the House whether Mr. Macdonald, who obviously knew of this relationship between the company and the government, complied with the ethical standards of the government when he accepted the appointment to the board of McDonnell-Douglas?

Mr. Trudeau: Mr. Speaker, it seems to me that the hon. member, by way of his question, is suggesting there must be something wrong here. If he has a case to make, I would appreciate his making it.

An hon. Member: He has made it.

Mr. Trudeau: Then we will look into it. I know of no wrongdoing. I am not surprised that Mr. Macdonald's presence on the board has improved the quality of that board. He is a very intelligent human being and also a very honest person. What is wrong with that?

An hon. Member: He did not do much for the government.

Mr. Trudeau: If the hon. member has a justified suspicion, he can tell me, tell the government or tell the police. We would be happy to look into it.

Mr. Paproski: We would not tell you.

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

Mr. Hnatyshyn: May I be recognized later, Mr. Speaker?

THE CANADIAN ECONOMY

MEASURES TO CURB INFLATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is directed to the right hon. Prime Minister. The Anti-Inflation Board report on food prices which was released yesterday revealed an additional 1 per cent increase in food prices which, when added to the 1 per cent increase that will come with tomorrow's increase in the price of gas and oil, will mean that Canadians this month will be confronted with an inflation rate of 11 per cent.

● (1132)

Considering that when the Prime Minister announced last month we would not have an election, he said in that context the government would busy itself with bringing forward new economic policies to deal with such things as inflation, will he tell us what the government is doing to head off this re-emergence of double-digit inflation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, in terms of government policy—perhaps the hon. member has not been listening—in the past five or six weeks we have made many policy announcements which will have the effect of creating jobs in Canada relating to small business and science and technology. A whole series of proposals has been put before this House, including legislation which was passed yesterday that I am sure escaped the notice of the Leader of the NDP. In so far as the specific area of food is concerned, there is to be a meeting of the federal and provincial ministers of agriculture late next week or the week after. They will be attempting, together, to come to grips with the very difficult problem of increasing food prices without penalizing the producer. In some areas the producer is merely catching up with the fallback he has suffered in the past two years—as in the case of beef, for instance. There are indications that the price of food products will ease in the next few weeks and that any advances during the balance of 1978 will be moderate, relative to trends since the start of the year. Beef prices appear to have peaked for the—

Some hon. Members: Oh, oh!

Mr. Trudeau: Are you interested?

An hon. Member: Give us the facts.

Mr. Trudeau: Fresh produce prices are—

Some hon. Members: Order.

Mr. Trudeau: Mr. Speaker, I thought they might like to have the facts.

Mr. Broadbent: Mr. Speaker, I think the Prime Minister is reading from a two-year old script. Considering that an all-party committee of the Ontario legislature, which includes members of the Liberal party in that province, reported that as a result of discounting and rebate purchase policies there may be substantial profiteering by major supermarket chains, and

considering that this report comes on top of a similar one produced in British Columbia, will the Prime Minister undertake right away to have this aspect of food chain operations investigated?

Mr. Trudeau: Mr. Speaker, the hon. member suggests that I am reading from a two-year old script. I tell him I am reading from an AIB report dated yesterday, June 29.

Some hon. Members: Hear, hear!

Mr. Trudeau: The trouble is that he bases his question on the AIB release except, as usual, he just looks for the bad things. I would not impute motives to the hon. member, but it is strange that he can always find only the bad things. That is why he is sitting where he is.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, I see that the Prime Minister's miasma is bothering him again today. I would like him now, aside from his rhetoric, to take the time to answer the question. I pointed out to him that an all-party committee of the Ontario legislature found good evidence to believe there is profiteering among food chains, which comes on top of a similar finding in the province of British Columbia. Increasing food prices may not bother the Prime Minister, but they bother a lot of Canadians. Will he now undertake to have these practices investigated?

Mr. Trudeau: Mr. Speaker, rather than looking only at what his party is doing at Queen's Park, the hon. member should listen to what the minister has been telling him in the House.

Mr. Broadbent: And your party.

Mr. Trudeau: And my party, of course. We set up the AIB some years ago to control inflation, but it never received the support of the hon. member's party.

Some hon. Members: Oh, oh!

Mr. Trudeau: It never received the support of the hon. member's party. The Minister of Finance asked that board to look into this very matter, I think last week, regarding accusations of possible profiteering. We will probably have a report on it before the friends of the hon. member in Toronto get theirs.

* * *

[*Translation*]

URBAN AFFAIRS

INVOLVEMENT OF CMHC IN PROVIDING ACCOMMODATION FOR VICTIMS OF BUCKINGHAM, QUEBEC, TORNADO

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I would like to direct a question to the Minister of State for Urban Affairs.

[Mr. Broadbent.]

Following his reply this week concerning the tornado which struck in Buckingham, can the minister tell us when the Central Mortgage and Housing Corporation staff in Hull will be able to publish its final report on the extent of damages, and in practical terms what the CMHC will do to relocate the victims under its policies?

Hon. André Ouellet (Minister of State for Urban Affairs): I think the hon. member is a bit late. If he had listened to the Outaouais regional news last night he would know that the CMHC officer who was sent to the scene met with the Buckingham mayor and confirmed to him that 40 housing units would be put at the disposal of the victims of this tornado.

Concrete and positive action has therefore been taken to make 40 housing units available to these victims for an indefinite period of time.

Mr. Laprise: Mr. Speaker, I want to ask a supplementary question. In view of the fact that most of those houses were financed and insured by the Central Mortgage and Housing Corporation, has a policy been established for reconstruction of those houses at a reasonable cost to the owners?

Mr. Ouellet: Yes, Mr. Speaker, that question is under study. The hon. member for Gatineau is representing me on those discussions. He himself has undertaken a series of consultations with the concerned citizens to examine what the Government of Canada could do to bring about additional assistance, and the hon. member for Gatineau in the House of Commons is to report to me in the next few days on the measures we could take in addition to those the Central Mortgage and Housing Corporation has already confirmed having taken.

[*English*]

STUDY OF RATE OF INFLATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I want to ask a question supplementary to the one put to the Prime Minister by the hon. member for Oshawa-Whitby. We now have the matter of food prices under study by the AIB or, at least, charges of profiteering and price gouging. We have a study under way by the Minister of Consumer and Corporate Affairs and the Minister of Agriculture with regard to alleviating some of the consequences of increasing food prices—at least, that is what the minister said a couple of days ago in the House—in addition to which we have the study undertaken by the Economic Council of Canada.

Are these three separate studies being carried on in concert, one with another, and who is taking the over-all co-ordinating responsibility? While I am on my feet I should like to ask the Prime Minister when we can expect an announcement in respect of the studies of the Minister of Agriculture and the Minister of Consumer and Corporate Affairs.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, co-ordination will be done at the moment the report is handed

to the government: that is where co-ordination will take place. The study of the AIB is not under the direction of the government. It is doing the study at the request of the Minister of Finance. Of course, the Minister of Consumer and Corporate Affairs is having, as I understand it, a departmental study made and we will be anxious to make the facts known to the House as soon as possible. Obviously, if there is a finding of profiteering, that will involve action by the government to prevent such profiteering.

EFFECT OF INFLATION ON LOW INCOME EARNERS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I ask the Minister of National Health and Welfare if she will undertake a study, having regard to her responsibilities and because of the impact food price inflation is having on people of fixed and low incomes. I am thinking especially of the plight of old age pensioners in Canada who are finding it very difficult to afford an adequately nutritious diet. Is she taking a look at this problem, in light of the current round of food price inflation?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I said in the House some weeks ago that the department had started, not really a study in the scientific sense but a gathering of the facts and an exploration to determine whether a more systematic study is required to assess the allegation of the hon. member. We have put the emphasis on northern regions of the country where I have a direct responsibility and where we want to see the people provided with a proper diet.

* * *

NATIONAL REVENUE

INQUIRY INTO TAX AFFAIRS OF JOHN C. DOYLE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the right hon. Prime Minister. It has to do with a Panamanian citizen, so I hope I will not be accused of being anti-Panamanian. On May 19, 42 days or six weeks ago, I wrote the Prime Minister, sent him a memorandum and asked him to hold a public inquiry into whether the tax laws were fairly and equitably administered in this country, particularly with reference to the case of Mr. John C. Doyle. Since writing to the Prime Minister, the Minister of National Revenue confirmed that for the years 1950, 1953 and 1954 Mr. Doyle owes the government $5,014,000 in income tax and interest, that the government has no adequate security and is having great difficulty collecting, despite judgments of the Supreme Court of Canada. The minister will not give me information on what else he owes for other years since 1950 and 1954.

● (1142)

My question to the Prime Minister is: Will he order a public Inquiry, under the Inquiries Act, into this particular case and the administration of the tax laws with reference to this case, since the taxpayers of Canada have to pay up? What went wrong, who is responsible, and can we have a full, public inquiry?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there must be many dozens, if not hundreds, of cases of uncollected taxes by National Revenue.

An hon. Member: Five million dollars?

Mr. Trudeau: I am sure that in each and every case the department is doing its best to collect the money. I do not know what the hon. member suggests should be inquired into. If he could be more precise and indicate that he suspects negligence or some desire on the part of the government not to collect the money, I would very much like to hear it.

Mr. Crosbie: Mr. Speaker, if the Prime Minister will get briefed, he will discover that these tax years were reassessed in 1959 and that this taxpayer was not made to put up adequate security or to pay the taxes, as is the normal method of dealing with taxpayers who dispute their income tax. He did not have to put up a guarantee or a bond: he has had to put up nothing. He controls a major Canadian company and owns 18.4 per cent of the shares of Canadian Javelin Limited, from which he has taken hundreds of thousands of dollars—

Mr. Speaker: Order.

Mr. Crosbie: My question to the Prime Minister, and I could fill him in on much more detail if he would give me the time to see him, and my allegations are that there is something very, very wrong, something very corrupt, about this situation. My question again to the Prime Minister is, will he order a public inquiry as my memorandum requests, and as I now request, having given him these other details?

Mr. Trudeau: Mr. Speaker, the hon. member refers to 1959. He will remember that the Liberal party did not form the government then, and it is a rule that I cannot look into the papers of previous administrations; nor will I attempt to do so. Perhaps if he asks the right hon. gentleman for Prince Albert—

Mr. Paproski: Stop playing games.

Mr. Trudeau: —what happened in 1959, he might get the beginning of an answer.

Mr. Crosbie: Mr. Speaker, in 1959 the reassessment took place for the years 1950 and 1954 by the Diefenbaker government. In 1963, during the hon. gentleman's government—which did nothing from then on—there was an income tax appeal—

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

Mr. Crosbie: Would the hon. Prime Minister tell me why the government was so courageous in its activities to get these taxes that it allowed eight years to go by before it pursued the

matter to the Income Tax Appeal Board, and allowed another eight years to go by before they drove the appeal on to the Supreme Court of Canada? Why did the government wait 16 years before attempting to take any measures until I brought it up in this House? It has nothing to do with the previous government.

Mr. Trudeau: Mr. Speaker, presumably because of the difficulty in collecting the money it took some time. If I understand the situation correctly, it began in 1959. I wonder why the government of the day did not ask for securities, rather than wait until he had thrown them off.

Mr. Crosbie: Read my memorandum.

* * *

NORTHERN AFFAIRS

STATUS OF COMMISSIONER OF THE YUKON

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is to the Prime Minister. The Yukon Territory Council has voted by a six to five margin to request Arthur Pearson's removal as Yukon territorial commissioner. In view of these circumstances, and in the absence of the minister of northern affairs, I wonder whether it is the intention of the government to request or to obtain the resignation of Mr. Pearson as commissioner of the Yukon territory?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am not aware of the facts alleged by the hon. member. I will take note of them, for the minister's benefit, and he will provide a reply. I seem to recollect that the commissioner of the Yukon, like the commissioner of the territories, is named by orders in council and it probably is at pleasure. I would want to see if, indeed, the suggestion made by the hon. member is borne out by the facts.

Mr. Hnatyshyn: Mr. Speaker, in view of the fact that there was a resignation a few days ago—I am sure it must have come to the attention of the Prime Minister, who pays some attention to domestic matters—of Mr. Lang, the minister of education, on the basis of the activities of the commissioner of the Yukon, would the Prime Minister tell us whether it is the policy of this government to disregard the wishes of the elected representatives of the Yukon territory, or whether he is in a position to say that the government will support the decision of the elected representatives of the people of the Yukon territory?

Mr. Trudeau: Mr. Speaker, I just told the House that I was not aware of the fact alleged by the hon. member. I took note of it, for the benefit of the minister. If the hon. member wanted an answer today, he might have given me notice and I would have tried to find out what happened. I did not know, either, that Mr. Lang had resigned. I see that he is not in his seat, but I would be very surprised if he has.

[Mr. Crosbie.]

NATIONAL DEFENCE

MEDAL FOR NATO SERVICE

Mr. Bob Kaplan (York Centre): Mr. Speaker, my question is for the Minister of National Defence. In the three years since the government agreed with my motion to establish a military medal for recognizing NATO service, I have asked in the House three times about the progress of this bill and the establishment of the medal. I would like to ask the minister, for the fourth time, when will this medal, to which the government is committed, see the light of day?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I expect it will be very soon. I will be making recommendations on this, not in the form of a NATO medal but in the form of a general service medal to recognize service in NATO, NORAD and other service in the armed forces. I should have all the information, because our criteria for medals is serious and is to be treated seriously, within the next month or so.

* * *

PUBLIC SERVICE

ACTION TO AVOID POSSIBLE STRIKE OF NURSES

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question I would like to address to the President of the Treasury Board with reference to the status of nurses in the federal employ. Would the minister indicate the response the government has taken or intends to take with respect to the request of the Professional Institute of the Public Service to come back to the negotiating table, if not the bargaining table?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I answered questions on this matter yesterday. I cannot add very much except to confirm publicly in the House that we would welcome and would respond immediately to a request for consultation with the professional institute or representatives of the bargaining agent. In fact, such discussions have been taking place.

Mr. Forrestall: Mr. Speaker, I fail to understand the reply of the minister, but it may be that my information is not correct. I will put the question in this form. It is my understanding that PIPS has in fact directed to Treasury Board a request for further negotiations and my understanding from the minister is that he has not had this request. I wonder if he would have his officials double-check this because, quite clearly, the nurses are seeking to come back at least to a table where they can talk. Also, would the minister take appropriate steps to respond to what I understand to be a very formal and proper request to Treasury Board for further negotiations?

Mr. Andras: Mr. Speaker, I said that discussions are taking place. We will most certainly confirm, formally, a response to

any new or later requests from the professional institute. We would like to get back to the bargaining table, too.

* * *

EXTERNAL AFFAIRS

WORLD DISARMAMENT

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I wish to address a question to the right hon. Prime Minister. I call to his attention what I am sure he knows already, that is, that the disarmament conference, after a special session of the United Nations which took place in New York and after 5½ weeks of study and speeches, has made a declaration of principle calling for a radically new approach to the elimination of the $400 billion a year world expenditure on armaments, giving new emphasis to development and calling for reorganization of the disarmament committee so that France may take a full part in the plans for disarmament.

I ask the Prime Minister—I am sure he will give a positive answer—whether he will undertake, on behalf of the Government of Canada, that the government will do all within its power to have this declaration carried into effect so that the world may survive.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have been busy with domestic affairs since I was at the United Nations conference on disarmament.

Mr. Hnatyshyn: Not in the Yukon.

● (1152)

Mr. Trudeau: I have not followed the details of the debate. Certainly, several of the points that I made in my statement there are in line with the wishes expressed by the hon. member, including France rejoining the debate. As to the position which the government has been instructed to take at this particular time, I would have to refer the question to the Secretary of State for External Affairs, if the hon. member would allow.

Mr. Brewin: Mr. Speaker, I would like to address my question, then, to the Secretary of State for External Affairs. I add the question whether it would be the policy of the government to approve the committee on external affairs and national defence of this House taking a special reference to study the question of disarmament.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as to the original part of the hon. member's question, I can say that Canada and, I am sure, this House, welcomes the outcome of the UNSSOD—United Nations special session on disarmament. All of the initiatives were ones which, as the Prime Minister has said, we supported, and indeed some which he advocated in his speech. In addition to that, I think we were particularly happy to note that France, as the hon. member mentioned, is prepared now to rejoin the discussions. In that connection, I have started a new mechanism within Canada and the department to deal with disarmament questions.

In addition to that, the hon. member has asked about a reference to the committee. I see absolutely no reason why that should not be done at the appropriate time. We would welcome the support of members on both sides of the House for pressing on with this very crucial and key matter.

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AIR TRANSPORT

MECHANICAL PROBLEMS WITH DC-9s

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, in the absence of the Minister of Transport I will direct my question to the acting minister. I would like to bring to the attention of the minister another Air Canada mechanical problem which occurred on flight 176 out of Winnipeg on June 20. In this connection, the plane had to return twice to the Winnipeg airport due to a malfunction of the oil indicator light. After the second return, Air Canada had to transfer the passengers to a CP Air flight.

I ask the acting minister or the parliamentary secretary whether they will personally contact the president of Air Canada to find out if these DC-9s are being properly serviced and maintained and, as well, will they inquire why these incidents are not being reported to the proper authorities within MOT?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, of course the Minister of Transport, like all members of the House, regrets all the air incidents which may happen like the one in Toronto. Yesterday, however, the hon. member informed us of an accident which occurred in Winnipeg on Monday June 19, so we contacted the authorities of Air Canada, who have never heard anything about it. Today he is talking about another incident, and we shall inquire with the authorities of Air Canada again, but it seems to me that members should refrain from arousing unfounded fears and check their sources of information carefully before mentioning air accidents.

[*English*]

Mr. McKenzie: Mr. Speaker, I would like to bring to the attention of the parliamentary secretary that these incidents have been confirmed to the CBC in Winnipeg, which is an indication—

Some hon. Members: Oh, oh!

Mr. McKenzie: —that there is an internal problem. I suggest you ask for further—

Mr. Speaker: Order, please. The hon. member for Mackenzie.

Oral Questions

REGIONAL ECONOMIC EXPANSION

AGREEMENT WITH SASKATCHEWAN ON PROJECT COSTS

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. Can the minister indicate why his department is withholding the signing of an agreement with the province of Saskatchewan so that projects can be undertaken during ideal weather conditions instead of waiting, as I understand it, to sign the agreement some time in the fall when weather conditions make it unfavourable and the costs invariably increase, not only because of the rain and snow but due to other factors as well?

The province of Saskatchewan has already expended its intended share and is now withholding further development of any projects, awaiting some kind of an agreement with the federal government. Is it due to lack of funds, or is there some other reason?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, I am pleased to tell the hon. member that it is true that in the coming weeks we should sign and ratify that agreement which follows, I think, the one that was under negotiation to continue the development of the northern lands of northern Saskatchewan. The delays have been caused by the need to consult further certain groups concerned by the contents of that agreement, particularly the native people, and to make sure that the necessary mechanisms will be put in place so that the projects that will be implemented under the agreement to be signed are those that meet the needs and recommendations of the groups representing those people.

[*English*]

Mr. Korchinski: Mr. Speaker, is the minister confirming that he has had consultations with the Federation of Saskatchewan Indians or the Metis Association of Saskatchewan and that because of the negotiations he is holding his position regarding certain funds being directed to these organizations, disregarding the province of Saskatchewan, the department of Northern Saskatchewan, that the funds will be funnelled to these particular organizations? Is this the new policy that is being followed by the government?

[*Translation*]

Mr. Lessard: No, Mr. Speaker, that is not exactly the situation, but we did have meetings and discussions with the various groups representing the natives, the Metis and the Indians who live within or outside reserves. Having listened to their representations and their claims we had to make some concessions regarding certain delays. In fact, to some extent, we are going to take their interests and their recommendations into account, but I can assure the hon. member that we should now proceed as soon as possible to the signature of that agreement.

[Mr. Speaker.]

[*English*]

CANADIAN BROADCASTING CORPORATION

BROADCASTING OF HOCKEY GAMES

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, in view of the fact that the WHA and the NHL have not merged, I would like to put my question to the Secretary of State, who is in charge of the CBC. Would the minister see to it that the CBC at least broadcasts some WHA hockey games, particularly the games played by the Edmonton Oilers and the Quebec Nordiques, to show national unity and at least show us some games that are worthy of watching, instead of those played by the Washington Capitals and the Colorado Rockies?

Some hon. Members: Oh, oh!

Mr. Paproski: I realize this is a representation, but I hope the Secretary of State will do something about the situation.

Some hon. Members: Hear, hear!

Hon. John Roberts (Secretary of State): Mr. Speaker, I am flattered that the hon. member has recognized the vast array of sports expertise that I have which enables me to make that kind of judgment to be directed to the CBC. I find that extremely flattering. Apart from that, all I can say is that I will transfer his representation to the proper authorities.

Mr. Paproski: You can do it much better than Iona.

* * *

AIRPORTS

DEVELOPMENT OF HAMILTON, ONT., AIRPORT

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, my question was for the Minister of Transport, but I will refer it to his parliamentary secretary. In view of the fact that the Minister of Transport has committed his department to developments at Hamilton airport for a regional airport, can he inform me whether we can expect any announcement in the summer concerning the time-frame within which he will bring about these developments?

An hon. Member: Only if an election is called.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister and department officials are very much aware of the continuing representations made by the hon. member and the great interest he has in the development of this airport.

The minister has committed himself to ensure the developmen of a regional airport. This commitment is still valid; however, at this time, Mr. Speaker, I cannot give the precise dates when the next announcements will be made on this matter.

[*English*]

NATIONAL CAPITAL

GRANTS IN LIEU OF TAXES

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is to the Prime Minister: it relates to the threat by the city of Ottawa to cut off water to the federal government if it does not pay fair taxes—

Some hon. Members: Hear, hear!

Mr. Paproski: Right on.

Mr. Hnatyshyn: 24 Sussex.

An hon. Member: Drain the pool.

Some hon. Members: Oh, oh!

Mr. Hnatyshyn: Lots of hot air, but no water.

Mrs. Pigott: —instead of the puny sums referred to as grants in lieu thereof. Will the Prime Minister tell the House the contingency plans he has in the event that this September the entire public service is cut off from city water supplies?

• (1202)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I would not consider this a matter of urgent necessity. This discussion about taxes and grants in lieu of taxes has been going on with the city of Ottawa for many years. Indeed, every city in which there are federal buildings would like to have more grants. The Minister of Finance, and other ministers, have been in discussion with Ottawa in particular and have improved the situation there. I am sure the mayor would like to have more money. So would we, Mr. Speaker. I can say that discussions will go on during the course of the summer on a courteous basis. I do not think the citizens have to fill their bathtubs yet.

* * *

ENERGY

TAKEOVER OF HUSKY OIL COMPANY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, may I direct a question to the Prime Minister regarding the shenanigans going on with Husky Oil shares? In view of the fact that the stock has been parlayed up to an increase of nearly $200 million which Canadian consumers and taxpayers will have to pay, and in view of the fact that Alberta Gas Trunk Line, which was not a declared group desirous of becoming principal shareholders, has become so, I ask the Prime Minister whether the government has asked the Toronto Stock Exchange to look into the events that have taken place over the last two weeks. If they have not done so, is the government giving any consideration to so doing?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member makes some allegation, which I cannot see substantiated, to the effect that Canadian taxpayers will have to pay $200 million more because of something going on in the stock market. I do not understand on what basis I could accept that statement and on what basis it would permit the government to go to the Toronto Stock Exchange. If there are some complaints of irregularities, I hope they will be made, and I will make sure they are heard by the proper authorities.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am sure the Prime Minister is aware that if $200 million more is paid for Husky than it is worth, the people who buy the oil will have to foot the bill. Some ten days ago the energy minister for Alberta, Mr. Getty, said on television that in view of his government's political philosophy they do not want Petro-Canada in the oil business.

In view of the fact that Alberta Gas Trunk Line, in which the Alberta government has a direct interest, has representatives on the board of directors, I wish to ask the Prime Minister whether quarterback Don Getty has passed the ball to Alberta Gas Trunk Line to make an end run around Petro-Canada in order to keep the Canadian government out of its declared intention of having some public participation in oil development. If that is the case, does the federal government intend to do anything about it?

Mr. Trudeau: Mr. Speaker, on the first part of the question, once again I do not think the hon. member really believes that the price of oil on international markets is determined by stock transactions between companies which exploit that oil. Unfortunately, the price is not set on the international markets by Canada or Canadian stock market actions. The suspicion which lurks behind the hon. member's question is one which catches me by surprise and gives me some concern. Indeed, it seems illogical, if the Alberta government has members on the board of Alberta Gas Trunk Line, that it should condone interference in some way of their directors in an operation such as this—if they do, indeed, object to Petro-Canada.

However, it seems to me this is at least one area where the hon. member and this government—and, indeed, the Saskatchewan government—are in agreement that it would have been good if Petro-Canada had been successful in taking over. If it is not successful, at least it is important that the aim which is ours and that of the Saskatchewan government, of getting heavy oils into exploitation, will be reached in some other way. In so far as asking us if we can do anything about a resource which exists in two provinces, this is an interesting suggestion but I do not think the provinces, in the constitutional debate, will want to transfer to the federal government jurisdiction over their resources.

Oral Questions

EXTERNAL AFFAIRS

POLITICAL ASYLUM FOR FOREIGN NATIONALS

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Secretary of State for External Affairs, with whom I have briefly discussed the case of Mr. Yung Man Yang, vice-consul of the Korean Consulate General in Toronto who defected and applied for political asylum and then was granted political status in Canada on completely different grounds than those applied for.

In his application, as the minister knows, Mr. Yang made some very serious allegations about subverting and disunity being sown in the Canadian-Korean community, utilizing agents of the Korean CIA disguised as diplomats or consular officials and, as well, the payment of fairly large sums of Korean government money in Canada. This is a matter which has been the subject of very serious consideration by an American congressional committee in the United States over the last year.

My question to the minister is simply this. The subcommittee of the United States Congress investing Korean-American relations has applied, through the State Department of the United States to the Department of External Affairs, to interview Mr. Yang. This request was made some weeks ago. For the first time in living memory, that request was denied. My question to the minister is, why was the request denied by the Department of External Affairs?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, let me, in all candour, tell the hon. member that with regard to the last part of his question, I was not aware of it. If there was a denial, it must have been on some grounds that did not require to be brought to my attention. I will look into that part of it. I think he will agree that it was the other parts of the issue that he consulted me on, and I am grateful for that. I will look into that last part. I suspect we had good grounds for doing so, but I do not wish to go beyond that at this time.

On the general question, we have looked into the allegations and claims of Mr. Yang. At the same time, we have provided for him sanctuary in Canada under appropriate circumstances. In a general way, without taking the time of the House for a very detailed answer, the situation is that it is obvious there are certain tensions between various groups in the Korean community in Canada. The RCMP and others who have looked into this have advised that there is no basis on which legal action can be taken or nothing that is unmistakably and without qualification beyond what would be acceptable or diplomatically proper.

I repeat now what I said to the party before and to others who have made these claims: we will be glad to look into any other further allegations or charges. However, the very detailed analysis which has been made so far in the course of the investigation made reveals that there are tensions, but not of a nature that would permit or justify government action at this moment.

[Mr. Trudeau.]

ROYAL CANADIAN MOUNTED POLICE

MAIL INTERCEPTION

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General, who I am sure monitored the deliberations of the Standing Committee on Justice and Legal Affairs considering the mail interception bill. He will be aware that the deliberations, or the wisdom thereof, would be inhibited if the evidence before the McDonald commission on this issue—some 2,000 pages of testimony—was withheld from that standing committee on this House.

In order to assist the standing committee to reach the very best available legislation in this very important area, and in view of the fact that some weeks now are available before the committee will resume its deliberations, will the Solicitor General reconsider his position and, through his counsel on the McDonald commission, request that that commission on that one issue of postal interception provide the committee with an interim report?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member will recognize, of course, that the evidence being brought before the McDonald inquiry was brought before the inquiry at its behest and for its purposes. Therefore, they have individual purposes which they are addressing.

• (1212)

As for the use the committee might make of that evidence, I have done everything in my power to make available to the hon. gentleman evidence the committee felt was relevant to the study of the bill. I am disappointed that the bill did not progress further, though I recognize—and the hon. gentleman seemed to recognize in his question—that the work has been very constructive and that the witnesses have been very helpful. It is to be hoped we shall make more substantial progress after the resumption of the sitting in the fall.

* * *

[*Translation*]

PRIVILEGE

MR. OUELLET—ALLEGED IRREGULARITIES IN ADJUDICATION OF CONTRACTS BY NATIONAL CAPITAL COMMISSION

Hon. André Ouellet (Minister of State for Urban Affairs): I rise on a question of privilege, Mr. Speaker.

Mr. Speaker: The Minister of State for Urban Affairs on a question of privilege.

Mr. Ouellet: Mr. Speaker, on page 6859 of *Hansard* for Thursday, June 29, the hon. member for Central Nova (Mr. MacKay) asked me the following question:

I would move that if the Minister of State for Urban Affairs has any tangible evidence whatsoever that I have ever been adverse to the interests of Quebeckers or Canadians of French descent, he should bring it forward . . .

I take this first opportunity provided to me to rise on a question of privilege since the hon member put a question to me yesterday and I wanted before giving him specific examples to take a few hours to check copies of *Hansard*—

[*English*]

Mr. Speaker: Order, please. The minister may wish to pursue that matter in other ways. I know he will realize, upon reflection, that it would be against all our procedures to allow him to proceed as he is doing at this time on a question of privilege. With proper notice, or at some other time, his purpose might be accomplished but I cannot allow him to continue now.

* * *

[*Translation*]

POINTS OF ORDER

MR. PINARD—STATEMENTS BY CERTAIN MEMBERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I rise on a point of order, Mr. Speaker.

Mr. Speaker: The Parliamentary Secretary to President of Privy Council on a point of order.

Mr. Pinard: Mr. Speaker, I do not wish to discuss your ruling, but I think that yesterday you opened the door to our point of order or question of privilege, whatever may be the proper remedy, in connection with the comments made yesterday by the hon. member for Grenville-Carleton (Mr. Baker) and the hon. member for Central Nova (Mr. MacKay) about the Minister of State for Urban Affairs.

Mr. Speaker, on page 6860 of *Hansard,* you mentioned—

[*English*]

Mr. Speaker: Order. Perhaps I can clarify this situation. If matters of privilege which arise from yesterday's discussion are to be raised today, they will have to be raised upon notice. I have received no notice from any member of any intention to raise questions of privilege today as a result of events which took place yesterday. In addition, as far as the merits of the events of yesterday are concerned, interventions were made yesterday with respect to the question of privilege, and completed. There were no arguments raised in opposition to the suggestion that the matter was one of privilege. Therefore, on the basis of the arguments put forward, I had to look at the precedents and make my determination.

If there are other matters which are to be raised they will have to be dealt with in accordance with our normal procedures as they arise. If questions arose yesterday which relate to any matters of order or privilege, they can be taken up in the ordinary way. But I have no authority to take up matters of privilege on a Friday resulting from Thursday's proceedings unless I have first been given notice in accordance with the standing orders. Again, I say I have received no notice.

Tabling of Documents

MR. McKENZIE—AIR CANADA

Mr. Dan McKenzie (Winnipeg South Centre): On a point of order, Mr. Speaker. I want to inform the House that a member of this House, the hon. member for Portage (Mr. Masniuk), was on that Air Canada flight on June 19 and has explained all the details of the accident which occurred on that date.

Mr. Speaker: That, of course, is not a point of order.

[*Translation*]

MR. PINARD—COMMENT BY HON. MEMBER FOR CENTRAL NOVA

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I had clearly understood yesterday that you had reserved the rights of hon. members to make sound interventions in full knowledge of the facts. Your decision which I have not commented on has taken us a little by surprise, for you have made it known in a somewhat unusual fashion before the question period. With your permission, we should like to comment on this, not for the purpose of trying to convince you to reverse your decision, but on the basis of a precise point of order raised by the Minister of State for Urban Affairs (Mr. Ouellet) concerning remarks which the hon. member for Central Nova (Mr. MacKay) and the Leader of the Opposition have made in the House, and this is what we should like to deal with today—

[*English*]

Mr. Speaker: Order. The parliamentary secretary is mistaken. What I said yesterday was that when arguments have been raised on the subject of whether an unparliamentary remark has been made, I listen to the arguments and examine the transcript. After I examine the transcript I can make a decision. That is what I said I would do yesterday. I made it clear I would reserve my decision until after I had examined the transcript. I have finalized the matter and it should now remain closed.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act I wish to table, in the two official languages, copies of three reports sent to the Administrator by the Anti-Inflation Board.

Northern Pipeline Agency

PRIVILEGE

MR. CROSBIE—ANSWER GIVEN BY PRIME MINISTER DURING QUESTION PERIOD

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a question of privilege. It has to do with the question I addressed to the Prime Minister (Mr. Trudeau) today as head of the government and head of the administration of justice.

On May 19 I sent him a six-page memorandum bringing to his attention some alarming matters in connection with the administration of the income tax law. The taxpayer I have in mind owes the government more than $5 million at this time, after appeals to the supreme court and after 25 years have expired. Today we see in the papers that the same taxpayer, who controls a Canadian company, is having that company pay him $2.7 million in reimbursement for disbursements he said he made in retaining control of the company. He is a former Canadian citizen now living in Panama and this money is coming from a Canadian company and will be paid to him, although he owes the government $5 million—money which the government has spent ten years doing nothing to collect.

I brought this matter to the attention of the Prime Minister six weeks ago by way of a memorandum, and I have also done so by way of questions in this House. His response has been to laugh it off, to pretend he knows nothing about it, and to pretend it is a matter of no interest to the taxpayers of this country, to the 10 million or 12 million people who pay their taxes every year.

You might be wondering what my question of privilege is, Mr. Speaker—

Some hon. Members: Oh, oh!

Mr. Crosbie: My submission is that the Prime Minister is infringing on the privilege of this House by not having an investigation conducted into a scandalous matter brought to his attention concerning the administration of the tax laws.

Mr. Speaker: If the hon. member for St. John's West (Mr. Crosbie) wishes to be critical of the action or inaction of any other hon. member of the House, avenues are open to him, but he surely understands that he cannot proceed on a question of privilege in this way.

* * *

NORTHERN PIPELINE AGENCY

MEMBERSHIP OF STANDING COMMITTEE

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): With consent, Mr. Speaker, and referring to the questions which were raised earlier in the week about the Northern Pipeline Agency, I should like to move:

That the members of the Standing Committee on the Northern Pipeline Agency be Messrs. Allard, Breau, Dawson, Douglas (Nanaimo-Cowichan-The Islands), Foster, Goodale, Lawrence, Lee, Munro (Esquimalt-Saanich), Neil, Nielsen, Oberle, Penner, Railton and Watson.

[Mr. Lumley.]

Mr. Speaker: This motion requires consent if it is to be introduced at this time. Does the House give consent?

Some hon. Members: Agreed.

Mr. MacEachen: Then I so move.

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

Some hon. Members: Agreed.

Motion agreed to.

* * *

BUSINESS OF THE HOUSE

MOTION RESPECTING SUMMER RECESS

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved:

That when the House adjourns on Friday, June 30, 1978, it shall stand adjourned until Tuesday, October 10, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

● (1222)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on rising to speak on this motion for a few moments I am bound to say that, judging by what occurred in the House yesterday and today, perhaps there comes a time when parliament should close and that to keep parliament here might do the institution damage. I see that Your Honour is nodding in agreement. I am happy to see that, because notwithstanding that from time to time there can be difficulties and feelings that perhaps all sides of the House might not agree with Your Honour's rulings, I am going to say to you, sir, that I think you have endeavoured to be fair. This institution demands that of you, but it also demands fairness from all hon. members in terms not only of how they behave but also of what they say.

If the adjournment could mean anything at all, it could mean that perhaps the Minister of State for Urban Affairs (Mr. Ouellet), who was involved in an incident yesterday which I could charitably describe only as disgraceful, would go home. Perhaps the minister might be better to stay there, for the purposes of this institution, until he has cooled off and understands that, as we approach a holiday to celebrate our country tomorrow, it might be better if certain things were not said, let alone thought, especially in this institution.

I can only attribute the concern of the parliamentary secretary to the fact that he is overtired from a long session. I want to be as charitable as I can with respect to the parliamentary secretary, with whom it is my pleasure to deal regarding the

intricacies of the House of Commons. There is no place in this institution, which has evolved and which has been strengthened over the course of 500 years, for the kind of incident which occurred yesterday and which there seemed to be some desire to pursue today, because this institution will suffer and the country will suffer. Therefore I say to the Deputy Prime Minister (Mr. MacEachen) that there comes a time when parliament should adjourn, and perhaps this is the time. It is in this context that I want to reflect back for a few moments on why we are here in the first place.

Your Honour will recall that as a result of the actions of the Prime Minister (Mr. Trudeau) some time ago, in the month of May, the whole country was gripped with the expectation of an election. That was the expectation, and that expectation was fueled not only by statements uttered by the Prime Minister from his place here but also by his activities. Appointments were made. Statements were made at his press conferences, and the country fully expected that there would be an election.

The Prime Minister conducts himself and makes his decisions based on a number of gospels. I am sure of at least two—the gospels of Goldfarb and Gallup. Having conferred with those characters—and I use that term in its most charitable sense—the Prime Minister decided that perhaps it would be better to switch than fight. So parliament stayed on for a while. But why? What was the reason the Prime Minister gave? The House will recall that the Prime Minister was asked by the Leader of the Opposition (Mr. Clark) whether he intended to dissolve parliament and call an immediate election. I think I am paraphrasing that question correctly. The answer of the Prime Minister was as it appears at page 5307 of *Hansard*. He said:

> Mr. Speaker, I think it has been apparent in the House that we are all concerned with the issues with which the Canadian people are concerned, and they want solutions to these problems at this time.

That was an indication that we were staying for some purpose. The purpose was to find solutions to some of the problems affecting the country. What kinds of problems was the Prime Minister talking about at that time? The Leader of the Opposition asked if the Prime Minister would be introducing a new package of economic measures. The Prime Minister's answer was as it appears at page 5307 of *Hansard*, as follows:

> I do not take it that the Leader of the Opposition is suggesting another budget, but other types of economic measures. I can assure him that they will be forthcoming—

Notwithstanding the words of the Prime Minister, since that time there has not been one item of legislation which would give Canadians any reason to believe that the problems referred to by the Prime Minister would be addressed, let alone solved.

The government introduced Bank Act revisions. That legislation was about three years late. Every ten years there is a revision of the Bank Act. The government knew that as early as 1967, when the Bank Act was last revised, yet it could not plan its affairs to have the revisions presented to this House on time to pass them into law by 1977.

The Minister of State (Small Business) (Mr. Abbott) introduced a package of measures for small business. That package was passed perfunctorily last night by the House of Commons. It was passed perfunctorily, not because we are at the end of a session but because the measures were so much of motherhood that there was very little difficulty passing them. The hon. member for Capilano (Mr. Huntington) and the hon. member for Halton-Wentworth (Mr. Kempling) made suggestions as to how the measures could be improved. Those suggestions had been made before by the hon. member for High Park-Humber Valley (Mr. Jelinek).

Hon. members will recall that at the press conference of the Minister of State (Small Business) the minister sat beside the leader of his party in the National Press Building as he announced those small business measures. The members of the press, who are not businessmen, regarded the announcement as a great yawn. That was their reaction. I looked into the face of the Prime Minister that day on my television tube, and I saw embarrassment over such picayune, minuscule measures being presented to address such a real problem in this country. There has been nothing else since the Prime Minister declined to face up to the electorate. He and his advisers had to face the reality that all Canadians now realize that this is the most inept, the most incompetent, and there are suspicions abroad that it is the most corrupt government in the history of Canada.

Our country has some severe economic problems, and the Prime Minister refuses to recognize that fact. He blithely continues to tinker with the Constitution, on the premise that economic problems will take care of themselves if they are left alone. I have something to say to the Prime Minister with respect to that. Those economic problems will not go away unless there is some affirmative action by this government, which is now here for however long. Unless there is some economic action and some initiatives taken by this government, those economic problems which plague this country, concern its people, affect its future and can alienate its young people, will not be taken away.

Hon. members opposite who shout across this chamber had better take that into account when they go back later today to their ridings because the people of this country want some answers from the government, and those answers are not forthcoming. Our economic malaise can only become worse if no answers are given and if there is no leadership on the part of the government of the day. This government continues to ignore the realities, and one of those realities is that we have become, to the distress of our citizens, business people and working men and women, a second class economy among western economies, and perhaps that is a reflection of the fact that we have a second class government.

● (1232)

The Prime Minister and his cabinet ministers like to use international comparisons to explain away the country's economic problems. Here are some facts that the Prime Minister

does not like to quote. For the past two years Canada has had the highest unemployment rate among the industrialized countries and the worst inflation rate in the world. The Economic Council of Canada says that our economy is capable of growing by at least 5 per cent a year. Under this government we have only obtained that 5 per cent rate once in the last five years. When the Prime Minister took office, Canada had the second highest standard of living in the world. Today, under his leadership, it has fallen to the seventh in the world. During the time the Prime Minister has led his government, the purchasing power of the Canadian dollar has fallen to 50 cents. Last year, the government collected $33 billion in taxes, an increase of 350 per cent since the Prime Minister took office.

An hon. Member: What did they spend?

Mr. Baker (Grenville-Carleton): When the Prime Minister took office, the federal government was spending $10 billion a year. That is now the size of our deficit in Canada. It is an indication of the spending of this government. If it were not wasted, if we had not pursued the Les Terrasses de la Chaudière project, which is a symbol of waste and mismanagement in this country—

Mr. Ouellet: That is totally untrue.

Mr. Baker (Grenville-Carleton): —that would be one thing. If we had not built the white elephant at Mirabel, that would be one thing. If we had addressed the problems of senior citizens in this country, who are fighting inflation, and used that money appropriately, that would be one thing. But this government has piled waste upon waste, poor management upon poor management, until now it is not only the distress of its citizens it is becoming the laughing stock of every thinking Canadian.

The unemployment rate is over 8 per cent. Over one million Canadians are out of work. Ten years ago the unemployment rate among young people was 7.4 per cent. Now the rate among young people is 14 per cent.

Mr. Philbrook: It is the same all over the world.

Mr. Baker (Grenville-Carleton): The backbencher of the Liberal party, the hon. member for Halton (Mr. Philbrook)—

Mr. Beatty: Today is his last day in parliament.

Mr. Baker (Grenville-Carleton): —says it is the same all over the world. This government is inclined to take credit when things are going well. But let things go badly, and the ministers scuttle for cover and blame world conditions, they blame the provinces, they blame the weather, or indeed they even blame the opposition.

Those are the facts. If backbenchers of the Liberal party are speaking up, it is because I think I am beginning to get to them. They are reacting to my comments.

Over the past year Canada lost 100,000 jobs in its manufacturing sector. Yet, in real terms, during the past five years our imports have been growing twice as fast as our exports. In the last three years our trade deficit totalled $13 billion. That is more than our total trade deficit for the previous 20 years. I am trying to put the figures on the record so hon. members on the other side, from whose comments it is apparent they do not understand the dilemma facing our country and therefore the challenge facing the government, will understand them. I am having some difficulty in getting through to some of them, but I can tell you that there is not much difficulty outside this place, and if any member over there, particularly the hon. member for Halton who is so outspoken from his seat in the backbenches of his party, thinks his constituents do not understand the record of his government, he has another think coming.

A moment ago I said this government was incompetent. Incompetence has become their hallmark. They used to pride themselves on being the great technocrats in the days of C. D. Howe, Gardiner, the lion of Saskatchewan—I see the hon. member for Assiniboia (Mr. Goodale) sitting over there—Stuart Garson, the giants of Canadian liberalism, and the Right Hon. Louis St. Laurent, in times when that party stood for something. I did not agree with what they stood for then as I watched them from the gallery of the House of Commons, but I agreed more with what they stood for then than I agree with what they stand for today. That party stood for something, and one of the things they were supposed to stand for was competence, the ability to manage, the ability to get things done in a reasonable sort of way. All was not perfect, and they would admit that, but they prided themselves on their competence.

Well, in terms of competence, the bottom line expectation of people for their government, how else could one describe the ability of this cabinet when one has to acknowledge that it cannot even deliver the mail? The hon. member for Halton knows that too.

Mr. Ouellet: It is one of the best services in the world.

Mr. Baker (Grenville-Carleton): During the past ten years the cost of mailing a first class letter has increased from 6 cents to 14 cents. The government has invested several hundred million dollars in automated equipment for the Post Office to make it more efficient, and yet the number of employees in the Post Office has risen from 36,000 to 61,000, and a letter posted in the west end of Toronto has to be sent to Cornwall for processing before it can be delivered to the east end of Toronto.

What has been the government's answer to the Post Office problems? Their answer has been to appoint seven postmasters general in ten years. One of them has become the Solicitor General of Canada (Mr. Blais). He sits in the House today and he is as distinguished in that post as he was as postmaster general.

The federal government now spends $6 million on telegrams. That just shows how reliable they find the mail. Last night I was trying to find the statistics to point out to the government just how much they have spent on courier service, but I must

confess I did not find them. The amounts are tremendous, including the cost of courier service used by the Post Office. This is the measure of confidence that even the casual observer understands. The public is no longer the casual observer with respect to the competence of this government.

The government has about 400 Crown corporations. I say "about 400" because nobody knows for sure. There may have been 387 two months ago, and I do not know how many Crown agencies have been created since that time, so I think it is fair to say there are about 400. The list of statistics could go on and on. Surely it must be apparent to the Prime Minister and to everyone that the Prime Minister can no longer ignore reality. The country's economy is in dreadful shape and it requires immediate medicine in order to avoid making the problems even more dangerous, and perhaps in some sectors incurable.

Now I come back to the first point that I made. The Prime Minister has kept parliament here and has stayed away from meeting the people. But the people expected to meet their government on the hustings. The Prime Minister did it because he promised economic legislation on May 11. He has not kept that promise.

An hon. Member: Has he kept any promise?

Mr. Baker (Grenville-Carleton): That is a judgment that will be made by the public of Canada fairly soon.

• (1242)

Since parliament is in its last day, I will be charitable in my comments respecting the government. Hon. members opposite are beginning to realize that the government, with all its incompetence and questionable practices, is being led by an aging Prime Minister who has lost the confidence of Canadians.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): The Prime Minister has a government to match him—aging, spiritless, tired, and directionless.

Mr. Beatty: And on its way out.

Mr. Baker (Grenville-Carleton): Yes, on its way out. In the Speech from the Throne the government gave lip service to tremendous principles and indicated that great things were to happen. It has given lip service to aiding the private sector. Really it has done more to damage the private sector than any other government in our history.

The government said that it would grapple with and solve the problems of regional disparity. It has done nothing of the kind. If anything, it has exacerbated the problems of regional disparity. The government said that it would make efforts to develop the secondary manufacturing sector of our community where jobs can be found. Instead, we received short-term, make-work programs in place of long-term, permanent jobs. It told the agricultural community that they would be provided with a real opportunity. Despite the rising prices of food, the closing of cheese factories and other things, the farmers who work the land still receive a static amount for their produce.

I see the hon. member for Assiniboia is shaking his head. I would like to hear him participate in the debate later. I suppose he can put his case from behind the curtains, if he wants to, but I would prefer to hear him rise and participate at that time. If he feels that milk, pork, lamb, strawberry, apple and tender fruit producers have received a fair shake, in terms of the rising cost of food, then let him present his facts and statistics. They would not be in accordance with the actual facts.

Since 1974, whatever the government has put its hand to, including integrity, has been a failure. During the election campaign in 1974 the government said that it would not touch wage and price controls with a ten-foot pole. Then the government decided otherwise, and that it might be advantageous to do exactly what it said it would not do. That was the beginning of the end of the government's credibility. The government has failed the traditions of its party. It has failed the people it represents, this parliament, in terms of things which are important, and this country. The sooner hon. members opposite are removed from office, the better this country and the world will be.

Some hon. Members: Hear, hear!

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, on rising to speak to this adjournment motion, I cannot but note that it is time members of parliament took a well-deserved rest. It is obvious that the work of a member of parliament has become through the years a full-time job and in many respects a most thankless one for those who have to cover long distances to come each week to sit in the Canadian parliament. It is also a thankless job as it is enormously demanding physically for the elected representatives of the Canadian people. It seems obvious to me that in these times of great disruption it would be essential to amend extensively our obsolete parliamentary procedures which were perhaps adequate at the beginning of the Canadian parliament but which no longer meet our present needs nor allow the members of this House to perform as effectively as they would like.

It is obvious that the advent of television in the House has brought to some extent the people closer to what is going on in parliament, since they can see for themselves parliamentarians in action. However when the Canadian people are asked or surveyed about the performance of parliamentarians, at least their performance as seen on television, it is really quite a small part of the daily life of a member. It is unfortunately in many cases a mutilated and unreal image of the enormous responsibilities assumed by parliamentarians, especially on the government side. The question period is telecast mostly throughout the country. Now, you are well aware, Mr. Speaker, to what extent the oral question period enables members of

parliament to ask questions and get information on the activities of the government, and especially on the responsibilities of the various government departments. In principle, under our rules, this oral question period should be at the disposal of all parliamentarians on both sides of the House.

Often, for practical, acceptable and understandable reasons, members of the opposition have a much greater share of the oral question period than government members, and in my opinion, this gives a deformed picture of parliamentary life to the Canadian people who are not aware of our parliamentary practice. This is unfair in many respects to the members on this side of the House who cannot ask questions in the House as often as they would like. Second, the duties of a member of parliament go far beyond what happens in the House. For those who work with parliamentarians, and I say this for members of the opposition as well as for the government members, this work goes on for hours and hours in parliamentary committees, in the members' offices, on Parliament Hill, in phone calls to constituents in the various regions of the country, in daily correspondence with many Canadians who ask members of parliament for advice, and of course, in the duty of parliamentarians to return frequently, every week, to their own constituency to meet their constituents, to work at their riding office and better serve the people who have sent us to parliament. Of course, none of this work is shown during the televising of our proceedings. Unfortunately, the Canadian public is not aware of this work, even though it is very important. Now that we are on the point of adjourning for the summer, I feel it is important that the men and women of good will who sit in this parliament take on the responsibility of upgrading our parliamentary procedures and make once and for all parliamentary procedure truly effective.

The hon. member for Grenville-Carleton (Mr. Baker) would have the people believe that there was not much parliamentary work done in the House and that the government did not proceed as expeditiously as it should with its bills. The facts are quite simple. The truth is that in many cases our procedures are much too slow, we progress at a snail's pace when considering the bills that are introduced and take weeks and even months to pass the bills needed by the people to provide them with immediate services. Parliamentary procedures are such that we can spend many days discussing the principle of a bill. I believe, Mr. Speaker, that the second reading stage should be drastically shortened as it is in the British parliament. A bill simply tabled in the House of Commons to determine whether or not it should be further considered by a parliamentary committee should not give rise to more than two or three speeches by each political party represented in the House. There is no need for dozens of opposition members to repeat the same speech. To know if a bill is good or not, if it should be referred to a committee for a clause-by-clause study and to be amended if needed, our procedure should be changed. But the fact that we spend days, months in some cases, on the second reading of a bill is unacceptable in our modern context. I listened to the hon. member for Grenville-Carleton (Mr. Baker) who used the adjournment motion to indulge in rhetoric and blame the government for its performance. Of course, I agree that this adjournment motion might give us the opportunity to raise a general discussion on parliamentary activities and particularly on what happens in the House of Commons.

I wish to point out to hon. members a trend that coincides curiously with the advent of television in the House where more and more hon. members feel free to season their questions with lengthy gratuitous statements, half-truths and ludicrous allegations in some cases. And through an abusive use of motions under Standing Order 43, a member can rise at the beginning of the business of the House to make a long statement asking for unanimous consent, to say anything that pops into his mind knowing perfectly well that the motion will not be accepted and that the government will have no opportunity to reply immediately to those gratuitous allegations.

I think that the summer recess should give us the opportunity, Mr. Speaker, to review that issue so that hon. members will not be allowed to abuse systematically the parliamentary procedure. I believe it is essential that hon. members on both sides of the House rise only with regard for objectivity and truth which is essential not only for the orderly operation of the House of Commons but also for the people who have now the opportunity to follow our parliamentary proceedings via television and who often hear gratuitous statements that cannot get a forthright answer because of a weakness in our parliamentary procedure. And I believe it is essential in the best interest of public information that we should have a parliamentary procedure ensuring a principle considered essential by the British parliament at the time of its creation, that is fair and equal balance. That check and balance concept is essential in a good parliamentary system. And the check and balance was obviously introduced in the British parliamentary system to encourage to some extent the smaller number of opposition members who, in some cases, at the beginning of British parliamentarianism might have been the victims of an abuse of power by the parliamentary majority. Obviously that check and balance system was established at a time when there were only two political parties. The initiators of that system had in mind the government made up of a political formation and the opposition gathered in another political formation.

Now, with the evolution of the political situation and customs in Canada, there is a proliferation of political parties, so that the checks and balances designed to help the official opposition is also helping the third parties unduly, in my opinion, the small parties which benefit from the same advantages as the official opposition and cumulatively hold an undue and unacceptable margin which had not been intended by those who brought in the checks and balances in parliamentary practice. That is why, as I was saying earlier, our parliamen-

tary procedures must be reviewed at all costs, because they are now clearly detrimental to government backbenchers.

Mr. Speaker: Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At 1.02 p.m., the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed the following bills without any amendment.

Bill C-36, an act to amend the Export Development Act;

Bill C-54, an act to provide a maritime code for Canada and to amend the Canada Shipping Act and other Acts in consequence thereof; and

Bill C-59, an act to amend the Income Tax Act and the Excise Tax Act in matters relating to the ownership and operation of small businesses.

* * *

BUSINESS OF THE HOUSE

MOTION RESPECTING SUMMER RECESS

The House resumed consideration of the motion of Mr. MacEachen:

That when the House adjourns on Friday, June 30, 1978, it shall stand adjourned until Tuesday, October 10, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, at the time of adjournment I recalled the necessity for a reform in the parliamentary procedure, such a reform being necessary not only to enable the backbenchers on the government side to play a greater role in the House of Commons but to reorganize working hours of parliament.

As you know, those working hours are distributed over small time periods in the afternoon and scarcely a few hours in the evening five days a week whereas they could be reorganized and concentrated over four days a week only so that we could work longer hours in a four-day week whereas presently we have a five-day week. Of course, this would enable hon. members who come from the ends of the country to go back to their constituency every weekend, they would not be forced, as is now the case for some hon. members from British Columbia, to travel all day long on Saturday to arrive late in the evening in their constituency and to leave on Sunday to come back for Monday for parliamentary business. This is an unacceptable situation which should be revised as soon as possible. Parliamentary procedure should also be amended in order to limit the length of speeches in certain debates.

● (1412)

There is no question of preventing members from expressing their views in this House when they feel they should do so, but in the U.S. Congress there is provision for congressmen, where they are prevented by certain procedures there from delivering their speeches, for tabling them with the clerk of the House, and they are printed in the U.S. congressional record. Such an approach, such a procedure of course would have clear benefits in this House.

Further, parliamentary procedure should be reorganized to establish a reasonable legislative timetable under which the government could have its legislation go through within a justifiable and adequate time frame. It is totally unacceptable that we should live with the current parliamentary procedure wherein legislation sometimes takes two or three years to go through parliament. Such a situation cannot be tolerated. It is mostly, if not entirely, due to the opposition constantly abusing parliamentary procedure to cause undue delays. In my view, Mr. Speaker, it should be provided under a legislative timetable that a bill could not be debated for periods over four months, whether in this House or in committee. Once that period was over we, as legislators charged with the clear duty of enacting statutes, should stop discussing, divide on and pass them.

Finally, I would like to say that apart from and beyond parliamentary reform, the parliamentary spirit needs to be improved. There is matter for concern in the attitude of some members in terms of parliamentary spirit. It will be remembered that some years ago, when I was an hon. member's assistant rather than a member in this House, because I worked in Canadian parliament not on the floor but for a minister of the Crown, I remember very well what happened. I remember the insidious, reviling and malicious attacks against two ministers from Quebec, the hon. Mr. Tremblay and the hon. Mr. Favreau, and I must say that most certainly those cowardly, invidious and unfair attacks mainly contributed to the premature deaths of those two former French-Canadian ministers, highly competent and perfectly honest men. I thought that time was over and that we would not hear any more of that kind of insidious, mischievous and unacceptable attacks in the House of Commons.

Yet I cannot help but deplore the fact that we have seen reappearing some kind of Don Quixote who, mischievously and insidiously . . . Perhaps not in certain cases, because we are not supposed to impute motives to members in the House, and this I do not want to do, but I am wondering very seriously about the attitude shown by some hon. members who are trying to spot big black clouds in the Canadian political sky and who, by coincidence, launch unfortunate attacks against certain senior officials, certain cabinet ministers and certain Canadian businessmen in a systematic and deplorable way in my opinion; under the guise of questions, they make gratuitous statements, uttering half truths and odious insinuations in trying to prove that there has been or could have been scandals surrounding the government. Again a few moments ago, the hon. member for Grenville-Carleton (Mr. Baker) rose to make a speech: he is the one who, before the lunch break, spoke and said that this government was, and I quote, a corrupt government. That is a gratuitous statement without any substance—

Mr. Boulanger: Shame!

Mr. Ouellet: This government in power under the Prime Minister (Mr. Trudeau) for ten years has had none of its senior members convicted of corruption or involved in scandals. An attempt was made to have us believe there were scandals in certains cases; all sorts of questions were put in an effort to stir doubts in the minds of the people. Obviously, Mr. Speaker, the ruling given yesterday by a Quebec court acquitting Senator Giguère was an eloquent example of the unfortunate insinuations made by some hon. member of this House of Commons against the authorities of the Canadian government, to try and destroy them in the public opinion, and that without basis, without reason.

I cannot imagine what torment Mr. Louis Lapointe, a Montreal businessman, went through; he was held in high esteem and respected by his peers and he died suddenly as a result of the backwash of the Sky Shop incident. I have no idea to what extent his health was affected by it, but obviously no parliamentarian can or must at any time use his parliamentary immunity to make insinuations or statements lightly, without basis then to hide behind his parliamentary immunity, the privilege of members of parliament, and argue his good faith and simple wish to know a bit more about government operations. That is hypocrisy or irresponsibility of the most serious nature. And I think that as members of this House of Commons, we have a duty to have the highest standard of integrity and the deepest concern for objectivity and impartiality when we are asked insidious questions which may eventually endanger people's reputations and reflects adversely upon their integrity.

Mr. Speaker, earlier the hon. member for Grenville-Carleton (Mr. Baker) has charged the government with bad management or incompetence. Well, I shall tell him this: I listened to him very carefully and when he was asked to bring in facts, the only two cases which came to his mind were les Terrasses de la Chaudière and the Mirabel Airport, those are the only two cases he mentioned, and they are, through coincidence of course, both located in the province of Quebec.

I know that the hon. member for Grenville-Carleton does not like the fact that the Canadian governmnt has erected federal buildings on the Hull side, that the Canadian government is respectably and honorably present on both sides of the Ottawa river, that the National Capital Commission, for the sake of Canadian unity, made sure that federal civil servants would work on both sides of the river, on the Ottawa as well as the Hull side, whatever objections the hon. member for Grenville-Carleton may have, that decision of the Canadian government is irrefutable, it is there and we shall stay on both sides. What is at stake is the unity of the country and an equitable representation of federal civil servants who may work in the national capital and who may serve the Canadian government as well if they work in Hull as if they work in Ottawa. I am not impressed by the big eyeglasses or the big artificial smile of the hon. member for Grenville-Carleton, his comments cannot be erased, they are very clear and they do not deceive us. He does not like the fact that les Terrasses de la Chaudière are built on the Hull side, he does not like the fact that there are federal buildings in Hull and he is nit-picking to try to find a so-called scandal which does not exist. And yesterday, when the hon. member for Central Nova asked questions about this matter, les Terrasses de la Chaudière, he once again, as he has often done in this House, quoted papers he had in his possession heaven knows why, internal confidential papers of departments, government bodies, confidential documents he uses in this House by referring to only a very small portion and leaving the impression that improper transactions took place between the Campeau corporation and the government of Canada.

Well, Mr. Speaker, I want to say that those transactions were duly examined and approved by the National Capital Commission on August 12, 1975, and if the hon. member had not quoted those papers only in part, if he had quoted them in their totality, he would see that the design committee of the National Capital Commission approved that project in a letter dated August 12, 1975. The hon. member is wrong in suggesting, as he did, that this project was rejected on several occasions in the months of May, June, July, September and November 1975. The hon. member for Central Nova (Mr. MacKay) is wrong, and it is also untrue, as some opposition members seemed to suggest, that the chairman of the National Capital Commission threatened to resign if that project was accepted. That is absolutely false. I personally telephoned the former chairman, Mr. Gallant, to check up on that story and he confirmed that at no time had he threatened to resign, on the contrary, that the Government of Canada had considered that project, recognized the usefulness of having another federal building on the present site of les Terrasses de la Chaudière

and that private contractor had been asked to submit bids that were acceptable and competitive, which was done.

It is rather odd to see, Mr. Speaker, that when the hon. member for Central Nova or other opposition members talk about federal buildings in the national capital they do not talk about those that are already in existence, that were built by other private contractors—Olympia York, for example, or Cadillac Fairview—who like Campeau corporation have what is called a lease purchase plan which was negotiated in all good faith, all honesty, with the government of Canada, just like Campeau corporation negotiated with the government of Canada. And I do not accept that members should under the cover of parliamentary immunity try to imply that there was an injustice, that there was a scandal in that business. It is absolutely unacceptable.

Mr. Chrétien: Repeat it in English so they will understand!

● (1422)

[*English*]

Say it to them in English.

Mr. Ouellet: Yes, I think I should repeat this in English. It is an unacceptable situation when members on the other side are not responsible enough to lay a charge and completely explain their accusations. Instead, they take advantage of the immunity of this House to make irresponsible charges and allegations, citing unrelated events, telling half truths, presenting only portions of documents, and distorting the real facts.

It is unacceptable that in some cases they endeavour to fabricate scandals not in existence. In so doing they are not only being extremely unfair to those directly involved, but to the Canadian people who get a distorted view of the facts. This unacceptable situation has been going on for too long with some members of the opposition. It should cease.

If we take an adjournment period this summer, we should take advantage of it to redraft our parliamentary procedures no longer to allow those members who have no courage to abuse the rules of this House and its immunity to make all kind of unfounded charges and accusations.

[*Translation*]

I think that the Terrasses de la Chaudière issue, which was raised earlier in today's debate by the hon. member for Grenville-Carleton (Mr. Baker) was dealt with extensively by a Senate committee which examined all transactions. Moreover, I submit, Mr. Speaker, that representatives of both the Progressive Conservative and Liberal parties participated in these Senate discussions and it was clearly established by the Senate committee that nothing improper was done in that situation, that it was a 100 per cent regular transaction which did not deserve the kind of muck-raking that some members of this House enjoy doing to arouse the interest of the population by raising inappropriate questions on this issue. I would like to conclude my remarks, Mr. Speaker, by going over some of the criticisms voiced against the efficiency of this government by the hon. member for Grenville-Carleton, who says that the government has a poor economic record to show. It seems obvious to me that his speech was written along the lines of a certain electoral platform that the Progressive Conservative party could defend during an election campaign. To me, it sounded more like an electoral speech than a speech on an adjournment motion.

I think some of my colleagues in this House who will be dealing more thoroughly with those issues after me this afternoon will elaborate on the exceptional achievements of this government in recent years. There is no doubt that this government took whatever steps were necessary to curb the kind of galloping inflation we had in this country. There is no doubt that this government through its Minister of Employment and Immigration, the hon. Jack Sydney George Cullen, created a considerable number of jobs in Canada in recent years, a record number of job opportunities well above the number of jobs created in any industrialized country in the world. The government introduced in recent weeks a series of measures dealing with the support the Government of Canada wants to give small businesses in this country.

We know how necessary and essential small businesses are to the smooth operation of this country's economy, to the creation of jobs not only in large centres but especially in the more isolated areas of Canada. And small businesses are undoubtedly the way to ensure that constant reserve of job opportunities that the people of this country need in order to keep on living even in the remotest areas of this country, and to stem that continuing shift towards larger cities. The government has managed to introduce a whole series of measures to help small and medium-size businesses. We also recently announced a series of measures to help research in Canada, to help industries and universities, particularly those doing scientific research in Canada, create jobs for researchers in this country, to allow our society to progress in the area of research and allow the people of this country to have an even better standard of living.

And, finally, one cannot help but point out the recent efforts made by the Canadian government to have a Canadian constitution written by Canadians for Canadians and a constitution that would truly be ours, that would be patriated and would be a truly Canadian constitution that would fully meet the aspirations of the people of this country. So there you have in the little time I have at my disposal what the government has done as we get ready to adjourn for the summer. We have an extremely enviable record and the people of this country, in spite of the difficulties they might come up against, have one of the highest standards of living in the world. And the people of this country, despite the sombre, negative, pessimistic feelings of the opposition, are very happy to have the opportunity to live in a country called Canada.

Mr. Speaker, during the present session, we have witnessed a pitiful performance by the official opposition, a performance

totally inacceptable and unqualifiable by the Progressive Conservative party, a party which has associated itself with phony bugging, with the appointment of private detectives to keep the activities of members and ministers of the government under watch. It is an attitude absolutely intolerable from a supposedly responsible Canadian party. When by-elections were held in the province of Quebec, that party also attempted to make a cozy deal with the Parti Québécois in order to beat the liberals in Quebec province.

The Progressive Conservative party, which represents the official opposition, has, through its irresponsible actions done more for the destruction of Canada than its unity. Their attitude is wrong, Mr. Speaker, since, as I have said before, the abuse the parliamentary procedure to make allegations and declarations of all kinds, which are not even always correct, hoping through this strategy to cast doubt and confusion in the public mind, Mr. Speaker, I am convinced that despite all the sordid stories made up by the official opposition, the Canadian people will make the right assessment when the time comes, of the positive and practical measures toward national unity and prosperity taken by this government, headed by the right hon. Prime Minister Trudeau, leader of the Liberal Party of Canada.

● (1432)

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have no intention of trying to match the oratory or the rhetoric we have listened to for the last little while. I must say I marvel at the latitude which seems to be provided by a simple motion calling for the adjournment of the House from June 30 to October 10. I would think that this was what we should be discussing, but the Minister of State for Urban Affairs (Mr. Ouellet) apparently feels he can raise any matter he wishes to deal with.

Mr. Chrétien: What about Baker's speech?

Mr. Knowles (Winnipeg North Centre): I have no intention of getting into this quarrel between the Minister of State for Urban Affairs and members of the official opposition, but I suspect we have not heard the last of this discussion. In fact I begin to wonder whether we shall adjourn today after all.

Neither do I intend to use this motion as an occasion for discussing parliamentary procedure but I should like to make a few brief comments on what the minister had to say in this area. I take second place to no one in being concerned about reforming the procedures of this House. I have taken part in many of those reforms, some of which I am proud but others of which we cannot be so proud. There are still improvements which we must make, but I reject completely the suggestion that reform of parliament means reducing debate and reducing the amount of time we spend here so that members will not lose their health serving their constituents for so long in Ottawa.

At election time every candidate promises he will give all he has got to serve the people. Then we hear speeches here such as we just heard suggesting we should limit the amount of time we spend here. There are reforms in our procedure which must be achieved, and we must take this question seriously, but I suggest the speech we have just heard is no blueprint for proper reform.

Having said that I deplore this time being used to discuss matters which are far from the terms of the motion, I shall use the few minutes I wish to take to say something about that motion. The proposal is that we adjourn today, Friday, June 30, until Tuesday, October 10. I quite agree that it is time for this House to adjourn.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): That has been true for quite a while, particularly since May 11. The debates which have gone on in the House since that date have not been a credit to the institution. Indeed, the things which have gone on during the last few days make it clear we ought to get out of here. I think we should do so not only because of the tone of debate in the last little while but because it does make sense for us to have a break from work here, for personal reasons, and so that we can do some thinking about what we ought to put our minds to when we come back. But though I support the idea of a recess I say quite frankly that a recess of 100 days is unreasonable.

We were told on May 11 by the Prime Minister (Mr. Trudeau) that there are many problems which must be resolved—that is the reason the election was put off; it was because parliament could serve the country better by staying here and dealing with legislation. I find it quite inconsistent for the government of the same Prime Minister to propose now that we take a recess of three months and 10 days, or a total of something over 100 days. I believe that at the very least we should be coming back in September to try to cope with the problems facing this country.

I realize we do not know what is in the mind of the Prime Minister. There are all sorts of rumours and guesses about an election. I suspect he has not made up his own mind yet. I realize that the proposal that we come back on October 10 might be set aside by the calling of an election. Then again, the Prime Minister might put off calling an election until some time in 1979.

Mr. Baldwin: He might invoke the War Measures Act and not have an election.

Mr. Knowles (Winnipeg North Centre): Well, that is a suspicion not to be dismissed out of hand. One of the rules of this House is that we are supposed to take each other's word. On the assumption that this motion means what it says and that we shall be coming back on October 10, I should like to make a few suggestions as to what I think the government should be putting its mind to while we are away.

I assume that if we carry out the terms of this motion and come back on October 10, that will probably be the date upon which the third session of this Thirtieth Parliament will be prorogued, with the new one being commenced later that day or on Wednesday, October 11.

I shall not take the time of the House to review the past session. The hon. member for Grenville-Carleton (Mr. Baker) did a bit of that this morning, and if my leader had not got involved in something else this afternoon he might be doing it right now. But I must say I find the accomplishments of this parliament under the government in the past session very disappointing. The Minister of State for Urban Affairs blames this on the length of time it takes to debate certain matters. He says there are services which the government is prepared to offer to the people which the people are not getting because we debate legislation for so long. What services, Mr. Speaker? The things the people are not getting from this parliament are the things which are not placed before parliament by the government which has the authority to bring in the appropriate legislation.

No one will be surprised by the kind of legislation about which I am concerned. I mentioned one aspect this morning in a motion I sought to move under Standing Order 43. I say seriously to the Minister of Veterans Affairs (Mr. MacDonald) and to the government: resolve this problem during the 100 days of the recess. I refer to the pension rights of veterans' widows especially in cases where the veteran's pension was below 48 per cent. This issue has been around long enough. The number of those who might have benefited from proper legislation and who have died, is considerable, and as time goes by more and more veterans whose pensions are below 48 per cent must face the fact that they are growing older and that if they die first there will be no pension for their widows. As a matter of fact, the vast majority of our veterans on disability pensions have pensions below 48 per cent, and they are affected by this rule.

● (1442)

This may not be a subject for the kind of rhetoric and oratory we have had thus far, but I suggest it is a serious issue, and I plead that in this 100-day recess which we are being asked to agree to this afternoon the government give its attention to the problem of providing *pro rata* pensions for the widows of veterans where the veterans' pensions were below 48 per cent.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): We have also had assurance of the Minister of Veterans Affairs that a thorough study is being made of the War Veterans Allowance Act. This is a piece of legislation which has done a lot of good. It has been around for 47 or 48 years, but times have changed. It was introduced in the days when the old age pension was payable only at age 70—a very small amount and on a means test—and the war veterans allowance was something a little better than that for veterans. Surely the same principle should apply now. There should be something a little better for veterans than is available generally under old age legislation today.

I find it difficult to accept the proposition that this kind of study takes months and months and years and years. The matter has been studied already in the department, says the Minister of Veterans Affairs. Now there is this 100-day period. I think that in the fall the minister should bring in not only a report of that study but also revisions to the War Veterans Allowance Act, making it something much closer to a guaranteed annual income for our older veterans.

I want also to urge that serious attention be given by the government during the next 100 days to a number of other pension matters. I find it unacceptable, to use a word we heard a while ago a number of times, for the government to think that it has done all it should for our senior citizens simply because it has the pension up to a certain point and indexes it in accordance with the rise in the consumer price index. The fact is that with that rise always behind, with the base not having been high enough to begin with, and other conditions which I need not take the time to spell out, the conditions faced by our senior citizens are getting relatively more difficult.

We have watched with interest the sittings of the Royal Commission on Pensions which have been held in the province of Ontario, and I think the interesting thing has been the number of briefs which have been presented to that commission pointing to the difficulties and problems being faced by older people. It is not enough for the government to sit there, complacently saying it has done this and that and that the hon. member for Winnipeg North Centre should hold his peace. Not so. I plead that something be done and that it be done during this 100-day period particularly about the position of persons between 60 and 65 years of age, particularly women in that age bracket.

It becomes more and more clear that one of the most cruel and unfair pieces of legislation we ever passed was the spouse's allowance. It is fine for those who get it, a limited number, but in terms of discriminating against women and men, but mostly women, of single status, whether they be widows, spinsters, divorced or separated, I know of nothing which has been worse. The government is finally admitting—the Minister of National Health and Welfare (Miss Bégin) has said this in public speeches—that it does seem unfair where a person is getting the spouse's allowance—because she is a spouse—and loses her husband before she is 65, that her allowance and her pension are cut off.

I gather from things which have been attributed to the Minister of National Health and Welfare in her speeches outside this House that the government is disposed to correct that situation. That is not enough. The whole position of persons between 60 and 65 who are out of the labour market, who do not meet the marital test and so forth, is a difficult one, and this is not something to be left to a campaign issue for the next election. This is not something to be left for the government which takes over after the next election. This is something to be dealt with now.

I am taking this motion at its face value. I am taking it for what it says, namely, that we are coming back on October 10, and if we are coming back on October 10 that means there will be another session of this thirtieth parliament. I say that the time to deal with this problem which faces women in particular between the ages of 60 and 65 is early in that fourth session of this thirtieth parliament.

Having made reference to the spouse's allowance and its unfairness to women of single status between the ages of 60 and 65, I want to stress, as I have tried to do on every possible occasion, the unfairness of our pension rules generally as they affect women. There is discrimination against veterans' widows where the 48 per cent rule applies. There is discrimination under the spouse's allowance. There is discrimination under the Canada Pension Plan in that the woman who works outside the home can be part of the Canada Pension Plan and get the benefits of it, but the woman who works in the home gets no such benefit, even though we received a report from Statistics Canada a few days ago which told us that the work which is done in the homes of Canada by the housewives of this nation is worth $80 billion a year, roughly 40 per cent of the gross national product. Yet for most of them there is nothing in terms of the Canada Pension Plan. They get old age security the same as others, but we keep hearing talk about equality.

We get into the question of regions. We get into the question of languages. There are two languages in this country, so we have to treat them equally, and I agree, but there are also two sexes in this country, and I think there should be equality of treatment. If we are not yet prepared to establish that equality all along the line, at least we should establish it when it comes time for retirement and pension.

I am making this short speech directly in relation to the motion. The motion calls for a 100-day recess. I think 60 or 70 days would be plenty. It would be better for us to come back in September, but just as we are being given 100 days to think about these things and to attend to our responsibilities here, in our constituencies and about the country, I contend that the government has a responsibility to look at the things which ought to be done in the next session of parliament.

I think that this last session has been a failure. The hon. member for Grenville-Carleton and the Minister of State for Urban Affairs can argue this and take opposite views and all the rest of it. I think the hon. member for Grenville-Carleton is much closer to the facts than the Minister of State for Urban Affairs because this has been a disappointing session. Let us not have another one before an election.

I do not think that parliaments which go five years are very successful. I was here in one of them some years ago, and I remember how useless that fifth year was. After four years have gone by it is time to get a fresh mandate, but let us not be hamstrung by that tradition and by that convention. If we are going to come back and have a new session, let us deal with some of these urgent problems.

I press very strongly that the Minister of Veterans Affairs and the Minister of National Health and Welfare use these 100 days to the best possible advantage, and that when we come back in October and start a new session they bring in legislation to provide better conditions for our veterans, their families and all our older people, but especially for the section of our older community which suffers the most, namely, our older women.

There are many other issues which must be of concern to us in the new session which, supposedly, we will have when we come back. My leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), and others of my colleagues have been pressing these points time and time again. These other issues underline the pension issues I am talking about. Something must be done soon to cope with the serious problem of the unemployment of over one million of our people who are not able to find jobs. Unless something is done about this problem, as well as about rising prices which now give us figures of 10 per cent, 11 per cent or 12 per cent a year, the possibility of this country maintaining its unity, its integrity, and the confidence of our people becomes very slim. So, as I have called on the Minister of Veterans Affairs and the Minister of National Health and Welfare to use these 100 days to advantage in their areas, I call on the Minister of Finance (Mr. Chrétien), the Minister of Industry, Trade and Commerce (Mr. Horner), the President of the Treasury Board (Mr. Andras), and others who have to do with economic policy, and ultimately on the Prime Minister, to regard these 100 days not just as a holiday, not just as a time when they are rid of parliament and all the nasty questions and debates they have to face here, but as a time to do something about creating jobs and coping with inflation so that the economy of this country does not get completely out of hand.

● (1452)

I say again, sir, that we are prepared to support the motion in the sense that it says parliament should take a recess. There is just no argument about that, and the debate today is probably proving the point, but I insist that it ought not to be for 100 days, it ought to be until some time in September after the school term commences. I think that might be a good time for us to come back. But since that is not the case, and if it has to be the 100 days, let the government come back in the fall ready to go into a session on a serious-minded basis, and in particular to have legislation ready to cope with the problems of our veterans, the problems of our senior citizens, the problem of unemployment, and the problem of runaway prices. These things must be done.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I wish to take this opportunity to mention that, in spite of the undue length of certain debates which took place in the course of the current session, we were still able to pass several bills. We can indeed look at the relatively positive record of this session and realize that nearly 40 bills were adopted over the last nine months. Some of them of course were of social and judicial nature, for instance the

important legislation which will allow every Canadian to be judged before the courts of this country in the language of his choice, whichever official language he uses. We need only to remind hon. members of the legislation we have passed, to promote the basic right of Canadians to work in sanitary conditions, and the many amendments we have brought to the Criminal Code, in particular those which clarify the definition of rape and sexual assault in order to prevent abuses in these kinds of crime.

However, Mr. Speaker, hon. members will remember that in the Speech from the Throne last October, the government established two main lines of priorities, economic and constitutional. As far as economic priorities are concerned, we have of course taken an approach which is different from the one we took on constitutional issues. We have taken several economic measures by passing a large number of bills. I am thinking more particularly of Bills C-11, C-15, C-16, C-18, C-19, C-23, C-25, C-29, C-30, C-31, C-38 and C-56, to name only a few, which related to economic measures and which have been considered, passed and received royal assent.

When we discussed constitutional matters, the government showed its leadership in a different way. The government has tabled two bills and a white paper and has set up a Joint Committee of the Senate and the House of Commons, in the hope of meeting two specific objectives. First, to allow for a complete, valid and serious consultation of all interested parties, and second to proceed with a constitutional reform, which would lead to a new federalism within a predetermined and reasonable period. The government's approach on constitutional matters as mentioned in the Speech from the Throne, is to tabling the bill respecting referendums, which provides for public consultation of Canadians on constitutional matters. Still more recently, we have tabled a momentous bill, Bill C-60, which aims at a major reform of our federal institutions such as the Senate, which would become a House of the Federation, the Supreme Court of Canada, the authority of the Governor General of Canada and so on.

Moreover, we have tabled a white paper entitled *A Time for Action,* which contains the major principles for the renewal of the constitution, the real milestones for a renewed federation with a well defined time frame: July 1, 1979 for reforms dealing with strictly federal matters. Of course, this will not prevent consultations with the provinces or other interested parties. We all know that the ministers for federal-provincial relations will have the opportunity to meet during the summer and that subsequently the provincial premiers will meet with the right hon. Prime Minister of Canada for an important conference on constitutional matters. As far as the second term, July 1, 1981, is concerned that is the time we shall need to enter into agreements on distribution of powers, and on the patriation of the constitution and the amendment formula thereto.

That is in my opinion, Mr. Speaker, a very reasonable approach taken by the government during this session to deal with constitutional priorities. Whereas on the one hand, we have on the economic level, adopted a very large number of programs to boost the economy in this country, we have on the other hand, on the constitutional level, tabled legislation and a white paper to ensure that this reform be made by way of valid and serious consultation and within a specific and reasonable time. And this summer, this joint committee of the Senate and of the House of Commons will seek the views of the public and all those concerned and look fully into the proposals contained in Bill C-60 as well as in the white paper, *A Time for Action*, and hopefully, report to parliament as early as next fall so that we can bring about the constitutional reform and provide Canadians with a renewed federalism within the time-frame specified in the white paper.

• (1502)

Therefore, Mr. Speaker, as can be seen, this is a positive record for a session that has lasted for some nine months and during which, as I said earlier, about 40 bills were passed. What I find unfortunate is that bills which were introduced before Christmas, including at least eight which were very important, and other bills introduced before Easter, of which seven were very important in our opinion, could not go through the three readings and receive royal assent. I am thinking particularly about Bill C-6, concerning Canadian ports, Bill C-7, which would have removed a lot of bothersome red tape for small businesses, Bill C-13, concerning combines investigations, Bill C-14, which concerns nuclear controls, Bill C-20, concerning the disposition and development of oil and gas rights, Bill C-24, concerning telecommunications in Canada, and there are many more, Mr. Speaker. I find it unfortunate that the present parliamentary system, under our present rules, has not allowed us to pass bills such as those I have just listed and, which could have been very useful to the Canadian people. I fully agree with the previous speaker, the Minister of State for Urban Affairs (Mr. Ouellet), when he advocated an early parliamentary reform.

Mr. Speaker, when we see the grievances of hon. members, and I am referring not only to government members but also to members of the opposition, I believe that the main grievances can be summarized in seven particular areas. Members generally complain about the unwarranted repetition in the House of the same arguments; they complain about speeches that often smack of political partisanship instead of being valid or constructive criticism, which results in too many speakers straying from the main subject; the third most frequent grievance, Mr. Speaker, concerns the abusive use made by the opposition of the time and the means at its disposal during the various stages of the bill in an often admitted attempt to prevent or delay unduly the passage of these bills by the government even though it has a majority. The fourth grievance, Mr. Speaker, is the aberrant constraint of a constant

attendance which is too often useless in the House of Commons and which prevents the sound planning and carrying out of the various duties of a member of parliament.

The fifth most frequent grievance is that we have an unmanageable and overly extensive parliamentary program which actually prevents a member from spending valuable time with his constituents and family. Mr. Speaker, we could list other grievances, but I believe that those I have mentioned give a good idea of the state of mind of most members who seek some changes in order to make this House more efficient, more relevant and better able to meet the aspirations of Canadians.

Under the type of reform that we favour, we are of course willing to respect certain principles which boil down to three points that are fundamental in my opinion. Obviously, the opposition has the right to express its views fully but without filibustering, Mr. Speaker. Filibustering has no place in the Canadian parliament. The opposition should be entitled to put forward its views fully without resorting to filibustering tactics, which would remove any opportunity for repetition at the various stages of the legislative process and make for relevant and better speeches. The second principle to be recognized in any parliamentary reform would be to rationalize the attendance of the member in the House of Commons so as to enable him to plan his work and use his time more sensibly. And finally, the third principle to follow in any parliamentary reform would be to set up an orderly parliamentary schedule which would allow a member more time to attend to his parliamentary duties outside Parliament Hill and lead a more normal family life.

Mr. Speaker, if we want to deal with the grievances voiced by most members about parliamentary procedure while abiding by the above-mentioned principles, it would be possible to amend our rules to the satisfaction of all parties.

Of course, it is very difficult to effect major changes with the unanimous consent of all members of a House such as ours, and at times we have to be realistic and make important changes through government bills. I make no secret of the fact, Mr. Speaker, that for my part, I am willing to continue negotiating those necessary changes, to modernize our parliament and make it more efficient with members of the opposition, but I am also willing, if needs be, if such negotiations fail after a reasonable period of time, to urge the government, after recommending and suggesting it, to legislate the matter and allow a reasonable debate in the House of Commons and so allow the Canadian people who, through television, can now watch us, to see a production that is far more decent than that we have been giving them for the last nine months, when we discuss bills and various other topics. A while ago, we heard remarks concerning the attitude of opposition members towards the motions presented pursuant to Standing Order 43, for instance; in that case, the procedure is abused, as we have seen during this session; an attempt is made, above all else, to put forth long partisan and political preambles rather than to bring the government to state its views on serious matters for the benefit of the Canadian public.

Well, Mr. Speaker, such abuses should be checked and stopped. During the question period, we often see members of the opposition—who indeed have the right to inquire and criticize the government on its administration—abuse this right and attempt to disparage others constantly and systematically, whether parliamentarians, high officials or ordinary citizens involved in public affairs. I suggest that they should not take advantage of their immunity to attack Anglophone or Francophone ministers, members of parliament, businessmen, judges and so on.

Mr. Speaker, I feel that such abuses are unacceptable. The atmosphere of this House must change if we want to set an example for the Canadian people. We have been saying for many years that attitudes should be changed in this country in order to promote a better understanding between our two main linguistic and cultural communities and true equality between our two communities, and I feel that the best example we can set is by changing our own attitude here in the House of Commons. If hon. members showed one another more mutual respect, Mr. Speaker, if they were more honest, if their speeches were not so partisan, if their criticisms were aimed more at policies than at individuals, I think we would be setting for the rest of Canada a fine example of a possible understanding between people of different opinion.

● (1512)

This would be a great change to show through television to our Canadian fellow citizens who watch us and who very often think, and rightly so, that we act like buffoons in this House, Mr. Speaker. We have 40 minutes to talk about various subjects. Most often members have 40 minutes to talk about a bill, and this for nearly all stages of consideration of a bill. This is unacceptable. It is a ridiculous loss of time in 1978. If we have something intelligent to say, if we have a point to make, it seems to me that we could very well do so in 15 or 20 minutes, Mr. Speaker, and the first major change that I would suggest for practical purposes would be to limit the length of speeches to 15 or 20 minutes. Even this would help restrict the debates to the subjects being discussed and ensure more effectiveness in parliament, and it would also be fairer and more equitable. A greater number of the 285 members that we will have after the next election would have the opportunity to speak about various subjects and express their views.

Mr. Speaker, I wanted to place my intervention on parliamentary reform in the context of Canadian unity. I have talked about the constitutional legislation that we have presented during this session. I have just talked about the need to set an example by our attitude to promote better understanding and true equality between our two major communities, and I believe that it is important and timely to emphasize this aspect during the debate on a motion to adjourn the House.

In closing, Mr. Speaker, I wish to say that, in general, my experience as parliamentary secretary to the government House leader has been interesting. It has enabled me to see to what extent I was right to complain about our rules and it is urgent to make these changes. It has enabled me to see also to what extent in negotiations to expedite the proceedings of the House, certain people can sometimes be petty and prevent us hypocritically to reach valid and honest objectives for the people of Canada. I cannot congratulate everyone with whom I have discussed or negotiated. However, several of them, and I want to make this clear, have acted in good faith and in a climate of honest co-operation. In the same spirit, I want to thank sincerely—I shall name only one so that some people do not feel uncomfortable—but I thank the hon. member for Winnipeg North Centre (Mr. Knowles) who, given his knowledge of our Standing Orders, has always been frank and honest with me and has helped us go forward in a progressive way. I think his advice has been judicious and we should pay tribute to him in this debate. I would like it if in the future, when we schedule the legislative program of a session, we were able to depend on and believe in the word we are given.

I would be happy if we were always in a position to plan our legislative work in such a way that, when we go back to the people during recess, we do not have anything to say about our opponents' parliamentary spirit. I complained about our Standing Orders, my colleague the Minister of State for Urban Affairs (Mr. Ouellet) complained about the parliamentary spirit in this House. Unfortunately in some cases I have witnessed, I must also regret that certain members of the opposition abused, as I said earlier, some procedures. I do not intend, Mr. Speaker, to rise on a question of privilege in my concluding remarks, but comments like those made by the hon. member for Grenville-Carleton (Mr. Baker), who just came into the House, are in my opinion unacceptable in a place like this. It seems to me that the House leader of the official opposition could have refrained today from describing this government as the most corrupt he and Canada have ever seen. He said absolutely nothing to prove his statement which is, obviously, not only unparliamentary but unworthy of a good citizen.

Mr. Speaker, the greatest authority in parliamentary procedure, Erskine May, mentions in the 19th edition, at page 445, that among the most unparliamentary terms, and he lists about thirty, are the words "corrupt" and "corruption". Beauchesne's *Parliamentary Rules and Forms*, also a well known authority in the matter, states in the fourth edition, at page 130, citation 155 of the English version, that the term "corrupt" is also quite unparliamentary. And again yesterday, when the hon. member for Grenville-Carleton (Mr. Baker) was saying, and I quote from page 6860 of *Hansard*:

[*English*]

Mr. Speaker, the acts of the minister and the words of the minister have been described as despicable. They could be described as being beneath contempt, they could be described as being vicious and vulgar—

This expression is forbidden also by Beauchesne's and it is clearly established that "vicious" and "vulgar" are unparliamentary words.

[*Translation*]

Mr. Speaker, these words of despicable government, of vicious and vulgar words, were spoken by the House leader of the official opposition and are a poor example for the Canadian people who are observing us on television, of the attitude which should prevail in this chamber where we should not criticize individuals and tarnish reputations but rather criticize specific measures and discuss ideas. We should bring the debates in this House to a respectable level, Mr. Speaker, and I think that the attitude of the House leader of the official opposition has not contributed to raising the level of debates during the present session, and I truly regret it. That is the saddest aspect of my experiences as Parliamentary Secretary to President of Privy Council, Mr. Speaker, and it is unfortunate that I should have to say it, and I purposely waited for the hon. House leader of the opposition to be present so that I could tell him to his face.

I noticed that when the Minister of State for Urban Affairs (Mr. Ouellet) was laying blame on him that the hon. member for Grenville-Carleton left the chamber. I waited for his return to tell him to his face that I am saddened by his attitude. I regret that kind of attitude and I hope that in the future we will be able to work in a more professional way for the good of all Canadians, in a renewed parliament, in a parliament whose procedure will have been amended in good faith in order to be more dignified, more efficient and more adapted to our 1979 life style.

● (1522)

Mr. Gérard Laprise (Abitibi): Mr. Speaker, having listened to most of the speeches made since noon today, I have come to the conclusion that we should have adjourned as early as last night. I see that everything that has been said today was not very useful. Usually we wait until much later in the summer before adjourning for the recess, and I think that June 30 is either too soon or too late.

I noticed while listening to the speech of the Minister of State for Urban Affairs that he was very agitated, probably because he has been considerably irritated by the incidents of a few moments before, but whatever the reason, I think that his remarks were somewhat out of place. The minister complained about the proliferation of third parties or of political parties in Canada.

Well, for the minister's information, this is no novel thing in this House, and if third parties sprung up in Canada, it was precisely because of the failure of the older political parties. If they had given Canadians the kind of administration they were expecting from a good government, there would have been no need to create new political parties.

The hon. member also suggested that third parties enjoy the same privileges in this House as does the official opposition. I submit this is totally untrue. Time allocations for debates in this House afford much ampler scope to the official opposition, with their greater number of members, than to third parties. On this also I therefore feel the minister twisted the facts when he indicated that third parties enjoyed the same privileges as opposition parties to make their views known. My feeling is that this proportion is "maintained", if not overly "maintained".

The minister also complained that government back-benchers do ask too few questions during question periods, before orders of the day. What he meant in my view was that government members did not participate as much as the opposition parties in that period, considering we are now on television. And my answer to the minister is this: when an opposition member asks a question, he or she gets an answer forthwith or at least the minister tries to answer, and therefore suggest that the ratio is very well maintained because as many government members appear on the screen as opposition members. I note that before TV came into this House, no government members ever rose to ask questions. So, Mr. Speaker, my feeling is the Minister of State for Urban Affairs in his remarks showed much more anger at what happened earlier today than a positive attitude toward improving the debates in this House.

Mr. Speaker, like other hon. members, I have had the opportunity of working under our able Speaker of the House of Commons within a committee which set up the organization for broadcasting and telecasting our debates in the House. This is a new experience which we lived through during this past session, and after having observed the public at least in the area I am representing, and the persons I chanced to meet, I clearly have the impression that this undertaking is well taken by public. It creates a closer relationship between the Parliament of Canada and the public it represents. It also enables the Canadian public to better understand what goes on in its national parliament.

However, that does not mean that any improvement in the administration is necessarily visible. The performance of the government during the past session is not so much laudable, and I think that the concerns expressed by the hon. member for Winnipeg North Centre that there were possibilities of an election in the fall are unjustified because at that time the government would have to go before the people empty-handed. Personally, I rather think that they will try to restore their fortunes during the coming winter months in order to be able to go before the people of Canada with a better image of their administration.

What we have particularly deplored in the last few months is the devaluation of the dollar. In my opinion, this is detrimental for business in Canada, for industry, trade, employment and the cost of living. The whole Canadian economic system has suffered from the devaluation of the Canadian dollar. And when I look at the present situation in Canada, that is the devaluation of the dollar, an employment level lower than we have seen in a long time, unemployment around 9 or 10 per cent, and even higher in certain areas of the country, a rate of inflation that the government has not succeeded in controlling in spite of all its efforts, when I see these things, Mr. Speaker, this reminds me of the situation which existed in 1960 and 1961 when another administration governed Canada and was defeated because of this. I am talking about the Progressive Conservative government of 1958 to 1962. The same situation existed in 1962 at the time of the general election. The dollar had been devaluated. There was very high unemployment and uncontrollable inflation. We now have the same situation, and perhaps even worse this year, after about 15 years of a Liberal administration.

The government talks about taking all sorts of initiatives to fight against inflation while it takes action which increases the cost of living. It has also taken action to increase every six months, for instance, the cost of oil, gasoline and heating oil in Canada. This increases significantly production and transportation costs and has disastrous effects right down to the level of the distribution of goods and services, and the Canadian consumer must pay for it. The oil price increase serves only to fill the pockets of the multinational companies.

Mr. Speaker, when the government claims it is taking steps to fight inflation, I feel it takes them to increase the cost of living. There is also widespread discontent in the field of agriculture. Dairy producers, be it industrial or raw milk, are clearly dissatisfied with the policy of our government. Nothing has been done to improve and stabilize the Canadian dairy industry. That is sadly lacking and the government should bring forward a long-term policy to stabilize production and especially farm incomes.

In the beef industry, we have erratic fluctuations between highs and lows. Farmers always have a hard time to follow those fluctuations when beef goes through crises such as those we have witnessed in the last two or three years. Instead of suffering terrible losses, farmers get rid of their herds. The herds having been decimated, we see the higher prices we are now experiencing. Now, Mr. Speaker, I feel that once again the government has failed to give leadership by not introducing a policy to stabilize production in those sectors.

Another area on which I want to dwell before concluding my comments—and on this I entirely agree with the hon. member for Winnipeg North Centre (Mr. Knowles)—is that of senior citizens. We have been working and fighting for a long time to obtain from the government more satisfactory pensions for older persons and I refuse to admit more particularly what happens in the case of persons from 60 to 65 years of age, for example, whether they are widows or unmarried persons, but especially widows. Again recently there was in my riding a couple of senior citizens, the wife being under 65 when

her husband died. She lost her pension because she was not 65 years old. She became a widow and consequently, under the legislation, she lost her pension. I think it is at that time that a person between 60 and 65 badly needs the assistance of the government, because at her age she cannot go back to work. I think that the legislation should be amended as quickly as possible to give justice in such specific cases. I think that the same goes for unmarried persons between 60 and 65 years of age.

Another point too is that of the unfinished business. We might come back in October to continue this session but it might be a new one. Well, Mr. Speaker, I think we will have to consider a draft constitution this summer and parliament will be asked to debate that draft when we come back in the fall.

I think this draft constitution was prepared in a bad approach by the budget debate, mainly as regards the debate on the sales tax. I think the verbal row between the federal Minister of Finance (Mr. Chrétien) and the Quebec minister of finance in particular and other ministers at both levels of government did not help at all that attempt at constitutional amendment. I think that instead of trying to pick a fight all the time, we should try to negotiate in good faith on both sides with a view to arriving at a real constitution that will give satisfaction not only to the province of Quebec, not only to the federal government but also to any and all provinces and nationalities in Canada.

Mr. Speaker, during this holiday period, as the hon. member for Winnipeg North Centre suggested, I think we should rather try to find ways of coming back in the fall better prepared to introduce and pass legislation more in line with the requirements of the people of Canada. As far as I am concerned, I believe, like the hon. member for Winnipeg North Centre, that this holiday period could have been shorter. We could come back in early September but adjourn a little more often. Instead of adjourning for long periods of three and one third months as is the case now we should adjourn for shorter periods but more often so members would have more opportunities to visit their ridings, meet their voters and know their opinions to be able to represent them better in this House.

In any event, Mr. Speaker, I wish all my colleagues of every political party in this House a good holiday and I hope after listening to certain speeches that during that summer period they will be able to have a healthy rest and come back in a better disposition toward agreement than is the case today as we prepare to part.

● (1532)

[*English*]

The Acting Speaker (Mr. Turner): Order, please. The hon. Parliamentary Secretary to the Minister of Justice (Mr. Young).

Mr. Cossitt: Mr. Speaker, there has only been one member of this party who has been allowed to participate in this debate—

The Acting Speaker (Mr. Turner): The Chair recognized the Parliamentary Secretary to Minister of Justice. I thought he was rising on a point of order. Is the hon. member rising on a point of order?

Mr. Young: Mr. Speaker, I was prepared to speak.

The Acting Speaker (Mr. Turner): The hon. member for Leeds.

Mr. Tom Cossitt (Leeds): Mr. Speaker, it is very tempting, after sitting here and listening to the sanctimonious twaddle that originated from the Minister of State for Urban Affairs (Mr. Ouellet) and also to the remark made by the Parliamentary Secretary to President of Privy Council (Mr. Pinard) that this has been a positive session—in other words, that we have accomplished something—to take them up on their remarks. But rather than fall for their red herrings that they have tried to place before this House today, it is better to deal with the real issues that face this country.

It is a sad day indeed that we are adjourning this House at a time when the Canadian people need help more than they ever needed it before. The hon. member for Grenville-Carleton (Mr. Baker) drew to the attention of the House this morning, and I think it bears repetition, this fact in the form of a question asked of the Prime Minister (Mr. Trudeau). Would the member from somewhere out west, I think it is Vancouver-Kingsway, who I hear in the background, cool down? The Leader of the Opposition (Mr. Clark) had asked the Prime Minister whether he could tell us when he will announce significant new economic measures to deal with the serious economic problems facing this country. The reply is well worth repeating because nothing has happened. It is obvious nothing will happen and it is obvious that this government is incapable of making anything happen. The Prime Minister made this reply at page 5307 of *Hansard*:

> —the Canadian people are concerned, and they want solutions to these problems at this time. The question arises as to whether these issues can best be dealt with during a general election, or by continuing the work in the House. I have reached the conclusion, because, I must say, of the co-operation of hon. members opposite and their anxiety to get on with the work, that we should stay in this House and deal with these issues.

We stayed and we did not deal with any of these issues.

Mrs. Holt: You should deal with them.

Mr. Cossitt: We still have one million people unemployed in this country. We still have the highest inflation that we have ever had in the history of Canada. On top of that, Mr. Speaker, we have the saddest dollar that Canada has ever seen. It reflects on the opinion that others in this world have of this country when the Canadian dollar, even though it has been propped up by billions of dollars by this government over a period of time, still cannot stay at a proper level.

It seems to me that the Prime Minister and the government do not care. The backbenchers on the other side obviously do not care either, or they are too scared to do anything about it. The government do not care about the person who is on a pension who goes to the grocery store and cannot afford to pay the prices asked for food today. They do not care about the man without a job who is sitting at home and going out and looking for things that are not there in the way of work, and they do not care about the dollar and the fact that it is a joke in the eyes of the world.

In 1968 we had all of these problems to some extent. Ten years have now gone by since this Prime Minister and this government have been in office, and we still have the same problems. We were told in 1968 that we were going to get a "just society".

An hon. Member: Just for Grits.

Mr. Cossitt: Our problems became worse. And as has just been said by an hon. member, it is "just for Grits". That is about what it became. Instead of a just society, it has become an unjust society. We were told we would have participatory democracy. What have we had? We have had a Prime Minister who in effect says to this country: "I will allow you to kiss the emperor's feet". We remember too that the Prime Minister said, "Inflation has been licked". At another time he said, "I will wrestle inflation to the ground". It has been a darn poor wrestling match without any results in the interests of the Canadian people. I believe the Prime Minister has been the worst forecaster and the worst prophet in the history of Canada. He has been followed by a bunch of derelict cabinet disciples who do not have the guts to stand up to him and do something about it.

Thank goodness for men like James Richardson—

The Acting Speaker (Mr. Turner): Order, please. I would like to remind the hon. member that he should refer to a member of this House by his riding and not by his name.

Mr. Cossitt: Thank you, Mr. Speaker. Thank goodness for men like the hon. member for Winnipeg South (Mr. Richardson), for those who came before him and for those who I hope will come after him, who have enough sense to get away from a disintegrating, bumbling bunch of people who are incapable of running this country and are apparently interested in putting ahead of the welfare of this country—

An hon. Member: It is despicable.

Mr. Cossitt: It is despicable, an hon. member says. The truth hurts, does it not? These people are prepared to put their own political skins ahead of running this country properly.

I remember the Prime Minister making a speech somewhere in western Ontario not many months ago in which he said that Canadians are too concerned with two cars in the yard and a house in the country, and they should pull in their belts. I say what about the two $85,000 Cadillacs and the summer home at Harrington Lake that the taxpayers of this country are paying for? Is the Prime Minister pulling in his belt as an example? Is he doing away with one of his two Cadillacs? Is he closing Harrington Lake for the duration of the economic crisis of this country? No, he is carrying on saying "Do what I say, but I will do what I want for myself". What concern for the Canadian people and what an example of practising what is preached. The emperor and his court jesters must go. They must go while there is at least time for something to be left of this country. This heartless piece of stone and his puppets must be and will be disposed of by the Canadian people at the ballot box as soon as there is an opportunity.

Mrs. Holt: Phony.

Mr. Cossitt: We have had ten years of failure. Phony, the hon. member says. I reply to her, Mr. Speaker, that the whole record of the government has been phony; it has done nothing for this country in ten years of failure. They deserve a very final reward and that is the judgment of banishment from the treasury benches of this country by the Canadian people.

• (1542)

Speaking of this would-be emperor, for two years he has wiggled and waggled with regard to questions on the order paper, using citations from Beauchesne as though he were the Speaker of the House of Commons. Some of his ministers have taken up the same practice with the result that we get back an answer saying, "See Beauchesne citation number" this or that.

In actual fact, he has no right to usurp the functions of the Speaker, as he is doing. I know he thinks he is important and that he is everything. Once he did say that he was very close to the Almighty. I cannot judge that because none of us is in the position to be that high up the ladder to know whether that is true or not. However, I certainly can say that the Prime Minister is not the Speaker of this House of Commons. The Speaker of the House of Commons is to be commended on the fact that questions are being allowed to be returned to the order paper where the Prime Minister has used Beauchesne's citations to get out of giving an answer.

I do not need to go into the arrogance and disdain for parliament shown by the government. That has often been pointed out by the right hon. member for Prince Albert (Mr. Diefenbaker) in such adequate fashion that it would be redundant for me today to go any further in that direction.

I would like to say a word about the Quebec language legislation and the lack of federal government response in a responsible way to such legislation. Next Monday, businesses in Quebec must have French only signs and names. What has our Messiah of the House of Commons, the self-proclaimed protector of minorities, done about it all? He stood in the shadows and whimpered like a scared goat instead of standing up and saying with more than just a few brief words to René Lévesque that any Canadian has the right to use the language of his choice. He has roared with a whisper. He has wielded nothing but a feather.

Why did he not refer bill 101 to the Supreme Court of Canada for judgment as to whether it was within the rights of

the province of Quebec to pass certain sections of that act? Why has he not considered disallowance of such an act? We know why. The obvious answer is a political answer. The answer is politics and votes, which mean more to this government than the supposed protection of the minority rights of any group in this country, whether they be French, English or some other ethnic minority.

Recently the Minister of Supply and Services (Mr. Goyer) spoke across the river in Hull at the opening of a new building. As someone pointed out earlier, they are moving all the departments over there. In any event, he said that when public servants are over there, they should always be sure and speak French. He was telling English Canadians who work in Hull they should not use their own language when they are over there. We do not say to people over there that when they come here they cannot use their language. That would be utterly ridiculous, abominable and a disgrace. Likewise, the words of the Minister of Supply and Services were reprehensible, disgraceful and disgusting. He sounded more like René Lévesque than a federal member of parliament. He completely illustrated the farce of this government's bilingual program.

When we are told to co-operate, to bend over for the unity of this country, that is what we must do. However, how do the government expect to get an enthusiastic response from the rest of Canada to these sorts of statements when they do not stand up to a government which seeks to separate this country, the government of one particular province which thumbs its nose at the Government of Canada and the Canadian people and everyone who does not speak one particular language? I say that bilingualism "Trudeau style" has become nothing more than two-faced idiocy.

Personally, I am sick and tired of the anti-British and anti-American attitude of this government. Britain gave us our House of Commons. We are modelled on the British parliamentary system.

I found it a bit sickening to listen to the Minister of State for Urban Affairs (Mr. Ouellet) a while ago saying some things about the British parliamentary tradition. After all, the Prime Minister certainly does not indicate very often that he has very much belief in it. However, when things looked rough in 1972, he rushed over to have tea with the Queen. That was because he almost lost an election, and it looked good to sit on her coat-tails in order to save his own political hide. He has always found time for disrespect for British institutions. He found time to slide down a bannister some years ago. More recently he did a little pirouette behind the Queen, that disrespectful little dance that we saw in all the papers.

This government and the Prime Minister are the greatest manipulators of the century. They are the Houdini of all Houdinis. When it comes to being a Houdini, they attempt to intimidate and manage the press. The Prime Minister managed to grab one of the press members by the coat or the neck a few months ago and started to shake him. He does not want to have much to do with the press until he needs them. When things look a bit shaky for him, they are called in for drinks and interviews. Everything is on the House. He says to himself that he needs them and their publicity for election purposes.

I spoke of anti-Americanism. In this regard I wish to refer to a book which I think is well worth reading for all Canadians, "Trudeau Revealed" by David Sommerville. In particular, I refer to page 208. It contains a statement which I recall being made at the time. It was well publicized, although perhaps not well enough. I think it bears repetition now. This is what he said when speaking in the Soviet Union:

> We have a great deal to learn from the Soviet Union, a country from which we have a great deal to benefit.

He went on to refer to the United States of America, which purchases more of our goods than any country in the world, which means more to us economically than any country in the world. He said that we should be friendly with the Soviet Union—and this is an exact quote:

> —to protect our identity from the cultural, economic and perhaps even military point of view.

Is he trying to insinuate to this country that the Americans are coming over the border with military forces? That is absolutely ridiculous. There were also the words in 1977 of the famous Russian dissident, Vladimir Bukovsky:

> I was in prison when Mr. Trudeau arrived in Moscow. He declared that we would like to have an exchange of experience, to use Soviet experience of development in northern territories. It was awful for us, for everybody in the Soviet Union. Everybody knew quite well how many millions of prisoners perished when developing those territories. It was awful.

When he was in London, a student asked him: "What society would you choose to make Canada, socialist or capitalist?" He replied—and this appeared at the time in the British press—"Labour party socialism or Cuban socialism or Chinese socialism, socialism from each according to his means." That is the man who talks about maintaining—supposedly—the British parliamentary system. He talks about maintaining the rights of parliament.

I find it very hard to follow when men like the Prime Minister say things like that. It illustrates the complete hypocrisy of this government when it comes to the statements they make about Russian dissidents and the problems from which they suffer. There was the famous "Viva Castro" statement. I suggest to this government it is about time someone on the other side of the House said "Viva Canada" and did something about it.

Recently the Prime Minister and the government introduced a proposed new constitution for Canada. Just the other day some person in the gallery—I do not know who it was, but that is irrelevant—held one of these booklets aloft and yelled "This is a lot of bunk".

● (1552)

Truer words were never spoken even though they may have been uttered from a place from which no one is supposed to speak. Mr. Speaker, in many ways it is nothing but a load of bunk. It might be called a horrendous monster, an election red herring which the Prime Minister feels he can use to benefit his campaign—everyone will forget about inflation and the

decline in the value of the dollar. But I do not think the Canadian people are so much worried about where the British North America Act is. They are worried about putting food into their stomachs, about unemployment and about the economy.

I see the hon. member for Vancouver-Kingsway (Mrs. Holt), who kept saying something about national security, has left the House. I will say something on that subject now. I will refer specifically to the Peter Worthington case which is now before the courts in Toronto. Mr. Speaker, I find it strange that this government chose to prosecute the Toronto *Sun* while ignoring the CTV. Mind you, I do not think the CTV should have been prosecuted either—

Mr. Roberts: On a point of order, Mr. Speaker. I understand the hon. member for Leeds is proposing to comment now on a case which is *sub judice*. Is it in order for him to refer to matters which are the subject of court proceedings?

Mr. Speaker: There are, obviously, things which the hon. member might say which would be out of order. Equally, there are some things which would be in order. Perhaps, with the indulgence of hon. members, I might read a communication to the House.

* * *

ROYAL ASSENT

Mr. Speaker: I have the honour to inform the House that I have received the following communication:

Government House
Ottawa

June 30, 1978

Sir,

I have the honour to inform you that the Honourable Wishart F. Spence, O.B.E., Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber to-day, the 30th day of June, at 3.45 p.m., for the purpose of giving Royal Assent to certain bills.

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

I might also indicate to the House that we were rapidly, during the course of the hon. member's remarks, approaching four o'clock, which is a critical time, and I think we should settle the course our proceedings should take before he concludes his remarks.

[*Translation*]

Mr. Pinard: Mr. Speaker, I rise on a point of order. At this stage, I think I can say there is unanimous consent to cancel private members' hour from four to five and to continue the discussion on the motion until five o'clock. After that we shall see what step we may have to take.

[*English*]

Mr. Speaker: Is that agreed?

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

[*Translation*]

Mr. Laprise: Agreed, Mr. Speaker.

[*English*]

Mr. Speaker: Agreed and so ordered that the private members' hour be suspended so that the House may continue addressing itself to this motion until five o'clock this evening.

[*Translation*]

Mr. Jean-Robert Gauthier (Ottawa-Vanier): I am sorry, Mr. Speaker, but this may be somewhat important. I seek the unanimous consent of the House to revert to the presentation of reports, in order to table a report from the standing and special committees. If I obtain the unanimous consent of the House, I should like to table the first report of the Special Joint Committee on the Constitution of Canada.

● (1602)

[*English*]

Mr. Speaker: I suggest the hon. member wait until the hon. member for Leeds has finished his speech.

* * *

HOUSE OF COMMONS

MOTION RESPECTING SUMMER RECESS

The House resumed consideration of the motion of Mr. MacEachen:

That when the House adjourns on Friday, June 30, 1978, it shall stand adjourned until Tuesday, October 10, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

Mr. Cossitt: Mr. Speaker, these various interruptions have left me somewhat confused about how much time remains to me. Is it in order to inquire?

An hon. Member: Three minutes.

Mr. Cossitt: I was not asking hon. members opposite, I was asking the Chair.

Mr. Speaker: According to our records there are two minutes left.

Mr. Cossitt: Two minutes? I shall have to cut short my remarks on national unity. I will merely say I find it inconceivable that the *Sun* should have been picked upon—

Mr. Speaker: I regret to interrupt the hon. member but I am told now that he began his speech at 3.35 p.m. He would therefore be entitled to continue until 4.15 p.m.

Mr. Cossitt: Thank you. In regard to the Worthington case, I am not referring to any aspect of that case which is before the courts but to the fact that he was charged, that the *Sun* was charged, but CTV and several other columnists were not charged for doing substantially the same thing as Worthington was accused of. One can only draw the conclusion, as many Canadians have, that because the Toronto *Sun* continually criticizes the government in its editorials it has been singled out for prosecution. To my mind this is truly reprehensible. It interferes with freedom of the press. When any member of the House or any news service or branch of the media finds something wrong—in this case it concerns matters of national security of which the government is aware and with regard to which the government is taking no action—it becomes the duty of those concerned to do something about it.

That is why, as an individual member of parliament, I said what I did say about national security and was prepared to take the consequences, whatever they might have been. I think the Toronto *Sun* is to be commended for having stood up for Canada. I find it strange that a man like Patrick O'Callaghan, publisher of the Edmonton *Journal*, should write articles as recently as June of this year showing a complete lack of knowledge of the case.

Mr. Speaker: Order. Perhaps the hon. member should continue his remarks after we have returned from the other place.

● (1612)

ROYAL ASSENT

[*English*]

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

Mr. Speaker, the honourable the Deputy Governor General requires the immediate attendance of this honourable House in the chamber of the honourable The Senate.

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

[*Translation*]

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills.

Summer Recess

Bill C-61, An act for granting to Her Majesty certain sums of money for the Government of Canada for the financial year ending the 31st March, 1979—Chapter 31.

Bill C-56, An act to amend the statute law relating to income tax and to authorize payments related to provincial sales tax reductions—Chapter 32.

Bill C-10, An act to amend the Financial Administration Act—Chapter 33.

Bill C-17, An act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof—Chapter 34.

Bill C-39, An act to amend the Currency and Exchange Act—Chapter 35.

Bill C-42, An act to amend the Criminal Code—Chapter 36.

Bill C-58, An act to amend the Pension Act and the Compensation for Former Prisoners of War Act—Chapter 37.

Bill C-36, An act to amend the Export Development Act—Chapter 38.

Bill C-12, An act to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada—Chapter 39.

Bill C-48, An act to amend the Customs Tariff and to amend An Act to amend the Customs Tariff—Chapter 40.

Bill C-54, An act to provide a maritime code for Canada and to amend the Canada Shipping Act and other Acts in consequence thereof—Chapter 41.

Bill C-59, An act to amend the Income Tax Act and the Excise Tax Act in matters relating to the ownership and operation of small businesses—Chapter 42.

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

MOTION RESPECTING SUMMER RECESS

The House resumed consideration of the motion of Mr. MacEachen:

That when the House adjourns on Friday, June 30, 1978, it shall stand adjourned until Tuesday, October 10, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

Mr. Cossitt: Mr. Speaker, when we took our short break for royal assent I was talking about Patrick O'Callaghan, the publisher of the Edmonton *Journal*, and his comments on the matter of the Toronto *Sun* and the Peter Worthington case. All that remains to be said in this regard is that his article of June 28 was, to me, a classic example of irresponsible journalism. He showed complete lack of knowledge of the facts and he certainly showed no interest in discovering what really happened before he wrote what he did.

I would like to refer to only two parts of that article where he deals with certain remarks about myself that are not accurate and not true, and I believe he should stand corrected. He said that I hid behind parliamentary privilege. Mr. Speaker, I hide behind nothing on the matter of national security. I was not aware whether or not I had privilege. That was a matter that was judged by the law officers of the Crown and subsequently announced in the House by the Minister of Justice (Mr. Basford). I had no advance knowledge of what that judgment would be, and I made up my mind that I would go ahead in the interests of what I thought was right for Canada, regardless of what the judgment might be, and in that regard Mr. O'Callaghan is quite incorrect. Then he says:

Mr. Basford chose not to notice that Mr. Cossitt had also referred to the information in his possession outside the Commons where he has no such protection.

The Minister of Justice did not ignore that fact, and while I do not have his statement in front of me, I recall his saying that he or his law officers had examined what had been said outside the House, that it was substantially and exactly the same as what had been said inside the House. Therefore, again the remarks made by the publisher of the Edmonton *Journal* are incorrect.

Of course, there are many, many other things in this article that are incorrect, and I suggest that a responsible journalist and publisher should act more in keeping with the position he holds than this man has done, not only in this article but in another one reprinted by the Canadian Daily Newspapers Publishers' Association a few weeks ago.

A few days ago a question put by me on the order paper was answered. It dealt with the Canadian National Railways. I was refused an answer on the grounds "it was not the practice of CN to reveal . . ." CNR is owned by the people of Canada. The CBC is owned by the people of Canada. The Canada Council is owned by the people of Canada. As the hon. member for Grenville-Carleton (Mr. Baker) pointed out this morning, there might be around 400 Crown corporations owned by the people of Canada. Why does this parliament not have the right to ask questions about the activities of those corporations and receive answers to them? We are being continually blocked with the expression "it is not the practice to reveal".

Whoever set up these practices should withdraw them and allow democracy to flourish in this country, and freedom of information, which is being so eloquently espoused by the hon. member for Peace River (Mr. Baldwin), should be first and foremost before this parliament. Because when the day comes that a member is not allowed to ask questions as to why we spend, for example, $60,000 of the taxpayers' money on the Factory Theatre Lab in Toronto where they staged a play in which Adolf Eichmann spends some time wiping human excrement on his face, there is something wrong; when we cannot get an answer to a question like that, there is something wrong. When we give public money to people who publish *Strike*, the tabloid in Toronto, and the *Pulp Press* of Vancouver who support groups in Italy, such as the terrorists who have been so prominent recently, or those who published a manual called *The Urban Guerilla*, as was done in Vancouver, there is something wrong. When public money goes to institutions which advocate murder, kidnapping and other acts of a similar nature, and we wish to question that in this parliament but cannot get an answer from the minister responsible for the Crown corporation involved, then something is seriously amiss.

Today we will be going home with the country in a mess, and I think it is shameful. I recall the words spoken by the right hon. member for Prince Albert at the nomination meeting held in my constituency some months ago for the coming election. The theme of his address was, "Where are we going?" That is what every Canadian is asking today. Where are we going? We have not gone anywhere for ten years under this government; our problems have been getting continually worse. The government promised to do something about them before we went home, but it has done nothing, and today all the ministers, with one or two exceptions, have left the House and have probably already gone home. Undoubtedly the Prime Minister has climbed aboard a jet somewhere to fly to some exotic, far-off country, leaving far behind one million unemployed, the poor who suffer from inflation, and the sagging dollar.

The hon. gentleman opposite shakes his head. I know that in all sincerity he must be trying to restrain himself from admitting the truth. But in any event the truth is apparent to the Canadian people. The Prime Minister and his government, who have given us the highest unemployment since the great depression, must go. The Prime Minister and his government, who have permitted the highest inflation in our history, must go. The Prime Minister and his government, whose actions have destroyed the values of the Canadian dollar, must go. Canada needs a breath of fresh air, and if this government calls an election—if it dares or has the nerve to call an election—Canada will get a new government. I am sure no one on the Progressive Conservative side of the House is prepared to say that we will solve all problems, because that would be ridiculous. But at least we know that we will try, and that is more than the government can say. It has not tried for the past ten years.

● (1622)

I am glad the hon. member for Vancouver South has come back. Now she is going out again. She is having a hard time to contain herself.

Mrs. Holt: It is Vancouver-Kingsway.

Mr. MacFarlane: You have referred to the wrong hon. member, the wrong constituency, and you are using the wrong words.

Mrs. Holt: You have not been right once today.

Mr. Speaker: Order, please.

Mr. Cossitt: I meant to refer to the hon. member for Vancouver-Kingsway (Mrs. Holt). While we will not be able to solve all the problems, we will attempt to, and I am sure we will succeed in many ways.

Successive polls which have been taken indicate that Canadians are fed up. Hon. members opposite know this, when they feel fire on the seats of their pants in their constituencies. The Trudeau era is over in this country. The curtain has to fall for the good of the country. Let him as quickly as possible call a general election so that this sad chapter in Canadian history will be closed, and a brighter day will dawn for Canada and the future of Canadians.

Some hon. Members: Hear, hear!

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, in participating in this motion to adjourn the House today, at the beginning I should like to indicate that I am dismayed, but certainly not surprised, at the type of comments which have been voiced by the Tory opposition today, particularly by its House leader and the hon. member for Leeds (Mr. Cossitt).

In as short a fashion as I can, and in the small amount of time which they deserve, I should like to deal with the remarks made by the hon. member for Leeds. I can refer back to a statement made by the Minister of Justice (Mr. Basford) in this House and in public, which fully explained the reasons that charges were proceeded with against the Toronto *Sun*, its editor and publisher. That was completely and fully explained in the House. At the same time, the reasons for not proceeding with the charges against other parties were explained. The hon. member for Leeds was one of those people.

The hon. member for Leeds, the right hon. member for Prince Albert (Mr. Diefenbaker), the hon. member for Central Nova (Mr. MacKay) and several others on that side of the House, have expressed from time to time in this place an interest in the welfare of the RCMP and the security of this nation. At the very least one would expect one of those members might have appeared recently at the sittings of the Standing Committee on Justice and Legal Affairs, which investigated the estimates of the Solicitor General (Mr. Blais), the RCMP and the security directorate of this country. In the year I have sat on that committee as Parliamentary Secretary to Minister of Justice, I have not seen the right hon. member for Prince Albert or the hon. member for Leeds.

Mr. Dick: Because they could not receive answers to their questions.

Mr. Young: Perhaps once or twice in 30 or 40 sittings of that committee I have seen the hon. member for Central Nova. If there is this professed interest in the RCMP and the security of this nation, why did we not see some of these members present at public and in camera hearings of the Standing Committee on Justice and Legal Affairs? They are never there. One begins to wonder whether their interest is more in pandering to television cameras and hit and run headline gathering than it is in the real essence of the questions about what the RCMP is doing and the security of this nation.

Some hon. Members: Hear, hear!

Mr. Young: The kinds of comments we have heard today coming from the Tory opposition are typical of the innuendo, unsubstantiated allegation, distortion and subterfuge which we have become all too accustomed to expect from the Conservative ranks of late.

A few days ago a time allocation measure was described by them as being a guillotine, closure, and a throttling of debate. This throttling or preventing of debate apparently occurred in relation to the budget and its associated measures, which debate occurred over four weeks, and upon which many members of the House had spoken. After that passage of time and who knows how many words, the leader of the Tory opposition had the effrontery to attempt to make the case that they had been muzzled and not allowed full comment. Those arguments and the ones we have heard today are about as worthy of credibility as the allegation that certain offices around here had been bugged. They are about as worthy of belief as the unsubstantiated rumours and stories which were floated around the House by the hon. member for York-Simcoe (Mr. Stevens) indicating that members on this side had participated and engaged in a speculation against the dollar.

Mr. Dick: How about the hon. member for Crowfoot (Mr. Horner)?

An hon. Member: Yes, how about that hon. member?

Mr. Young: We all know that those words could not be backed up.

Mr. Dick: He did not even apologize.

Mr. Young: I suggest hon. members opposite should relax and sit back. They will not enjoy what I have to say, but I can assure them that we will be here for a few minutes yet.

Mr. Dick: The truth would be interesting.

Mr. Young: We know that the allegations by the hon. member for York-Simcoe could not be substantiated. We know how much those people who bugged offices were known on that side of the House. Those comments were about as genuine as the rest of the rumours and bad mouthings on numerous occasions by people of that ilk. As it turned out later, none of them could be substantiated. Similarly I suggest the comments in the vein the Tory opposition have made today cannot be substantiated.

I should like to refer back to the budget for a moment. My information is that something over 40 members participated in that debate. We on this side of the House, as the government, were accused of throttling debate when we brought in a time allocation measure in order to get on with the business of the House. There were a goodly number of other speakers, mainly opposition members, who spoke on another item, Bill C-48, the measure respecting amendments to the Customs Tariff. That was not the case painted by the Tory party. That was not the case they would have Canadians believe. It was not the case painted by the hon. Leader of the Opposition (Mr. Clark). Continually they make these allegations and indulge in innuendos which are unsubstantiated by fact.

Recently, I am sure by mistake, a pamphlet was delivered to my office. It was a broadsheet entitled: "Leader's Report, Some News From Joe Clark". It was dated May 26, 1978. It referred to the Prime Minister (Mr. Trudeau) being "obliged to get on with the governing of the country". It accused the Prime Minister of "political manoeuvring". Also it indicated that the hon. Leader of the Opposition exacted from the Prime Minister a "promise that the government would immediately bring forward specific proposals to deal with the very serious problems now affecting us". In fact, that was repeated by the Tory House leader today.

I should like to continue referring to this despicable little broadsheet. It suggested that the promise was unfulfilled. Supposedly it reprinted the order paper for the House of Commons of May 16. The statement referring to that reads as follows:

"The order paper for the House of Commons of May 16 speaks for itself."

Then it contained the following heading: "Business Disposed of this Week". Following that was a reprint of the portion of the order paper showing specific subject headings and the business conducted. That little pamphlet, which I so despise, conveniently left out the fact that May 16 was a Tuesday. No matter what the Tory opposition attempts to do, it cannot change the fact that May 16, 1978 was a Tuesday. In the pamphlet they attempted to make the case that no business was disposed of that week, according to the order paper. They conveniently left out the fact that the business disposed of that "week" does not refer to a five-day week but to a Monday. They very conveniently dropped the fact from that little pamphlet that the statement which is printed in the order paper on May 16 could refer to one day and one day only, Monday. They are trying to sell Monday as the whole of the week, and trying to sell the idea that the government had conducted no business that week because it had done nothing on Monday.

● (1632)

Let us look a little further, Mr. Speaker. It would seem to some that the dropping of the reference to Tuesday, and thus giving the impression that the word "week" meant the whole week rather than just one day, might have been an oversight. That could have been an oversight, but others might just as easily feel that such a slip was more coolly calculated to deceive. That latter impression might be given some substance by a closer look at the facts.

When one turns to *Hansard* of May 15 one finds that on that day this House began second reading consideration of Bill C-48. When one looks a little further and makes a little closer examination, one finds there were nine speakers that day on that measure, and of those nine speakers there was one from this side of the House, the Minister of Finance (Mr. Chrétien), there were six Tories, one NDP member and one Creditiste. We have this case of the Tory opposition in their leader's pamphlet trying to sell to the Canadian public and those who buy this sort of garbage that there was nothing done all week, when that reference was to one day. When you look at what was done that one day you find that six Tories spoke, one Liberal, one New Democrat and one Creditiste. One finds in essence, if you look at the facts, that they conveniently overlooked that if there was nothing completed that day, and nothing done in finality, it was not because the government did not put forward any measures, but because the Tories would not or could not stop talking.

Some hon. Members: Hear, hear!

Mr. Young: Based on all the facts, when everything is looked at, the comments in this report of the Leader of the Opposition fall nothing short of being misleading, distorted and deceiving. One might hope that the Leader of the Opposition would feel some capacity for embarrassment by that happening; that he might stand and withdraw or retract that kind of statement, or at the very least might come clean and correct the erroneous impression that it creates. After all, let us be frank, the Leader of the Opposition in Canada is presumed to have a somewhat higher station in life, and one would not expect from him the kind of statement that is more akin to the kind of thing one expects from some fly by night, door to door huckster.

The reprint from *Hansard* is, of course, accurate as far as it goes, but the deception arises in what is not said and what is conveniently left out. The Leader of the Opposition acts like a salesman who tells an unsuspecting purchaser of his goods that they are written up in *Consumer Affairs*, or in *Good Housekeeping* magazine. That unsuspecting purchaser relies on that statement and buys those goods only to find out that the article in the magazine was a warning not to buy, or that it was one pointing out defects in the product. I hope the people of this country will look hard and long at the kind of statements opposition members have made over the past few months in debate in this House, and at the kind of things being sent to them through the mails. One might ask whether that kind of distorted impression of what goes on in the House went out under the frank of the Leader of the Opposition.

One would hope that the Leader of the Opposition, since he is expected to be an honourable man, is not responsible for that kind of report as it is written. Yet I point out to you, Mr. Speaker, that it is his report and that in fact at the bottom on the reverse side it is personally signed by him. One presumes, therefore, that the Leader of the Opposition accepts and

subscribes to that kind of shabby practice and deceit. If one came to expect nothing more, one is getting nothing more from that kind of cavilling cabal that puts these things together in the Tory back rooms, but one at least would expect something better from the Leader of the Opposition himself.

One expects better today from the House Leader of the Opposition who voiced the empty platitudes of respect for parliament, who decried violations of parliament and who spoke about competence, the ability to manage, and his allegations of corruption. Let him and his fellow members exercise some planning. Let them do some time allocation of their own and try not to stall and drag out interminably the measures and programs put forward by this government before parliament and this country. Let them go home at this adjournment time, let them look to themselves and start to clean up some of their own acts before making the unsubstantiated allegations they have made. Let the opposition House leader, the Leader of the Opposition and his members learn to speak with one face rather than two or three, with one policy rather than the duplicity we have seen recently.

Last week we saw and heard their claims of support for Bill C-42, to amend the Criminal Code in respect of the choice of language at trial. We heard them claiming that they were in support and wanted to pass that bill. We on this side know of the delays we went through waiting for them to get their act together so we could get on with that bill. I know personally of the three or four days I sat here ready, willing and able to proceed with that debate while opposition members could not make up their minds and get their party together on the approach they were going to take.

Mr. Baker (Grenville-Carleton): You mislead the House, as usual.

Mr. Young: I do not mislead the House. The hon. House leader for the opposition has my invitation to stand up and make an allegation if he wants to do that.

Mr. Baker (Grenville-Carleton): Mr. Speaker, the hon. member is misleading the House. I do not suggest it is deliberate, I think it is inadvertent, but the parliamentary secretary is misleading the House, as usual, in respect of that piece of legislation.

Mr. Young: Mr. Speaker, that is not a point of order. Rather, it is an affirmation or a point of debate by the House leader of the Tory party. I know, and a lot of my colleagues on this side know, that as a result of an intimation from that side of the House I was here present on a Thursday afternoon, a Thursday evening, a Friday, a Monday afternoon, a Monday evening and a Tuesday. I gave up four days of events and functions in my own constituency waiting to begin that debate which we finally got to after a four or five day wait. I have not quite forgotten about that, and neither have some of the folks back in my constituency.

Let me return to the duplicity I spoke of that occurred last week when we had Tory spokesmen claiming they were in support of this choice of language at trial measure. At the time those words were being said in this House we find it reported in the press that they were privately boasting and bragging among themselves that they had put one over on the government; that they had emasculated the bill and the bill was ineffectual. This was reported in the Ottawa papers this past week. The opposition party House leader shakes his head.

Mr. Baker (Grenville-Carleton): They were wrong too.

Mr. Young: The opposition House leader can take that up with the press if he wants. He can tell members of the press they were wrong and that the memo they supposedly got their hands on was not correct. That is an argument between that hon. member and the press. I am taking from the press what I have read, in the same way as the hon. member for Winnipeg South Centre (Mr. McKenzie) put forward comments appearing in the press as a statement of fact. If it can be done on that side it can be done on this side.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order.I am sure the parliamentary secretary is giving the House his interpretation of the press report. I am merely stating that the story in the press was quite misleading. However, I defend the right of the hon. member for Niagara Falls (Mr. Young) to be wrong, if he wishes.

An hon. Member: And he frequently is.

Mr. Young: All I am saying is that last week we heard opposition members claim support for Bill C-42 regarding the choice of language at trial, while at the same time there was rampant duplicity and deception going on. At the same time that they were saying they were in support of that bill, they were patting themselves on the back because they had supposedly scuppered and emasculated the bill and made it ineffectual. They were privately boasting about this among themselves.

● (1642)

Mr. Jarvis: That's absolute garbage.

Mr. Young: All I want to say, Mr. Speaker, is that if they are embarrassed about that they are going to be more embarrassed about the fact—

Mr. Jarvis: That is absolute garbage.

Mr. Young: If the hon. member for Perth-Wilmot (Mr. Jarvis) would be polite enough—

Mr. Jarvis: I am not going to get up on my feet for that.

The Acting Speaker (Mr. Turner): Order, please. The hon. parliamentary secretary has the floor. We can stay here all night if you are prepared to sit.

Mr. Young: Mr. Speaker, back where I come from they say "If the shoe fits you know where it pinches", and all the rest of it.

Some hon. Members: Oh, oh!

Mr. Young: If the hon. members opposite would be polite enough to allow me to continue my speech, I would appreciate it because I did not interrupt them. Could I just have a little courtesy from the other side, please?

Mr. Jarvis: You don't deserve it, it is such a bad speech.

Mr. Young: Mr. Speaker, they were privately congratulating themselves, but what is going to embarrass them—

Mr. Corbin: Mr. Speaker, we have had memos from members on the opposite side preaching to us about the decorum of this House, and yet today we have had disruption after disruption whenever one of our members has risen to speak. I just wish that they would sit back, relax and listen to a darned good speech.

Mr. Young: Mr. Speaker, if hon. members opposite are hurt by what I am saying, if they are stung by some of my criticisms, if they are embarrassed by what happened with regard to the memo which got loose on that side of the House, let me embarrass them just a little bit more. It is our firm belief on this side that the advice given in that memo was totally useless and incorrect, and we are really not hurt or worried about it at all. However, they may be doubly embarrassed over the private boasting that went on about our being ineffectual when they find out that it was rather ineffectual and incorrect on their own part.

I suggest that that is proof adequate for anyone that the Tory party speaks with two faces, if not three.

An hon. Member: Two tongues.

Mr. Young: Or it speaks, as my hon. friend says, with two tongues, so long as they are not bilingual ones.

The opposition House leader today painted a picture of gloom and doom in Canada and how disastrous things are. We have not gone from riches to rags in this country; we are rich. We are not as rich as we hoped we might be at this time, but we are richer than we were. We have had a recession in this country as has almost every other country in the world of late, but the effect of that recession has not been felt in Canada as hard as it has been felt elsewhere. We have managed to cushion the effect of the shock of the recession in this country better than any other country.

No one is going to deny that we have high unemployment in this country today and that it is too high. However, we have not had a decline in the number of people working in this country, as has been seen in the United States, West Germany and Japan. The growth rates in Canada are among the highest of any country in the world and the inflation rates are among the lowest. Canada stands thirty-first in population among the countries of the world. There are only a handful of countries that are more powerful than we are, but they all have twice the population we have. We are an under-populated country yet we have that same power which is relative to those countries that are twice as densely populated as we are.

The most recent World Bank atlas states that Canada has the eighth largest economy in the world and that we are the seventh most productive in the world. It is true that there are some nations like Kuwait, the United Arab Emirates and Qatar that are ahead of us on this scale, but when people ask why, they find out that those three countries hold that position because they pump a great deal of oil out of the ground. That is the totality of their economy. We stand seventh on that list of countries which are most productive in this world, and the sixth country in the United States. While the attempt on the part of the Tory opposition today was to paint a bad, black and gloomy picture, we are still in good stead as far as the World Bank atlas is concerned.

In the first five months of this year we have created new jobs at an annual rate of 439,000. The profit picture in Canada is improving substantially, as reported to the Conference Board of Canada recently. Our merchandise trade balance is now rolling up healthy surpluses, largely due to the fact that we have a devalued dollar. I do not know any businessman in this country today that is objecting too much to the fact that we have a devalued dollar.

What we have sitting opposite in the House is not an opposition, a group which provides healthy and constructive criticism, but a random cluster of individualists, a cabal of hit and run headline hunters, slippery-tongued salesmen who would be more fitted to selling snake oil medicine at a fly-by-night show. Their talk is all bark and no substance. The fog they throw out to confuse and disillusion the Canadian public disperses with sunlight and a close inspection and examination of the true facts.

I welcome this break. I hope that the opposition will go home, review their mistakes of this past year and come back with an improved performance. I am sure that if we had an improved performance from the opposition, we could also hope to have an improved performance from the government. But let us see it come from that side. We on this side are not afraid of criticism. A good, strong opposition that has something constructive to say will be of benefit to us. We do not mind being prodded or told that we have got work to do; that is fair game and fair comment in this House. Instead of the carping and constant criticism which comes from that side of the House, let us have something of substance, something concrete, something that moves forward and that gets on with doing the job in this House.

Before I close I would like to move—and I understand that this motion may be seconded by a member opposite:

> That this sitting continue beyond the ordinary hour of adjournment for the purpose of continuing consideration of the motion of adjournment before the House in the name of the Deputy Prime Minister and President of Privy Council.

Mr. Paproski: That is seconded by me, sir.

The Acting Speaker (Mr. Turner): Will those members who object please rise in their places.

Less than ten members having risen to object pursuant to Standing Order 6(5)(a), the motion is adopted.

Motion agreed to.

* * *

● (1652)

THE CONSTITUTION

CONCURRENCE IN FIRST REPORT OF SPECIAL JOINT COMMITTEE

Mr. Jean-Robert Gauthier (Ottawa-Vanier) presented the first report of the Special Joint Committee of the Senate and the House of Commons on the Constitution of Canada, and moved that the report be concurred in.

Motion agreed to.

* * *

HOUSE OF COMMONS

MOTION RESPECTING SUMMER RECESS

The House resumed consideration of the motion of Mr. MacEachen:

That when the House adjourns on Friday, June 30, 1978, it shall stand adjourned until Tuesday, October 10, 1978, provided that at any time prior to that date, if it appears to the satisfaction of Mr. Speaker, after consultation with the government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and

That, in the event of Mr. Speaker's being unable to act owing to illness or other cause, the Deputy Speaker or the Deputy Chairman of Committees shall act in his stead for all purposes of this order.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I want to speak on this adjournment debate because I have a grievance. Before getting to my grievance I want to say that it has been a cruel and an unusual punishment to have to listen to some of the speeches I have listened to here today since 12 o'clock. As far as the last speaker is concerned, I am not going to bother taking up any of the points he intended to make, because as the right hon. member for Prince Albert (Mr. Diefenbaker) said some years ago when listening to a member of the Liberal party, "When a big game hunter is out after big game, he does not get distracted by rabbit tracks". And that is what the hon. gentleman is. While I was listening to him, I was looking at the Newfoundland paper which says "Still no explanation for slub in the fishing nets". I thought to myself that there is no explanation for slub in the House either.

First of all, Mr. Speaker, this may be our last session. I thought it was to be our last sitting some months ago. Perhaps the Prime Minister (Mr. Trudeau) will get the courage to put his government to the test, to go to meet his maker, the Canadian voter, in the next several months before we reassemble on October 10. I certainly hope he does because it is time for him and gentlemen opposite to meet their makers and they have been avoiding that long enough. The last election was four years ago. Since it may be my last speech in this House—

Mr. MacFarlane: You won't be back.

Mr. Crosbie: I promise you I will be back for the next one.

Mr. Knowles (Winnipeg North Centre): You are not going to the other place, are you?

Mr. Crosbie: I am not going to any other place. But I want to say this, Mr. Speaker, I want to congratulate the Speaker on the fine job he has done during the months I have been in the House.

Some hon. Members: Hear, hear!

Mr. Crosbie: I think he has done a masterful job and I admire the way in which he has conducted himself and I wanted to say that before getting on to the other things in my remarks.

I want to point out another grievance that I have. I was told something a few days ago by the Minister of Industry, Trade and Commerce (Mr. Horner). In the last 18 months since I came to this House I have been attempting to get some progress made in the drydock owned by the government of Canada and operated by the CN, in St. John's, Newfoundland. For 18 months I have been working, first to get the Minister of Fisheries and the Environment (Mr. LeBlanc) to agree to allow our ports to be used by foreign fishing vessels for repair purposes, and secondly, now that we are on the verge of obtaining a contract with the U.S.S.R. to repair up to 60 Russian fishing vessels a year, that some $8 million be spent to put in a synchrolift in that federally owned dockyard so that they will have the capacity to do the work. We have been waiting now since March for a decision. The minister told me three or four days ago that that matter was before the Treasury Board and he expected an answer from the Treasury Board this Thursday. Not today, yesterday he expected the answer. And do you know, Mr. Speaker, that when I checked with one of his executive assistants today I found out that the minister's story was complete poppycock, that the matter was not before Treasury Board, that the matter has never gone to the Treasury Board, that there is some question of security for Russian crewmen. If the Russian ships are being repaired in those numbers there is some question being raised by some department as to security with the transfer of crews in St. John's harbour, and that this is holding them up and that no decision will be made until July 31. There is a grievance, Mr. Speaker, that I want to expand on this afternoon. When you cannot believe what a minister tells you, what are you to believe? Someone is wrong there. Either that matter is before the Treasury Board this Thursday and has been before them for the last several weeks, or it has not been before them. Either we are going to have a decision this week as the minister intimated, or we are not going to have one until the end of July. It is despicable, Mr. Speaker, and there should be an explanation from the minister. There is more to parliament

than passing legislation, Mr. Speaker. One of the main purposes of parliament is to try to get information from the government, to try to keep the government on its toes and to try to expose what the government is doing wrong. Yet, we have heard the Minister of State for Urban Affairs (Mr. Ouellet) suggest here today that there is something deficient in this parliament because we have not passed a huge barrel of legislation. That hon. minister was braying like a quagga, Mr. Speaker, here today in his speech. A quagga, for those who do not know what it is, is a wild jackass.

Some hon. Members: Oh, oh!

Mr. Crosbie: He had the audacity and the gall to suggest yesterday to the hon. member for Central Nova (Mr. MacKay) that when he questioned this minister about something that had gone on in his ministry, he was, and I quote "continuing to sling mud in the face of the French Canadians". This, on the eve of the great July 1 Canada Day holiday, and on which millions are being spent outside of this building. The great celebration of the French-English partnership in Canada tomorrow led by this great government that are such great nationalists and national unity proponents. And one of their members stands in this House and makes that kind of racist remark yesterday, Mr. Speaker. His implication was that if we asked a question of any of the ministers of French-Canadian descent, if we question any of them or doubt that everything they have done is on the up and up or suggest that some mistake has been made in their department or that something is wrong in their department that we are racist and anti-French because we dare question them. If that thesis is to be accepted, Mr. Speaker, the government is immune—

Mr. MacFarlane: It is your thesis.

Mr. Crosbie: Our Prime Minister is a Canadian of French descent, the Minister of Finance (Mr. Chrétien) is a minister of French descent and so is the Minister of State for Urban Affairs (Mr. Ouellet), the Solicitor General (Mr. Blais), the Minister of National Health and Welfare (Miss Bégin), the Minister of State for Federal-Provincial Relations (Mr. Lalonde), the Minister of Supply and Services (Mr. Goyer), the Minister of Fisheries and the Environment (Mr. LeBlanc), the Minister of Communications (Mrs. Sauvé). Is the opposition to stop questioning the Prime Minister and all those ministers because some people opposite are going to suggest that when we question them it is anti-French or that we are throwing or slinging mud in the faces of French-Canadians? Are not the English-speaking ministers also entitled to say that if we question them that by golly we are racist and throwing mud in the faces of the English-speaking Canadians? Have you ever heard the like of the depravity and lowness and the utter inappropriateness of any suggestion by a minister of that kind on the eve of July 1, Mr. Speaker? Just to analyse it is to show how low that gentleman has sunk and how low his government has sunk that they will go to those means to try to stay in power. I can assure you that we will not be put off by those kinds of suggestions or the kind of act that we saw here from the minister today. He is going to be questioned if this government comes back without going to an election, he is going to be questioned, he is going to be grilled, we are going to find out what went on in Hull and we are going to find out what went on in the Campeau heap. The Campeau heap is what it is, Mr. Speaker. It is boiling and steaming and we are going to find out, no matter if it is a French-Canadian, an English-Canadian, a Ukrainian-Canadian, a Lithuanian-Canadian, we do not care what kind of a Canadian it is. The government is responsible and the minister is responsible for everything that happens in their departments. We have that obligation and we are going to carry it out.

Some hon. Members: Hear, hear!

Mr. Crosbie: If patriotism was the last refuge of the scoundrel, that kind of defence of racial tendency or racial suggestion is certainly the last refuge of a scoundrel. It is not only a red herring, it is a Liberal herring, it is a rouge herring. It is a herring that is not going to work. This government does not deserve to be in power a day more. I wish they would call the election now and get it over with. Do not think that the government is going to be back here on the government side after the next election when it is called.

And the minister suggests there should not be parliamentary immunity. Why should there not be, Mr. Speaker? It was found necessary 400 years ago to protect members from being harassed by scoundrels and rascals and no-goods who had lots of money and if you opened your mouth they could slap you with slander and libel suits.

Mr. Muir: Mr. Speaker, I rise on a point of order. The whip of the Liberal party who is now hiding behind newspapers is interjecting every few moments, loud enough for the *Hansard* reporter to hear but for no one else in the House to hear exactly what he is saying. It he does not have the intestinal fortitude to rise to his feet and reply to the hon. member who is speaking, or criticize him or say something about him, would Your Honour ask him to remain seated on what little brains he has and then later if he has anything to say, let him say it.

Mr. MacFarlane: Mr. Speaker, I thought we were enjoying a very fine exchange, my close brother from Newfoundland and I. I do not know why anyone from Cape Breton would interject into a good Scottish exchange. We were having a very good time until he appeared on the scene.

Mr. Muir: I love a good fight but I have guts enough—

The Acting Speaker (Mr. Turner): Order, please. The hon. member for St. John's West has the floor. I suggest we all listen to him.

● (1702)

Mr. Crosbie: Mr. Speaker, I am not going to be deterred by any gusts from the honourable Gus. He may as well subside. Come down from the mountain and subside. I want to get on with my real grievance, the reason I stayed here all day.

My grievance is this. It is on behalf of nine million to ten million taxpayers. In my younger days I had the mistaken and

foolish belief that the tax laws of Canada were administered impartially, with equality to all, fairly, and that we were all treated alike in the administration of the tax laws of Canada. In the last two years I have discovered that is not the case.

I have unearthed a scandal of gigantic dimensions involving income tax in Canada. I have managed to piece it together. On May 19 I wrote the Prime Minister (Mr. Trudeau) a six page memorandum outlining the situation in connection with John Christopher Doyle. He was a Canadian citizen up to two years ago, when he became a Panamanian citizen in order to avoid extradition to Canada. I sent that memorandum to the Prime Minister on May 19. It sets out what happened in the income tax treatment of Mr. Doyle. It points out that for 1950, 1953 and 1954, the only years made public, that gentleman was re-assessed in the years 1955 and 1959. The Crown added income to his income. In one case, 1950, it was $200,000. In the second case, 1959, it was $1,800,000 and some odd dollars. He was re-assessed like taxpayers are from time to time.

In the normal course of events, as set out in the manuals of the Department of National Revenue, when you are re-assessed and tax is found against you in the re-assessment, you have to pay your tax within so many days. Before you appeal, you either have to pay the tax or put up satisfactory security such as a bank guarantee or a bond. In the case of Mr. Doyle, this was not insisted upon. He did not have to put up any security. Because of that, it did not matter to him whether he ever paid the income tax or whether the case ever went to court.

Mr. Doyle put in his notice of appeal. These two cases where he was re-assessed, in 1954 and 1959, were not heard by the Income Tax Appeal Board until 1967, eight years after the re-assessment in the case of the major re-assessment. The Crown did not do anything to move it forward. Therefore it was heard in 1967. An ordinary taxpayer's appeal would have been heard long before that because he would have paid the tax or put up security which was costing him money. It was not costing Doyle anything, and the Crown did not do anything.

Eight years later, the Income Tax Appeal Board heard his appeal. It dismissed the appeal. He appealed to the Exchequer Court of Canada on June 29, 1970. Mr. Justice Gibson dismissed his appeal and reaffirmed the re-assessment for millions of dollars.

On October 15, 1970, Mr. Doyle gave notice of appeal to the Supreme Court of Canada. The Crown did nothing for the next seven years to bring that appeal before the Supreme Court of Canada. Naturally Doyle did nothing, because he did not pay his tax. Doyle was not paying for a bond or a bank guarantee. They had not even received any satisfactory security from Doyle. He did not care if it was ever heard.

This man was treated better than all the other taxpayers of Canada. When I raised this matter in the House of Commons a year and a half ago, action finally commenced. One appeal was heard in the fall of 1977. It was dismissed from the bench by the Supreme Court of Canada. They did not have to consider their judgment.

The second appeal, a major appeal, was heard May 3 and 4, 1978. Twenty-four years after the income tax year in question, it was heard by the Supreme Court of Canada, and dismissed from the bench. They did not hold back their judgment one second. As soon as the lawyers finished, they dismissed the appeal, involving several millions of dollars, with costs to the Crown. There were no unusual points of law involved. There was no unusual difficulty. Why this kind of treatment?

We now discover that $5,014,281.13 is owed by Mr. Doyle for the years 1950, 1953, and 1954. It has not been paid 28 years after 1950, and 24 years after 1954. These amounts still have not been paid. The Crown has not got security. The Crown is now unable to collect on the few shares and share certificates it has because Mr. Doyle and his lawyers are challenging their security. They have not been able to sell or realize a cent.

Mr. Doyle no longer lives in Canada. The same Mr. Doyle has control of 18.4 per cent of the shares of Canadian Javelin Limited, a Canadian company incorporated under the Canadian Companies Act. There are 12,000 shareholders, 75 per cent of them American, and he is denuding that company of its assets without anyone apparently being able to do anything about it.

The Canadian government claims it cannot collect the taxes. When we look at today's paper, what do we see? Canadian Javelin Limited had a meeting yesterday to elect directors. The notice of meeting said that Mr. Doyle had a significant role in the company's management in forming its policies and selecting nominees for election as directors. He controls it because his 18.4 per cent gives him control, there being widely scattered shareholders.

It said that Javelin has offered Mr. Doyle $2.7 million in reimbursement for disbursements he spent in maintaining control of the company. Imagine, his personal expenses of $2.7 million for trying to keep that company under his control are coming out of the assets of that company under this plan of Mr. Doyle and his captive board of directors.

Mr. Doyle is attempting to get an option on 4.2 million shares at $1 each, and they are going to pay him interest on the money he spends to take up the option. In other words, Mr. Speaker, that is the same as a rape victim advancing the person who raped her money to cover his expenses, and giving him a chance to do it over again! It is the most extraordinary proposal ever put to a company. This company is controlled by Mr. Doyle and his tame board. That is what this Canadian company is doing. And this government stands by and does nothing.

Not only is that going ahead, but on January 26 of this year Canadian Javelin announced that it was turning over control of four of its subsidiaries to Pavonia SA, a wholly-owned subsidiary based in Panama City, Panama, where Mr. Doyle lives and has control of the situation.

Javelin is to cancel $17.9 million owed to it by its subsidiaries in exchange for further shares in Pavonia, already a wholly-owned subsidiary of Javelin. This is fraud. Pavonia is a wholly-

owned subsidiary of Javelin, and Javelin is going to cancel $17.9 million in debts owed to it by Pavonia and other subsidiaries in exchange for more shares of Pavonia.

If you own 100 per cent of the company, you cannot own any more of it. How can you cancel what the company owes you in exchange for more shares in that company? However, that is what is happening to Canadian Javelin Limited to get the assets of that company in a company in Panama where Mr. Doyle and his cohorts can complete the despoilation of the company.

Since late 1977, in response to pressure from me, the Minister of Consumer and Corporate Affairs (Mr. Allmand) has had the Restrictive Trade Practices Commission appoint an investigator into fraudulent acts in Canadian Javelin Limited. On May 17, 1977, an order was obtained from the Restrictive Trade Practices Commission appointing Mr. Fred Sparling as an inspector to inquire into allegations of fraud in connection with the operations of Javelin. There is still no report from Mr. Sparling, mainly because Mr. Doyle and his cohorts in Canadian Javelin Limited are taking legal action to attempt to stop Mr. Sparling from completing his work.

Are the Canadian government and Canadian law helpless? Will the government stand by helpless while this company and its shareholders are despoiled of their assets like this? There have been no dividends paid by that company in the last ten years despite various substantial revenues going into it from Wabash mines royalties. Millions of dollars a year are being taken out for the benefit of Mr. Doyle, and the shareholders receive nothing. This is the person with whom we are dealing.

Some people might say that perhaps Mr. Doyle was such an exemplary citizen that the government wanted to give him every chance in connection with his tax problem, that he was such a great builder of Canada, such a man of character and probity, that the government wanted to bend over backwards to treat him better than all the other taxpayers of Canada. That is not so, Mr. Speaker, Mr. Doyle has been a fugitive from justice in the United States since 1965. He fled the United States because he was convicted of wrongfully sending share certificates through the mails there. The judge sentenced him to three months in jail. He fled the country and has not been back there since.

Since 1965 the government has known that this man was a fugitive from justice in the United States. That year he left Canada. He was on bail, having been charged with certain fraudulent acts, he has since been charged on 408 other counts of wash-trading, and he is now in Panama. He will not come back to Canada. He has changed his citizenship and is now a Panamanian citizen.

● (1712)

The government knew that this taxpayer is not an exemplary Canadian citizen. I have been bringing this matter for a year and a half, now, to the attention of the Minister of Justice (Mr. Basford), the Minister of National Revenue, and the Minister of Consumer and Corporate Affairs. Finally I wrote to the Prime Minister, the head of the government, a man who had been minister of justice, and I drew all these facts to his attention and asked him to establish a commission of inquiry. Forty-two days ago I wrote to him. It was on May 19—six weeks ago today. I had a perfunctory acknowledgment from someone in his office, and today I asked the right hon. gentleman a question in this House. I was treated with contempt. The Canadian people were treated with contempt. He did not care whether there was a scandal going on in connection with the administration of the tax laws in Canada. He attempted to pass it off as a mere nothing.

Why should I pay my taxes? Why should the other ten million taxpayers in Canada pay taxes, when people like John C. Doyle do not have to pay, simply because they have influence with the government? What is the explanation for that? The Prime Minister was minister of justice in 1967 and 1968 and this matter was not pursued then, either. There have been seven or eight other ministers in that portfolio since then and still nothing has been done. I have now brought the matter directly to the right hon. gentleman's attention.

Any head of government interested in the equal, impartial and fair administration of the tax laws, any prime minister interested in doing away with any hint or breath of scandal connected with the administration of the tax laws, would appoint a commission immediately to get to the bottom of the affair. At least he would authorize the public accounts committee to investigate the matter, or would authorize some other authority to do it. It is necessary to call witnesses to delve into the matter to find out what has happened and why it happened.

Shares of the Canadian Javelin Company held as security by the Crown were worth $18 in September of 1973. Now they are worth $1.70. The stock of that company is off the Montreal Exchange. It is not allowed on the American exchanges. It has been delisted all over the world. There has been action after action taken against it. It has been scandalously used and misused by Mr. Doyle and his cohorts for 20 years. And the Canadian government appears to be powerless. No one raises a voice against it, except myself and a few others. When we do so we are ignored.

What is wrong with Canada, with the administrators of the law in Canada, and the public conscience of Canada, Mr. Speaker? Something like this goes on, and you cannot even get anyone to take an interest. The press is not interested, the media are not interested, the Prime Minister, the head of the country, is not interested. What is wrong? There is $5 million owed by this one taxpayer, it has been owed since 1954, and nobody gives a hoot. Why should the ladies and gentlemen listening to me now pay their taxes? I suggest we all go on a tax strike if the government fails to act with the utmost rigour.

Another thing I want to know, Mr. Speaker, is about the other tax years. The years I refer to are 1954 to 1977. The Minister of National Revenue refuses to give me any information on these years. I am told that is privileged information. What about the fact that in 1964 an attachment was put against Canadian Javelin, the effect of which was to have anything owed to Mr. Doyle paid over to the government?

Then they stood by until the fall of 1977, and ignored the fact that Canadian Javelin failed to comply with the attachment and paid out to Mr. Doyle a million and a half dollars through a company in the Bahamas. They paid the money to Javelin Exports Limited in the Bahamas and Javelin Exports would pay Doyle—all the money coming from Canadian Javelin. This was done in defiance of the government's attachment of 1964, and nothing was done about it. Nothing was done in the ensuing 13 years until I got after them.

The whole thing reeks of influence, of political skullduggery and corruption. We want to see an inquiry established and to know how this happened. What instructions were given to ministers? When were reports of these matters made to ministers? What did those ministers say when it was reported to them down through the years?

As I say, I wrote the Prime Minister a memorandum. It was six pages in length, and I do not have time to read it all into the record. To put this matter in its best light, Mr. Speaker, is to call it willful and wanton misconduct. But I suspect it is really much worse than that. Mr. Doyle has been a Liberal and has been involved on the fringes of the Liberal party for many, many years. He was an intimate of Premier Smallwood of Newfoundland who interceded on his behalf in Ottawa many times. If we ever get a look at those files we shall see that Doyle was an intimate of Mr. Smallwood, an intimate of Mr. Pickersgill. I believe even the Prime Minister knows him. He was involved in Quebec politics for years.

Some books—and I might mention volume III of the memoirs of the right hon. gentleman from Prince Albert—referred to certain activities which took place in 1963 when a change of government took place in this country. There is a lot under the surface in connection with this matter, Mr. Speaker. We will never know, of course, just what is behind it until the government agrees to hold a proper investigation. I really hope that if an investigation is held it will find there is no corruption, that there is nothing to be discovered and that it is all above board. But I must say that, even if there is no corruption, there is monumental incompetence, the worst kind of negligence, and the worst kind of malfeasance in office.

I asked a question of the Minister of National Revenue the other day and in his reply he told me that there are 14 people in Canada who owe over one million dollars in income tax, as at March 31. One of them owes over $5 million. That is brother Doyle. I am told that the average amount owed by some 613,000 taxpayers is $846. I guess Mr. Doyle really brings that average up with his debt of over $5 million. That is the kind of information I can get from the department, but no information is available to me for the years 1954 to 1977.

Other information I have been unable to obtain concerns how many people put up bank guarantees when they appeal, how many have to pay their taxes, and so on. But in the annual report which comes before this House it is said that the taxpayer has to pay up every time he is reassessed. I quote from that report:

> It has been the practice of National Revenue that taxes assessed against a taxpayer must be paid whether or not there is an objection or an appeal by the taxpayer.

In this connection I refer to the Annual Report of the Department of National Revenue entitled "Inside Taxation", page 40. It states:

> During appeal periods the amount assessed must be paid whether or not there is an objection or appeal outstanding. In certain circumstances the department may accept collateral security for the amount of the debt until the issue is resolved.

As a member of this House, I brought this matter to the attention of the Prime Minister thinking, in my foolish innocence, that the Prime Minister of the country would be interested in the fair and proper administration of the tax laws. I thought he would be interested in making sure that any allegation I have set out in my memorandum is wrong. As can be seen from a glance at the right hon. gentleman's answers in *Hansard* today, he does not care, just as he does not care, in my opinion, about national unity except in a partisan sense; just as the Minister of State for Urban Affairs (Mr. Ouellet) does not care about national unity but will use any kind of skullduggery, thuggery and skuggery to try to keep in office, even to the extent of suggesting that members of this House are racially biased.

Are the people of Canada prepared to tolerate this kind of stinking mess the government will not make any attempt to find out about? If there was one thing I always thought, Mr. Speaker, it was that taxpayers were always treated alike. Yet here we have definite proof, beyond any doubt, that taxpayers are not treated equally. One powerful taxpayer with dozens of lawyers in his employ has been able to go for 28 years without paying his taxes. For the last 15 of those years the party opposite has been in power, and for the last ten of them the government has been headed by the Prime Minister. Why is this so? The whole matter cries for a complete public investigation of our tax system, how our taxes are imposed, how they are collected, what security is taken when the Crown reassesses you. The whole thing has to come under the most open kind of scrutiny. There is something wrong with our laws when a company such as Javelin can be raped and raped again, its assets taken out of the country and given over to Mr. John C. Doyle in the Bahamas, in Panama, in Costa Rica, and its shareholders helpless to do anything about it. Twelve thousand shareholders own a few hundred shares each, and there are no major shareholders. It has a captive and subservient board.

● (1722)

Our laws have got to be changed, Mr. Speaker. We can do better than this. A year ago last May the inspector was appointed, and Mr. Doyle has him tied up in court. I have one of the judgments here today, and Mr. Doyle has got other actions going on in Montreal to prevent the government from selling the few scrawny shares they have got in Canadian Javelin, that he owns, to try to collect some of the tax that he owes. Mr. Speaker, that's why I wanted to speak on the adjournment debate, because when we adjourn this is the time to bring forward grievances, and I would like the parliamen-

tary secretary or whoever is there from the government to get on to the Prime Minister and say to him, whether this gets much publicity now or doesn't get much publicity now, that the member who is speaking here today is going to keep at it for the next 50 years, if necessary. So it is going to get publicity.

It is going to be in the history books. It is going to be on the record. It is going to come out, and it is better for the Prime Minister to get at it now and appoint an investigation and cut out this canker and this sore.

I am surprised that the national press and media care nothing about it. I sent them copies of all this stuff, and there wasn't a word. The crusading press, the investigatory press, they don't care. They don't care about something like this. Nobody has taken the time and effort to try to go further. I haven't got the resources, Mr. Speaker, to go any further than I have gone. I have done all I can with the resources I have at my command.

And then there is the suggestion about parliamentary immunity. That is a silly argument that was brought forward that we shouldn't have parliamentary immunity. Why, Mr. Speaker, do you think I would dare say anything about these things if we didn't have parliamentary immunity? The people I am dealing with would have me sued from one end of the country to the other. They would be throwing suits—false ones—but I would have to defend myself. I would have to pay hundreds of thousands of dollars in legal fees even to mention these things. That is what they are doing now with the government. It is going to cost the government hundreds of thousands of dollars to deal with Doyle and his lawyers, preventing them from selling the bit of security they've got, preventing this Mr. Sparling from doing his job. They have got suit after suit.

They are appealing the judgment they just lost against Mr. Sparling in Montreal, now. Lask week the judge found in favour of the government, and the Javelin forces are now appealing that. There is a second case they have taken. Harassment after harassment! He is taking the money from Canadian Javelin, from the other shareholders, from the other 82 per cent. Their money is being used to finance these suits in the hundreds of thousands and millions all over the world, and we are powerless to do anything. So I am glad I have parliamentary immunity, Mr. Speaker. I need it, or I would be frightened to death to open my mouth about this because it would be costing me hundreds of thousands in legal fees.

Don't say that we should take away parliamentary immunity. How are we going to raise the things, Mr. Speaker, if we do not have some kind of immunity? It is not whether you can prove it or not. It is whether you have got the financial assets to go into court on the harassing lawsuits that they would have against you all over the world. I know whereof I am speaking with this gentleman, and I know the tactics they are capable of, and I know the lengths to which they will stoop. But I am dedicated, Mr. Speaker, to getting this resolved one way or the other.

[Mr. Crosbie.]

I have lots of other things I am going to do, too, but I have been in this now for the last two years, and as long as I am returned to this House, if we don't have the government—if we have the government there will be a fantastic investigation, you can bet your bottom dollar—if we don't have the government, I will be back at it next year and the year after that, and the year after that. I will be at it as long as I am returned, and that may be a long time. And then if I am not returned, I will still be at it some other way, because, Mr. Speaker, this cries out for investigation.

Why should the little taxpayer of Canada, the man who pays the thousand, the man who pays five thousand, the man who pays ten—and as a lawyer I have come across many cases where they have reassessed you, and they have come in without any compunction, and you pay up what they have reassessed or they put the sheriff right on your assets. They grab your bank account. They put attachments with your employer. Yet there is this rogue and scoundrel, not only despoiling a Canadian company and its 12,000 shareholders, Mr. Speaker, but being treated with kid gloves. He doesn't have to pay the tax, doesn't have to put up adequate security, yet everybody else does. I have seen cases myself where there are tens of thousands of dollars involved, and you had to get a bank guarantee and pay the bank a fee to get the bank guarantee before you were allowed to put in your appeal.

So, Mr. Speaker, there is something wrong here, and I wouldn't be speaking on the adjournment today if the Prime Minister hadn't tried to treat this so lightly. If he knew nothing about it he should have said, "I know nothing about this." Well, it is a serious question here of our income tax, and I am certainly going to get to the bottom of this.

This is the kind of thing you would expect. This is a man I voted for in 1968 to become leader of the Liberal party. My God, how I have been disillusioned, Mr. Speaker. When I first got elected here 20 months ago, I still had a good regard for the man, but from what I have seen in here in the last few months, my regard for him is diminishing quickly, and today put the kibosh on it all together. I thought he was using this national unity bit and so on in a non-partisan manner. I now have got other observations on that, and when we get into the constitutional debate, you bet I am going to lay on the line what I think about that grabbag of constitutional proposals that the Prime Minister has put before us, what I think of them, and what he is up to there. I could give him the benefit of the doubt on that, but now, Mr. Speaker, on this I can't give him the benefit of the doubt.

The man knows better than that. The man has to know better, if he is the Prime Minister. He has been minister of justice of this country, but he tries to cover up and slough me off with his foolish comments on a question like this. So I just leave, Mr. Speaker, and I hope this is the last session of this House. I hope we get to the electorate in the fall or whenever, before we come back here on October 10, but if we don't, I'll be back to ask the Prime Minister about this case, in case my letter is not answered. It is six weeks now. October 10 will be another three or four months, but on October 11, I'll be here

putting down an order 43, asking a question, getting down to the finance committee. I am not going to let it drop, so the Prime Minister better get on the job and find out just why, for the last ten years, this case has been treated so partially and why one John Christopher Doyle, now a Panamanian citizen, has been given every possible leeway that the human mind could imagine while the rest of the Canadian taxpayers are being bled to death, and stamped on, and seized in the tax, and their assets taken to pay for the debts of this government.

Mr. Paul E. McRae (Fort William): Mr. Speaker, I am pleased to be able to participate in this adjournment debate. I do not know that I have enjoyed the last year or so as much as I would have hoped. There has been much discussion about the RCMP and the Official Secrets Act. There have been scandals here and there, but they all seemed to amount to rather small things. I do not think the public is particularly taken. I think the public has faith in its institutions and will continue to do so.

I was rather pleased today when at the beginning of this debate the hon. member for Grenville-Carleton (Mr. Baker) spoke about economic matters. I do not feel that these matters have been given the attention they should be given. I do not find myself in agreement with the substance of the remarks of the hon. member, but I am certainly pleased that he raised the matter of our economic problems.

One of our economic problems has to do with unemployment. I do not think there is any question that in Canada we have a serious unemployment problem. The hon. member stated that we have the worst unemployment rate of any of the industrial countries. This may be true. I am not sure that I entirely agree with him, but it is probably true on the basis of some of the figures we have, although I have seen some work done about Sweden and other countries and I saw a report last year, which I think was seriously done, which showed that the Swedish unemployment rate at the end of last year was something in the order of 11 per cent.

● (1732)

This comes about partly because people do different things with their unemployed. I am told, for example, that the Japanese unemployment rate, if the Japanese dealt with their unemployed the way we do, would also be very high. Apparently in Japan you do not fire redundant employees, you keep them on. These are some of the things we have to take into consideration. So I do not agree entirely with what the hon. member said. I think the unemployment rate is far too high, but I think we should go into it in a little more depth than did the hon. member, and this is what I would like to do for the next three or four minutes. I will keep my remarks very short.

The basic reason we have such a high unemployment rate in this country, maybe higher than in many other countries, has to do with the growth of the labour force. I have a chart here prepared by Statistics Canada which was produced in the last couple of weeks in a publication on this matter. I would like to refer to this chart to give some indication of the increase in the labour force in Canada which has given rise to this very high unemployment rate. If you take the base figure of 100 in 1965, we see that in West Germany for every 100 people employed in 1965 there are now only 96 people employed. If we look at Italy, for every 100 people employed in 1965, there are still 100 employed. If we go to the United Kingdom, the figure is now 104 people. In France it is 110, in Sweden it is about 112, in Japan it is about 114. If we go to the United States, for every 100 people on the labour force in 1965 there are now 129. In Australia the number is 130. If we go to Canada, on the other hand, for every 100 people in the labour force in 1965, in 1977 there were 146. This is a very significant figure. Our labour force has grown at a much faster rate than anyone else's.

This is a selection of countries, but I do not know of any other country which would change this picture in the industrialized world. I am giving all of the countries that were listed in this chart; I am not taking one out and adding another one. This is the way this information is produced by Statistics Canada. I think it is extremely important to note that we have 146 people in the labour force today for every 100 we had in 1965, and nobody else comes close to that, not even Australia with 130.

Let us compare Canada with the United States. This is a comparison which we should be looking at partly because 70 per cent of our imports come from the United States and the United States is our major trading nation, so what happens in the United States also happens to us. I think it is important that we look at the United States to see how they fare in this situation. As I indicated, they had 128 people in the labour force in 1977 as opposed to 100 in 1965. If we had the same growth in the labour force as the United States has had, we would have far more jobs than we have people to fill the jobs. I think that is a very important point to remember.

I have other figures which I do not have here, but I would like to give some indication of why this came about. From 1951 to 1971—these are the only figures I have—the school population from grade one to university increased by 240 per cent, two and a half times. At the same time, the population of this country went up by only 30 per cent. There is a factor of eight; the school population grew eight times as fast as the general population. Part of the reason is that people stay in school longer, but one of the other major factors is that we have far more people going into school. I do not have the figures for the United States, but they are much lower than this.

When one condemns the economic situation in this country, it is important to understand how extremely difficult it has been to solve this problem. Admittedly, at a growth rate of 8.5 per cent, an unemployment rate of 8.6 per cent is not desirable; it is far too much. But on the other hand, there are some very strong reasons why we have this problem and we have done a remarkable job in job creation. As one hon. member mentioned earlier, in the first five months of this year the rate was over 450,000 jobs created put on a yearly basis. So we have done a superb job in this situation though we still have a major job to do.

I would like to indicate that I think this is a global situation, it cannot just be seen as the Canadian situation. I will conclude by listing the three factors involved. The first one is that, globally, there has been a quantum leap in the problems that all governments have had to face, such as inflation, unemployment, foreign exchange problems, et cetera. Second, there has been a massive shift in terms of energy problems. We now have a unique notion, that is scarcity, which has created a series of other problems. Third, the techniques that we have traditionally used to solve these problems, Keynesian types of techniques, do not work either because the problems are too large for that kind of solution.

I should like to say in conclusion that we have many problems in this country, but if we are going to solve them, we will have to work together over the next several years as a nation to eliminate them.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there are a couple of matters that I would like to raise on a point of order before the question is put on the motion. The first one has to do with questions on the order paper. I understand that there will be willingness to allow us to deal with questions on the order paper prior to the adjournment motion coming into effect. That is certainly agreeable to us.

The second matter is the discussion which has been going on between the hon. member for Peace River (Mr. Baldwin) and the Secretary of State (Mr. Roberts) with respect to the report of the Standing Committee on Regulations and Other Statutory Instruments to the effect that the report be allowed to stand rather than be proceeded with in any other way. I would like to ask the parliamentary secretary to consider whether we could do that before we close.

Finally, I understand that today is the last day on which parliament will be served by pages. I have come to know those pages—the hon. member for Winnipeg North Centre (Mr. Knowles) has known them for many years before me—and they have served us so well. I understand we may well be proceeding to another system which you, sir, mentioned a few weeks ago.

I thought it might be appropriate if, before we rose—in the event that we will not be back in this parliament—I called the attention of the House to this day being the termination of a particular kind of service by a devoted section of the staff of the House of Commons, and to compliment them on behalf of all members of the House for the work they have done and the devoted service they have rendered to each one of us, sometimes far beyond that which we would normally ask anyone to do except in their most unusual form of service to a most unusual institution.

I would like to say that on behalf of my own party certainly and, I hope, on behalf of all of us in parliament, and to thank those who are here, and those who have gone before them who are represented by those who are here, for their years of devoted service to this parliament, to making it a much better place in which all of us can function.

Some hon. Members: Hear, hear!

[Mr. McRae.]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am pleased that the hon. member for Grenville-Carleton (Mr. Baker) has raised this point about the change that is being made with respect to the service being provided to us in this chamber. I am sure that I speak as he does for all members of parliament in saying we want to pay tribute to the service that the boys have given us. They are a fine bunch. I know that they are hoping—if they hear what we are saying—that it does not mean that their jobs are in jeopardy. Their jobs are protected under the new system, and I am glad to see some affirmative nods from the table. I hope the page boys see those nods as well.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): As the hon. member for Grenville-Carleton said, I have seen quite a few generations of these boys come and go. In fact, sometimes when I travel across the country I meet some man who speaks to me who looks almost as old as I do and he says: "I remember you well from the time when I was a page boy in the House of Commons back in the 1940s or 1950s". They have rendered a great service over the years, and we have had no better bunch of boys than we have at the present time; I join in the tribute to them.

• (1742)

With regard to the other two points raised by the hon. member for Grenville-Carleton, I see no difficulty about one of them, namely the motion in the name of the hon. member for Peace River (Mr. Baldwin). It is on the order paper. We will not reach it today, so it will stand, and it will be there when we return on October 10, if we come back.

As for the suggestion that we stay a moment longer in order for the Parliamentary Secretary to Deputy Prime Minister and President of Privy Council (Mr. Pinard) to give us any answers which he has to written questions, that would be desirable, and certainly we agree to it.

Mr. Speaker: Order, please. I should like to make a few comments respecting the pages who were mentioned in glowing terms, quite appropriately. We will commence the implementation of a new system in the fall, but at this point I should like to reiterate the kind words which have been said about the work done by the pages, and indeed all of the staff of the House of Commons. We are proud of our staff at all times. In case I was not clear enough when I referred to this matter the last time, I should like to indicate formally that any introduction of a new page service in the House of Commons will be done without any risk whatsoever to the safety of employment of the pages who have been here for a considerable period of time.

Some hon. Members: Hear, hear!

Mr. Speaker: At first we will draw on the experience of the boys who are here now. In turn, certainly we will find places for them in the service of the House of Commons elsewhere than as pages. Perhaps it is not widely known, but this is

something which has happened with great regularity in the past. Those who come here after they have left school at 16 and 17 years of age serve for a year or two as pages. Many of them have been able to find a place in the service of the House of Commons, and many of those who serve in very senior capacities in the service of the House began as pages. Certainly I want to repeat that assurance. In whatever changes are made, there will be places for the boys who are here now. I echo my comments that they deserve it.

In respect of receiving answers to questions on the order paper, obviously if answers are prepared it would be a shame to leave for a break without having those answers filed. Before putting the question, we need an indication that unanimous consent would be given for that purpose and that purpose only.

In respect to the motion of the hon. member for Peace River (Mr. Baldwin), since it was not reached today, it stands protected on the order paper and will reappear when the House resumes.

Therefore the question is on the motion of Mr. MacEachen. Is the House ready for the question?

Some hon. Members: Question.

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

Some hon. Members: Agreed.

Motion (Mr. MacEachen) agreed to.

Mr. Speaker: The hon. Parliamentary Secretary to Deputy Prime Minister and President of Privy Council (Mr. Pinard) is seeking the floor to answer questions on the order paper, and for that purpose only. Is that agreed?

Some hon. Members: Agreed.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): We cannot keep anything from you, Mr. Speaker. It was my intention to ask for such consent. The following questions will be answered today: 3 to 28 inclusive, 484, 1,526, 1,682 and 1,790.

[*Text*]

COST OF GOVERNMENT ADVERTISING

Question No. 3—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of the Solicitor General for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 4—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Consumer and Corporate Affairs for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 5—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Industry, Trade and Commerce for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 6—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Finance for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 7—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Labour for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 8—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Justice for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 9—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of External Affairs for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 10—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Treasury Board for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 11—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Transport for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 12—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Supply and Services for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 13—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Energy, Mines and Resources for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 14—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Agriculture for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 15—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Indian Affairs and Northern Development for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Order Paper Questions

Question No. 16—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Ministry of State for Science and Technology for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 17—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Ministry of State for Urban Affairs for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 18—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Veterans Affairs for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 19—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of National Health and Welfare for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 20—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Communications for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 21—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of National Defence for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 22—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Public Works Department for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 23—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Fisheries and of the Environment for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 24—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Regional Economic Expansion for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 25—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of Manpower and Immigration for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 26—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Ministry of State (Small Business) for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 27—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Department of National Revenue for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Question No. 28—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost to the Post Office Department for advertising in Canada (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See reply to question No. 2 tabled this day.

MR. RICK VAN LOON

Question No. 484—**Mr. Peters:**

1. Is Mr. Rick Van Loon, an employee of the Department of National Health and Welfare and (a) if so (i) is he known to the senior officials (ii) what is his occupational status, classification, etc. (b) if not, has he had any other status with the Department i.e., as a consultant, speechwriter or a contracted person and, if so, what are the details in brief, including the remuneration by year and by item or project contracted for, the total sum he may have received in recompense and expenses?

2. Is Mr. Van Loon's arrangements with the Department through a corporate arrangement on his part and, if so, what is the name and nature of the corporation?

3. Has the Department made any arrangement with any other employer or contractor for whom Mr. Van Loon may work, for the use of his services and, if so, with whom and with what detail or agreement?

4. Does the Department have a policy with regard to the use of persons who are employees of universities and, if so, what are the main features of such a policy?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Consultant on federal-provincial relations for up to eight days per month, at a rate of $175 per day.

2. No.

3. No.

4. No.

DAIRY POLICY FUNDING

Question No. 1,526—**Mr. Tessier:**

Did the government allot funds under the dairy policy during the fiscal year (a) 1974-75 (b) 1975-76 (c) 1976-77 (d) 1977-78 and, if so, in what amount?

Hon. E. F. Whelan (Minister of Agriculture): Yes. (a) 1974-75, $251,100,000; (b) 1975-76, $275,000,000; (c) 1976-77, $268,500,000; (d) 1977-78, $450,000,000.

EXPENDITURES IN KOOTENAY WEST

Question No. 1,682—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Public Works in the Constituency of Kootenay West from July 21, 1977 to date?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): During the period July 21, 1977, to March 31, 1978, Public Works Canada spent a total of $470,000: $395,000 from public works appropriations and $75,000 on behalf of other government departments.

MR. BILL JANZEN

Question No. 1,790—**Mr. Epp:**

Has Mr. Bill Janzen of Manitoba, been hired or appointed to CEMA and, if so (a) what are his duties (b) what is his annual salary (c) what is his annual expense account?

Hon. E. F. Whelan (Minister of Agriculture): No. (a) to (c) not applicable.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 2 could be made an order for return, this return would be tabled immediately.

Mr. Speaker, obviously I join in for the customary expressions of congratulations and thanks.

[*English*]

Mr. Speaker: The questions enumerated by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 2 shall be deemed to have been an order for return?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

COST OF GOVERNMENT ADVERTISING

Question No. 2—**Mr. Balfour:**

For the fiscal year ended March 31 (a) 1975 (b) 1976 (c) 1977, what was the total cost of advertising in Canada for all government departments and agencies (i) in newspapers (ii) on television (iii) on radio (iv) in magazines (v) in all other forms?

Return tabled.

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

Some hon. Members: Agreed.

Mr. Speaker: It being after five o'clock, pursuant to order made earlier this day, the House stands adjourned until Tuesday, October 10, 1978, at two o'clock p.m.

Before taking the mace from the House, I invite all hon. members present, and the usual guests to whom we have always extended some hospitality on these occasions in the past, to join us in Room 16.

At 5.48 p.m. the House adjourned until October 10, 1978, pursuant to Special Order made this day.

HOUSE OF COMMONS

Tuesday, October 10, 1978

The House met at 2 p.m.

• (1407)

[*English*]

ROUTINE PROCEEDINGS

HOUSE OF COMMONS

BY-ELECTIONS—BROADCASTING OF PROCEEDINGS—PAGE STAFF

Mr. Speaker: Order, please. May I take this occasion to indicate to members of the House that, in accordance with the representation made by the government under the provisions of Standing Order 42(2), I have caused to be published a special order paper giving notice of a bill entitled "An act to provide for an additional advance poll in respect of certain by-elections." I now lay on the table a letter dated October 7, 1978, from the government House leader concerning that bill.

May I also just take a moment to inform members of the House very briefly of two important developments, the first of a more routine nature and the second, I think, of an historic nature. The first, by way of a more routine nature, is to point out that in the regular process of the installation of equipment for the televising and broadcasting of the proceedings of the House we have taken advantage of the vacation period to make further adjustments to the sound systems by way of some improved microphones, and we hope members will find that to their advantage in the work that lies ahead of us.

We have also been able to complete the moving of the control unit for television and radio broadcasting of the proceedings into the premises that were provided during the vacation last summer and out of their temporary quarters. The equipment for the total remote operation of the cameras is not installed now, but we hope to install it fairly soon. For the moment, the cameras on both sides of the House will be manned manually as they have been in the past, but we expect very shortly to have that done by totally remote and automated equipment.

May I also now take just a moment—I will, of course, allow approximately ten minutes which would have been provided for applications under Standing Order 43, and then the proper question period—before entering into any business of the House today, to point out to members of the House that there is an obvious historic development in the proceedings of the House today; that is, that for the first time in the history of the House of Commons of Canada we are being served by both male and female pages.

Some hon. Members: Hear, hear!

Mr. Speaker: That has come about not just as a result of some successful aggression on the part of the women's liberation movement in the country but, rather, by way of a far more comprehensive program to which I made reference last spring. After some very diligent work by the Standing Committee on Management and Members' Services and some of the staff of the House, we found a formula whereby we could invite 36 young, first year university students from all across the country to serve here as pages. We have an equal representation from all the provinces and territories in the country. So for the first time we have been able to find a program whereby these young students could journey here and, still maintaining their academic standing in their own home region, find a schedule of work which would allow them to fully serve the House of Commons.

We know we will benefit greatly from their presence here and we hope they will as well and, indeed, that in future years the entire country will benefit from having these citizens back in the country, better equipped through education and through their exposure here to a practical knowledge of the Canadian House of Commons. I am sure all members of the House will want to join me in welcoming here this great group of young Canadians in the service of their country.

Some hon. Members: Hear, hear!

Mr. Speaker: Perhaps the House would agree to receive applications under Standing Order 43 until 2.20 p.m., and then questions until 3.05 p.m. In that way we would regularize the proceedings for today. Is that agreed?

Some hon. Members: Agreed.

* * *

[*Translation*]

FINANCE

REQUEST BUDGET BE PRESENTED BEFORE END OF OCTOBER—MOTION UNDER S.O. 43

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important and urgent matter.

S.O. 43

One of the main causes of the economic crisis in Canada is the persistent refusal by the present government to tell the whole truth to Canadians about the country's accounts and about its economic plans. Therefore I move, seconded by the hon. member for Joliette (Mr. La Salle):

That the Minister of Finance table a new budget before the end of this month and that this budget include complete and accurate estimates on the real economic growth and on revenues and expenditures of the federal government for the current financial year as well as for the following ones, and that he indicate the source of these estimates.

Mr. Speaker: Order. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

PUBLIC SERVICE

COLLECTIVE BARGAINING—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, under the provisions of Standing Order 43 I wish to present a motion on a matter of urgency. Therefore, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent), I move:

That this House registers its strong objection to those elements of Bill C-28 that negate the principle of free collective bargaining in the federal public service, and therefore calls on the government to let Bill C-28 drop with the ending of this session and to pledge itself not to introduce such an unfair piece of legislation in the new session that will begin tomorrow.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

URBAN AFFAIRS

HOUSING SITUATION—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. As the Minister of State for Urban Affairs (Mr. Ouellet) knows, there are 155,000 households living in substandard, crowded accommodation and 438,000 households are paying more than 30 per cent for shelter, yet under his leadership the national housing authority production, addressed especially to these problems, has declined from approximately 21, 000 units in 1971 to under 12,000 in 1977.

[Mr. Clark.]

I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of State for Urban Affairs resign from his other two posts as acting minister of labour and co-chairman of the Quebec election team and concentrate his time on this serious and tragic human problem.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please.

* * *

[*Translation*]

PUBLIC SERVICE

REQUEST FOR DELAY IN IMPLEMENTING STAFF REDUCTIONS—MOTION UNDER S.O. 43

Mr. Gérard Laprise (Abitibi): Mr. Speaker, pursuant to Standing Order 43, I rise to move a motion of pressing and urgent necessity for the Canadian Francophone nation.

In view of the importance the present government gives to the maintenance of a reasonable level of employment; in view of the systematic exodus of Francophones from the federal civil service, and the formal promise of the government, on August 18 last, that no cuts would be made in the number of jobs in the languages branch before 1983, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House request the government to postpone the heavy lay-off of 477 teachers in the language programs branch until the next federal election or better still till 1983.

Mr. Speaker: Order. Under the terms of Standing Order 43, presenting of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Unanimous consent having been denied, the motion cannot therefore be put.

[*English*]

POST OFFICE

REQUEST FOR COMMITTEE STUDY—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity dealing with the damaging and continuing unrest within the Post Office, unrest which adversely affects the over-all economy of our nation and specifically jeopardizes the small business sector whose very existence depends on regular mail delivery, not to mention the fact that all Canadians suffer as a result of this unrest.

Therefore, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That a special parliamentary committee be formed forthwith in order to consider postal problems where mechanization and labour management is con-

cerned and report to this parliament with specific and realistic long-range solutions.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

PENDING STRIKE OF POSTAL EMPLOYEES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Considering that a postal strike deadline has been set for October 16, a situation which no one desires, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Minister of Labour to intervene immediately as the principal negotiator for the government with the postal workers, as was done successfully earlier with the letter carriers, in order to use the remaining time to achieve a settlement without a disruption of such an important service.

Mr. Speaker: Presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

PROPOSED CLOSING OF WEATHER FORECASTING STATION—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the decision of the Department of the Environment to close the weather forecasting station in Regina and to move the staff to Winnipeg, leaving only one staff member, known as a briefer, in Regina, effecting no budgetary saving, and that many departments of the provincial government, including environment, for flood forecasting, Saskatchewan Power Corporation, forestry, highways, the farmer and all others involved in agriculture, and more particularly the Moose Jaw air base, which is the most active airport in Canada, require accurate weather forecasting on a continuing basis, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That the Minister of State (Environment) reverse his decision and undertake to maintain the service which is so vital to the region.

Mr. Speaker: Presentation of such a motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

FOREIGN SUBVERSION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a matter of urgent and pressing necessity with regard to national security. It concerns an alleged 25-year French security service project known as Operation Ascott, commenced in 1958 to assist in the separation of Quebec from Canada, and also an RCMP security operation code named Carte Blanche involving surveillance of French diplomats among other things, particularly a certain Phillippe Bey, during the late sixties and early seventies and still being carried on in other ways.

I move, seconded by the hon. member for Lanark-Renfrew-Carleton (Mr. Dick):

● (1417)

That the government advise the time that it first became aware of these matters, what action, if any, it took, and if no action was taken, that the Prime Minister explain his obvious complete and utter failure to deal with attempts at foreign subversion designed to split this country apart, in contrast to his public statements on behalf of national unity.

Mr. Speaker: The presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

GRAIN ELEVATORS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, one of the federal government's announced cuts to save taxpayers' money is the sale of five federal grain elevators in western Canada to private interests. In view of the fact that these elevators made a profit of $1.3 million last year, and projections show a profit of $4 million in this fiscal year, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House directs the Minister of Agriculture to reserve his decision to sell the Canadian government elevators, and that this House further directs the President of the Treasury Board to immediately provide a seminar for his staff on the difference between profit and loss, since there seems to be so much confusion over this distinction in his department.

Mr. Speaker: The presentation of such a motion for debate, in accordance with the terms of Standing Order 43, at this time would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

PRESENTATION OF BUDGET—REVENUE FORECAST

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is for the Minister of Finance. Would the minister tell the House of Commons whether his department is now working on the preparation of a new budget, and if that budget will be presented to parliament this month?

Hon. Jean Chrétien (Minister of Finance): Yes, Mr. Speaker, my department is working on a new budget at this time. After my visit to Washington I entered into consultation with the provinces. I have been in Toronto and in Winnipeg so far, where I had discussions with the ministers of finance, labour leaders and people from the business community. I intend to have a meeting with the ministers of finance at the end of the month, and I hope to have a budget before the House by mid-November.

Mr. Clark: Mr. Speaker, since the minister has begun consultations secretly with business leaders—

Some hon. Members: Oh, oh!

Mr. Clark: I do not quite understand the disquiet on the other side, Mr. Speaker, but since the minister has indicated he has begun discussions secretly with business leaders, whom he will not identify and, quite properly, with the provinces, I wonder whether he would be interested in bringing the House of Commons and all the people of Canada into the picture as to just what is going on in respect of our budgetary preparation matters.

Would he also make available to the House of Commons, in advance of the presentation of a budget, some of the information on which that budget is being based? To be specific, I wonder if the Minister of Finance can tell us whether he stands by the forecast of federal government revenue that he made in his April budget of this year, and would he also tell us whether he has any forecasts prepared by his department which suggest that the revenues for the present fiscal year of the Government of Canada will be below the $36 billion he forecast in April?

Mr. Chrétien: Mr. Speaker, in a statement I made at the end of the month of August I made it very clear that the cash requirements of the government for the fiscal year 1978-79 would be $11.8 billion. We have included everything in that figure and I think we have been very clear. This will be reaffirmed when I present the budget by mid-November.

Mr. Clark: Mr. Speaker, that is an evasion. I am asking for the forecast in respect of revenues. I am asking the minister whether the story he gave us in April is the story he stands by now. If there is an anticipated shortfall in revenues of the Government of Canada, will the minister tell the House of Commons and the people of Canada about this; and if not, why not?

To put this question a little more generally, may I remind the minister that his officials have prepared five-year projections of revenue for the Government of Canada. Given the minister's interest in telling the whole truth to the Canadian people and not keeping part of the budget process shrouded in secrecy, would the minister undertake to table here in this House of Commons the most recent five-year projection prepared by his department and allow those figures to be referred to the House of Commons committee on finance, trade and economic affairs for detailed study in order that parliament and the people of Canada may have all the facts, and not just those that the minister may selectively issue, before the budget is presented to this House?

● (1422)

Mr. Chrétien: Mr. Speaker, I stated when I presented the budget on April 10 that the cash requirements were to be $11.5 billion. I made a revision to that figure and increased it to $11.8 billion. This figure was provided by my experts and I stand by it. I do not think the hon. Leader of the Opposition understands these figures, because he is throwing out figures that are far from the truth and create uncertainty in the minds of the people.

Mr. Clark: Mr. Speaker, the minister, who regularly blames the Arabs, or the weather, or René Lévesque or me for the economic difficulties of the country, has once again evaded the question. He has these five-year projections; they are the basis of policy. This House of Commons and the people we represent have a right to seek that information. Will the minister make available to the standing committee that considers these matters, now, those five-year projections which he has, so we can judge for ourselves who is telling the whole truth in this matter?

Mr. Chrétien: Mr. Speaker, the figures were tabled on April 10 at the time of the budget speech, along with all the forecasts of the government. There is the one adjustment which we made in the month of August, and there is nothing that I can add. I stand by my declaration of late August, when I said that the cash requirement would be $11.8 billion.

The Leader of the Opposition is merely taking revenues from the first part of the year and arriving at a forecast of $18 billion. The hon. member does not realize, of course, that the revenue has been somewhat lower than was expected in the presentation because there were tax cuts in January, because in the months of April, May, June, July, August and September we reimbursed the provinces sums of money in accordance

with the sales tax agreement, and he has not kept in mind the fact that in May one payment was made to cover unemployment insurance payments. We do this once a year. These are the reasons why in the first few months of the year there was a bigger deficit. However, we have kept this in mind. I still stand by the figure set out on April 10.

* * *

EMPLOYMENT

JOB VACANCY SURVEY

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is supplementary, to the Minister of Employment and Immigration. In view of the very disturbing employment figures issued today, and the importance of adequate forecasting for all sectors of our economy, I ask the minister if it is his intention to recommend to his colleagues the retention of the job vacancy survey, notwithstanding the fact that these monthly figures may in fact be embarrassing to the minister?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the only people who should be embarrassed by those figures are those who are constantly misinterpreting them on the other side. It was Statistics Canada who indicated that there was limited use made of that particular statistic, and on that basis they saw fit, on their own, to take the decision not to have that particular statistic available.

Mr. McGrath: Mr. Speaker, surely the minister is not suggesting that this was done without their consultation. Given the fact that the minister will need this kind of forecasting in order to carry out his responsibilities in the field of immigration and with regard to manpower training and job creation, I ask the minister if he intends to replace it with a survey of his own and if he intends to release the results of that survey monthly so that economic forecasting will at least have some idea of the full extent of this government's mismanagement of the economy.

Mr. Cullen: Mr. Speaker, I wondered when the hon. member would get into his usual hyperbole. The fact of the matter is that there is adequate statistical information available for our projects. We make the labour force surplus information available on a constituency basis so people will have that information from across the country and may make comparisons. We have a most equitable application of the Canada Works funding, and the hon. member from Newfoundland, of all people, should recognize that it is heavily weighted in favour of his province. Perhaps he is suggesting that we bring forth statistics which will not do that.

LEVEL OF UNEMPLOYMENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I point out to the minister who referred just now to the opposition as being embarrassed that it was his official who a few months ago said that he, the minister, was embarrassed by the real level of unemployment in the country, not the opposition.

I have a question for the Prime Minister. According to the figures which were released today, unemployment remains at a dangerous and unfortunately high level, in excess of one million in real numbers. In particular, the figures released today show that the province of Manitoba had an astronomical increase in unemployment of 35 per cent, year over year—by far the largest increase in any province. Since the policies that were implemented in Manitoba have been stolen by his government from the official opposition in this House and implemented by the President of the Treasury Board, will the Prime Minister confirm that a document exists in the government which indicates we will have 100,000 fewer jobs in Canada as a whole as a result of the announcement made a month ago by the President of the Treasury Board?

• (1427)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the entire question seems fanciful and probably invented by a maker of rhetoric. I want to point out that the policies to which the hon. leader of the New Democratic Party alluded were not stolen by anybody from anybody; they were elaborated on by all premiers sitting down together last February in the particular area he is talking about including the Premier of Saskatchewan.

Mr. Broadbent: Mr. Speaker, as usual and as the country has come to learn very well, the Prime Minister mistakes reality; I will put it that way. He knows the premier of Saskatchewan has been the one premier who has increased public sector investment in the last year and has achieved the lowest level of unemployment in the country. I should like to ask whether he or the Minister of Finance have done a study of the more than $2 billion in cutbacks announced by the President of the Treasury Board, seeing that 100,000 jobs in Canada will be lost as a result of those cutbacks that were announced.

Mr. Trudeau: Mr. Speaker, I must point out to the leader of the New Democratic Party that a communiqué was issued after the February conference. That communiqué, which was subscribed to by all the premiers, indicated that we felt collectively that the private sector should lead the public sector in creating jobs. We felt, secondly, that the public sector should not grow faster than the g.n.p., but slower. These are the two policies that our August announcements, which the hon. member criticizes, tended to implement.

Mr. Broadbent: Mr. Speaker, that is to misstate reality. Considering that the Prime Minister promised, in his co-opting of the television network on August 1, that we would have tax cuts soon, presumably because he attached a great sense of priority suddenly, by mid-summer, to the problems of the economy, since he promised a tax cut and since the urgency for jobs is very much upon us right now, will the Prime Minister not only bring in tax cuts but other measures to stimulate the economy, bring them forward in a budget next week and

cancel the remaining days of the throne speech debate, which will get us nothing except further talk and distortion coming from this government?

Mr. Trudeau: Mr. Speaker, we would be very happy to cancel some days of the throne speech debate. I would suggest that the House leaders get together to consider this matter, because we, too, want to get down to the business of legislating.

Some hon. Members: Hear, hear!

Mr. Broadbent: Will you bring in a budget?

Mr. Trudeau: So far as job-creation measures are concerned, if the hon. member had looked at and listened to what was announced in August by the government, he would see we have budgeted several hundred million dollars, $710 million, to create jobs in the next fiscal year and in this particular year a very sizeable amount actually has been set aside to create jobs, particularly amongst the young unemployed.

* * *

[*Translation*]

POST OFFICE

NEGOTIATIONS RESPECTING PENDING STRIKE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Postmaster General who is now facing quite a number of problems.

Considering that news reports this morning indicate that a majority of postal workers have rejected the latest proposals made to them, is the Postmaster General in a position to tell the House whether the discussions are carried on with the union and whether he hopes that they will achieve an agreement to avoid a strike which could eventually begin, according to reports, on October 16 next?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I should like to mention that the first objective of negotiations is to reach an agreement. This is what we did with the Letter Carriers' Union and we obviously succeeded in avoiding a general strike and made them return to work. At present, the democratic arbitration process has been completed and the report of the arbitration board has been tabled. As the hon. member stated so well, the Union of Postal Workers has apparently rejected the report of the chairman of the board. However, I think that some points in that report should be mentioned and the three members of the board suggested that bargaining should be resumed so I think that there is some hope. Every possible step will be taken, Mr. Speaker, to recall the parties to the bargaining table and avoid a strike but if it is impossible, the government will assume its responsibilities.

[Mr. Broadbent.]

CAUSE OF LABOUR DISPUTE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to thank the Postmaster General for his answer. Is he in a position to tell the House whether the dispute between the postal employees and the Post Office is related to either working hours or to current wages and employee demands, and whether the negotiators have made concrete proposals which could reasonably be disclosed to the public in order that it may ascertain objectively the causes of this dispute?

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I do not think that it is any secret that the gap which exists between union demands and government offers is enormous; one need only think of one item, for example that the union is asking for 30 hours of work for a 40-hour salary. I do think it is pretty hard to come to an agreement on something like that. So that Canadians may be well informed of union demands, we have published in the major newspapers of the country a very clear statement of what the union is asking and what the government is prepared to offer.

* * *

● (1432)

[*English*]

HOUSE OF COMMONS

PRESENCE IN GALLERY OF FOREIGN MINISTER OF AUSTRALIA

Mr. Speaker: Order, please. Before continuing the question period, may I ask hon. members to join me in signalling the presence in our gallery of a very distinguished visitor, here on an official visit to Canada, in the person of the foreign minister of Australia, the Hon. Andrew S. Peacock.

Some hon. Members: Hear, hear!

* * *

THE CANADIAN ECONOMY

VALUE OF CANADIAN DOLLAR

Mr. James Gillies (Don Valley): Mr. Speaker, my question is for the Minister of Finance. On the Prime Minister's return from Bonn, in a speech made on August 1 he said that one of the goals for Canada's policy was going to be, "... achieving greater stability in exchange markets." Since that time the dollar has continued to decline. Can the Minister of Finance tell us why?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Canadian dollar, as I have said many times, fluctuates in the market. There was some downward pressure in the months of August and September. I hope the situation will stabilize. We have stated our policy since that time. One of the reasons is that the trade figures for the month of August were some-

what weaker than expected. We still expect that Canada will have a greater balance of trade this year than it had last year.

Mr. Gillies: Mr. Speaker, my supplementary question is also for the Minister of Finance. Given the fact that during the last year the interest rate was raised four times, the Minister of Finance has gone abroad twice to borrow, he has drawn down $2.1 million of this borrowing and he has used $4 billion of the reserves in the Canadian stabilization account, is it still the Minister of Finance's position and does he maintain that the government can have any credibility whatsoever by continuing to state that the policy of the government is to let the dollar float?

Mr. Chrétien: Mr. Speaker, the intervention is to make sure the market operates in an orderly fashion. The same policies have been followed since I was appointed Minister of Finance as those which were followed before that. When a currency is floating, intervention by central banks is always done in the same fashion by every nation of the world.

Mr. Gillies: Mr. Speaker, can the Minister of Finance please explain to the people of Canada and to this House of Commons what it would take, in terms of intervention on the part of the government, to maintain a certain rate for the dollar? In other words, in Canadian history there has never been such intervention by the Bank of Canada in the foreign exchange markets as has occurred during the course of the last six months. Why does the minister still insist that the policy of the Canadian government is to let the dollar float?

Mr. Chrétien: Mr. Speaker, because it is the policy of the government to let the dollar float—

Some hon. Members: Oh, oh!

Mr. Chrétien: —in both directions. I would like the hon. member to tell us if he favours a fixed rate for the Canadian dollar. Neither the Leader of the Opposition nor the member for Don Valley have ever said that they wanted a fixed rate. We would like them to say what they think about it, because they have never expressed any views on it.

* * *

[*Translation*]

EMPLOYMENT

UIC—SUGGESTED REDUCTION IN BUDGET IN ORDER TO CREATE JOBS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is for the Minister of Employment and Immigration. In view of the statistics made public this morning, surely the minister is aware that his government's administrative failure regarding unemployment is still going on. In view of the circumstances, I would like to ask him whether, with regard to the cuts he has announced recently concerning unemployment insurance, he would be prepared to have, as advocated by our party, employers benefit from the amounts saved as a result of these cuts in order to incite them to hire Canadians and thus reduce the number of unemployed? Is the minister prepared to recommend such a proposition to help reduce this rate of unemployment?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I had the opportunity to read the report presented by the opposition task force and I must say I was singularly unimpressed, frankly bored by it, and surprised at some of its contents. So, certainly, the ideas which emanated from that particular task force will not be used.

We have put in place some 13 or 14 programs, some of them under the job experience training program where we work in co-operation with private enterprise, as well as the employment tax credit scheme where we encourage employers to augment their hiring procedures. We have a whole series of programs in place. I think the hon. member should also highlight, if he is going to talk about unemployment, the fact that there are 350,000 or 360,000 more people working this year than last year, and some two million more working than there were ten years ago. So the economy at least is creating jobs.

[*Translation*]

MEASURES TO INCREASE JOBS FOR YOUTH

Mr. Roch La Salle (Joliette): The minister keeps reminding us of the programs his government has put forward. We nevertheless note today their monumental failure in this area. In view of the fact that 45 per cent of the million unemployed are now between 15 and 24 years of age and considering the dangers on the social level in keeping young people unemployed, can the minister tell us—besides his 13 or 14 programs which so far have proved to be near failures, considering the figures—can he tell us today whether he intends to come up with a new measure to help those young unemployed whom we are now spoiling because of the lack of satisfactory policy?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as the hon. member does, I share the concern about the fact that the unemployment rate among youth in the category that he describes, being ages 15 to 24, is about 14 per cent. It is for that reason that I took the initiative to set up a national youth advisory group to get advice from outside the department as well as from inside. In addition to that, we have a series of programs, some seven or eight, that are directly connected with helping youth to secure employment, the money to be made available under our adult occupational training act. This is used almost exclusively by young people. Maybe the hon. member would like to talk to his House leader and I will send him a list of all the great programs we have in place to help the young people of this country.

Oral Questions

GRAIN

PAYMENTS UNDER GRAIN STABILIZATION ACT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I intended to ask a question respecting unemployment. I am amazed to hear that there is unemployment, in view of the fact that the Minister of Agriculture said, when he spoke to a nutrition group in Washington, "We have none in Canada".

Some hon. Members: Oh, oh!

Mr. Diefenbaker: Mr. Speaker, my question is directed to the Minister of Justice: it concerns the grain stabilization fund to which farmers make their contribution. All over the west today there is a demand among the farmers that the payments should be made. Last May, when a general election was expected for June, the minister, and also the Minister of Agriculture, said that the payment of approximately $140 million, or $2,000 per farmer, would be made shortly. With the postponement of the election, the payments, of course, remain in abeyance.

I ask the minister, will he give the assurance to the House that in view of the rather serious situation in certain areas of the prairies because of rain and the like, and also the need of funds being available to the farmers, this payment of approximately $2,000 per farmer will be made at once?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the right hon. gentleman once again rather clearly misstates the anticipations of last spring. At that time it was indicated that it was impossible to make the whole payment at once. We indicated that payment by way of an interim payment in the spring of $60 million would be made, that we expected by some time in October to be able to make the final payment, and that it was most likely to be in the same order of magnitude as the initial one. That continues to be the case. In fact, I expect tomorrow to be able to give the final figure, which will be close to the $55 million mark, for a total of $115 million, in the stabilization payment for the calendar year 1977.

● (1442)

This, of course, means that every producer participating in the stabilization plan will have received many times his total two years' contribution to the fund, and the fund will have indeed demonstrated its great worth. The cheques should be in the mail toward the latter part of October.

Mr. Diefenbaker: Mr. Speaker, I have been pressing for weeks for action on this matter and I am glad the minister has finally decided to do something other than sleep.

[Mr. Cullen.]

CAPITAL PUNISHMENT

NATIONAL REFERENDUM—GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. As four out of five Canadians, including the Minister of Justice, have clearly indicated that they are in favour of a referendum to be held on the question of the return of capital punishment as a deterrent to first degree murder, is it the intention of the government to settle this question once and for all and have it placed on the ballot paper at the time of the next election, so whatever government is elected may then take immediate action according to the directly expressed will of the majority of the people?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Hees: In view of the fact that the vote of the House of Commons was one in which there was considerable pressure brought to bear—the Prime Minister is well aware of this—does the Prime Minister believe, therefore, that government of the people should be carried out according to the will of the majority of the people, clearly expressed, or simply according to the will of a government which believes that its views are far more important than those of the majority of the people?

Mr. Trudeau: Mr. Speaker, the question seems to be based on a whole lot of erroneous assumptions. It was not pressure of the government which got the leader of the hon. member's party to vote along the same line as I did.

Some hon. Members: Hear, hear!

Mr. Trudeau: The hon. member knows that it was put to what is called a free vote and that parties on both sides of the House voted differently and not monolithically on it. That was the situation then.

I understand the hon. member is introducing some concept of direct democracy. Perhaps if he has some ideas along that line, they could be added to the policy paper on the constitution which has been published by that side. They might want to introduce this interesting idea, and we could discuss it.

* * *

EXTERNAL AFFAIRS

MEASURES TO END SITUATION IN LEBANON

Hon. Herb Gray (Windsor West): Mr. Speaker, I have a question for the Prime Minister, in the absence of the Secretary of State for External Affairs.

An hon. Member: He is here.

Mr. Gray: Oh, I am sorry. I ask the Secretary of State for External Affairs if the government will take such steps as are open to it, either through direct contacts or through the United

Nations, to do what it properly can to help ensure the ending of the tragic destruction of the Christian community in Lebanon and to help ensure the preserving of that community there. Also, will the government provide further humanitarian aid to that community and facilitate those of its members who wish to do so being reunited with relatives in Canada?

I ask this question since the present situation in Lebanon is a matter of concern to the many Canadians of Lebanese Christian origin and, I think, to many other Canadians as well.

Some hon. Members: Hear, hear!

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, let me assure the hon. member that on this one occasion I do not mind being at least modestly overlooked.

On the substance of this most serious question, I will be meeting—indeed, within a minute or two—with representatives of the Lebanese community. We will be discussing all these matters. I have already said on the record—and I am sure it has the support of all members of the House—that we in Canada will take every action possible in order to bring a permanent end to this most tragic situation. I issued a call last week to that effect, and we so supported a motion in the Security Council. Later this day, or tomorrow, it may be possible for me to report on the outcome of my meeting with the Lebanese community, which meeting, I repeat, is five minutes overdue at the present time.

* * *

EMPLOYMENT

PROPOSED CHANGES TO UNEMPLOYMENT INSURANCE PROGRAM—EFFECT ON EMPLOYMENT

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Employment and Immigration. In light of the announced proposed changes and cutbacks in the unemployment insurance program, in view of the fact that such cutbacks and changes could specifically affect 75 per cent of the seasonal fishermen of Newfoundland who would be disqualified from receiving benefits, and in view of the fact that this particular change would result in an $11 million loss to the Newfoundland economy, can the minister unequivocally state in this House that those changes will not be proceeded with?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, thanks to the very responsible attitude of Liberal members from Newfoundland—in fact, all the Atlantic provinces—I have had a look at the particular change we are going to make. We shall make some amendments which I think will be found satisfactory. On that basis, thanks, as I have said, to the very eloquent response I received from my colleagues, we were able to make appropriate changes.

Mr. Rodriguez: Mr. Speaker, keeping in mind the fact that Newfoundland is a province with, officially, over 16 per cent unemployment, with little opportunity for seasonal fishermen to find work, and in view of the pattern shown in light of previous UIC changes—and not only in Newfoundland—that these workers will be thrown on to the welfare rolls of the province and municipalities, can the minister, instead of giving assurances to Liberal backbenchers, give assurance to the House that before any changes are made affecting not only fishermen but other seasonal workers across Canada, a thorough study will be undertaken by the Manpower department on the social and economic effects on those workers, and that such a study will be made public?

Mr. Cullen: Mr. Speaker, if the hon. member is really interested in results, he could make his representations as my Liberal colleagues have done. That is why I decided to make certain changes. There will be adequate opportunity, both on second reading and at the committee stage, for him to make his representations and comments. However, he is misleading the general public when he quotes the kind of figures he has quoted today.

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POST OFFICE

REASON FOR PENDING STRIKE OF POSTAL EMPLOYEES

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is directed to the Postmaster General. In view of the unfortunate breakdown in the negotiating process designed to resolve the deepening labour crisis in the Post Office, which now leads to the inevitability of a nationwide strike by postal workers in the next few days, and taking notice that an exhaustive 16-month negotiating process has left most of the 264 clauses of dispute unresolved—and, surprisingly, most of these unresolved matters are of a non-monetary nature—I would like to see some show of concern on the part of the Postmaster General and request him to inform the House the reason Canadians find themselves faced with the possibility of another nationwide strike.

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I remind the hon. member that I have all the concern possible for this situation. During the summer I worked very hard to try to get a settlement with the LCUC. With regard to the present situation, we are trying everything we can to reach a negotiated agreement. We will do everything possible in order to achieve that. However, hon. members can appreciate the difficulty we have with the present attitude of the CUPW, which is not easy to deal with in view of its principle of no fraternizing with management, and so on. However, I think we can go beyond that and try to come to a negotiated settlement. If not, as I said earlier, this government will accept its responsibilities.

● (1452)

Mr. Darling: Mr. Speaker, I would like to direct a supplementary question to the Postmaster General. Considering the fact that a large number of small businesses will be severely

affected, in financial terms—for instance, in the direct mailing industry the cost will be $5 million per working day and the potential lay-off in supporting industries will amount to 4,000 workers—and that hundreds of thousands of Canadians will be inconvenienced by this impending strike, what measures will the Postmaster General take in order to begin negotiating in serious faith? Has he given consideration, together with his cabinet colleagues, to appointing a new negotiating team, and will he pledge to keep the Canadian people informed of the progress of these negotiations?

Mr. Lamontagne: Mr. Speaker, I spent three days in Toronto at the postal users' conference. I listened; I questioned some people. I know the hon. member was there too, and I am very aware of all the misery and difficulties a strike could cause for small businesses and other businesses across Canada. We have been negotiating for many months. We are still trying to find a negotiated solution. Again I say that if this cannot be resolved by negotiation, my cabinet colleagues and I will see what we can do. We will accept our responsibilities.

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ROYAL CANADIAN MOUNTED POLICE

McDONALD INQUIRY—TESTIMONY OF CABINET MEMBERS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General. I ask the Solicitor General to explain to the House why he instructed his lawyer to advocate, last Thursday, before the McDonald commission—some two weeks before cabinet ministers were to give their evidence before that commission—that from now on it shall be the cabinet, and not the McDonald commission, which will determine what evidence will be given in public and what evidence will be given in secret, paying particular regard to the description of the Solicitor General's immediate predecessor of the McDonald commission as a forum through which the sun would shine.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am very grateful to the hon. gentleman for raising this question at this time. There is absolutely no change from the position which has been taken by this government vis-à-vis the McDonald inquiry. We indicated that the government would co-operate; the government fully intends to continue the co-operation.

All documents have been made available to the McDonald inquiry. The commission is proceeding with its inquiry, unhindered. As previously indicated by counsel, an arrangement had to be reached regarding the way in which the evidence would be introduced when cabinet ministers were to be testifying before that commission.

Mr. Jarvis: Mr. Speaker, in view of the fact that lower ranks of the security service gave evidence in public and were cross-examined in public, that full reports of those hearings were made, and that now, 14 days before cabinet ministers are to appear, the Solicitor General's lawyer has asked to vest in cabinet the power to decide what is to be held in camera, would the Solicitor General explain why, all of a sudden, the cabinet wants the power to determine what shall be public and what shall be private, when ten months ago the commission specifically invited argument from the Solicitor General's lawyer and others as to the interpretation of its terms of reference and rules of practice and, as Mr. Justice McDonald pointed out quite accurately, not a peep was heard from them, or are we to assume that the cabinet's total change of position—

Mr. Speaker: Order, please.

Mr. Jarvis: Are we to assume—

Mr. Speaker: I think the hon. member has put his question rather clearly and at some length.

Mr. Blais: Mr. Speaker, I reiterate that there is no change in the position of the government. Judging by the premise of the hon. member's question, he evidently does not understand the process of confidentiality. The hon. gentleman indicates that he has read the transcript. I ask him to review that transcript again, and I will be pleased to discuss the matter with him further.

Mr. Jarvis: Mr. Speaker, in view of the fact that for ten months there have been open hearings so that the commission could determine what documents to exclude and what evidence to exclude on the basis of national security, why did the Solicitor General's lawyer, last Thursday, presumably on the instructions of the Solicitor General, ask for a 180-degree change so that from now on it will be the cabinet and not the commission which will make this determination?

Mr. Blais: Mr. Speaker, there has not been, as the hon. gentleman suggests, a 180-degree turn. There is no change in terms of what is being made available to the commission and what is not. As I indicated, all documents have been transmitted to the commission. However, if the hon. member would read a letter from Mr. Howard, which is referred to in the transcript, he would find that those documents were transmitted to the commission with very strict reservations in terms of what representations we would want to make, as well as what responsibilities we have vis-à-vis the confidentiality of those documents.

The hon. gentleman refers specifically to the question of national security. He will see from the transcript that the basic documents which are identified are internal government documents.

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CRIMINAL CODE

DEFINITIONS OF RAPE AND PORNOGRAPHY

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask a question of the Minister of Justice, and in doing so I congratulate him on his new post. I hope he does a

better job in that post than he does in the Wheat Board, because there is much dissatisfaction.

My question is very simple and to the point. Left on the order paper will be Bill C-51 and Bill C-52. I will not go into details, but one redefines rape as aggravated indecent assault, and the other deals with the definition of pornography under the Criminal Code as recommended by all parties in the Standing Committee on Justice and Legal Affairs. Will those bills be reintroduced in the new session following the Speech from the Throne?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, it is our intention, of course, to proceed with those important matters. The exact timing of reintroduction may depend upon our own estimate as to when they might be proceeded with because, in the nature of things, legal amendments and legal change might always be improved by further study and work. However, we will be considering at an early date the exact method of proceeding with those two matters.

Mr. Woolliams: Mr. Speaker, I take it that the minister is really denouncing the policy of the former minister of justice. Is that really what the minister has said?

Mr. Lang: No, Mr. Speaker, and I am surprised that the hon. member could get it so wrong. I indicated that even my distinguished predecessor's work may be improved upon, and if there is time we may look at it from that point of view; but in the alternative I would be delighted to proceed with it as it is.

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THE CANADIAN ECONOMY

EFFECT OF REDUCED VALUE OF CANADIAN DOLLAR

Mr. Paul E. McRae (Fort William): Mr. Speaker, I have a question for the Minister of Finance. It deals with an improvement in the performance of the manufacturing sector in this country, which I am given to understand is operating at 87 per cent capacity today as opposed to 81 per cent capacity earlier this year. Can the minister give a breakdown of how much this increase is attributable to export sales due to the reduced value of the dollar, and what amount is attributable to domestic sales in competition with higher priced imports, again due to the reduced value of the dollar?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there is no doubt in my mind that we have a dollar which is somewhat weaker, but it is very helpful in our balance of trade. As the hon. member said, it is helping us to sell our goods abroad. It is making our products much more competitive, and at the same time it is increasing the demand for Canadian goods in the Canadian market because of the high price of imported goods. I am very pleased to see that utilization of Canadian capacity in manufacturing production has increased to 86.4 per cent from its lower point at the beginning of the year.

FISHERIES

FISHING VESSELS INSURANCE PROGRAM—GOVERNMENT POSITION—WEATHER FORECASTING SERVICES

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. In view of the fact that we have had a successful, 25-year program of insurance for fishing vessels in the Atlantic region which, as I understand it, has brought the government some $8 million in revenue—it is not a loss operation—and that many thousand fishermen in Newfoundland, Nova Scotia and various other parts of the Atlantic region have been assisted, why did the minister cancel this program which was so helpful to fishermen?

● (1502)

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I should like to make clear to the hon. member that the program was not cancelled. We gave notice that the program would be returned to private insurance companies if and when a program could be put together which would protect the interests of the fishermen. Also, I have had conversations with some representatives of fishermen's organizations who are working with my own department. I can assure the hon. member that no fisherman will be left by this government without insurance for his fishing boat.

Mr. Hogan: Mr. Speaker, I find it difficult to understand why the government should turn a proposition which is making a profit for the government over to private enterprise which refused to take it in the first place, and why the minister says that fishermen will be protected. The question is, at what rates they will be protected?

In that connection I should like to put a further question to the minister by way of a final supplementary regarding this matter of fishing. Can the minister explain to the House why the federal government has reduced weather forecasting services in Newfoundland and Labrador, a decision which is ill-advised from the economic point of view and will result in seriously risking the lives and safety of thousands of fishermen who operate off the Newfoundland coast?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. member's statement is not in accordance with the facts. I have been subjected to a considerable lobby by the insurance industry, asking the government to move out of the field of insurance of fishermen's vessels.

Some hon. Members: Oh, oh!

Mr. LeBlanc (Westmorland-Kent): If the hon. member's leader listened, perhaps he would learn something. The fact is that the reason which militated in favour of trying to move away from this sector was to liberate man-years, of which we are extremely short in my department, to do all the things which I have not been able to do in the fisheries. If we can have a good plan in which fishermen's organizations can be involved, and which protects the interests of those whom the

companies will not insure, then I think there will be a good investment of manpower in other areas of the government and of the department.

* * *

PORTS

TENDERS FOR PORT DEVELOPMENT

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question which I should like to address to the Minister of Transport—the one-armed paper hanger, I think—and ask why, or under what legislative authority, the minister authorized the National Ports Council to award tenders for port development to the tune of $1 million. I ask this question because it affects major ports in eight provinces in Canada and thousands of employees who worked heretofore under the National Harbours Board authority.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, I am not sure I understand the hon. member's question, or that he is in fact alleging something which is a fact. I should like the opportunity to look at the "blues", and will respond to him tommorow.

Mr. Forrestall: Mr. Speaker, I should like to direct a further supplementary to the minister. I draw his attention to the press releases which attribute to him the statement that the National Ports Council is now awarding tenders, not the National Harbours Board, for redevelopment and development programs in existing National Harbours Board ports. It is to that statement that I direct his attention. I ask him, by way of a supplementary question, when he intends to resolve the dilemma of the employees of the National Harbours Board and potential employees of Ports Canada and resolve the tremendous conflict which exists between the two pieces of legislation.

Mr. Lang: Mr. Speaker, the contracts in the National Harbours Board area are still being awarded by the National Harbours Board. There is, of course, a period of uncertainty, as we have committed ourselves to a new ports act and wish to come forward with it to produce a new structure and a new arrangement. We have tried to minimize the uncertainty in the transitional period. I would certainly welcome discussions with the hon. gentleman, if he is suggesting that by co-operation we could come forward with that legislation and put it into effect rather quickly.

ROUTINE PROCEEDINGS

[*English*]

THE CONSTITUTION OF CANADA

Second report of Special Joint Committee on the Constitution of Canada—Mr. MacGuigan.

[Mr. LeBlanc (Westmorland-Kent).]

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

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PRIVILEGE

MR. DIEFENBAKER—STATEMENT MADE BY MR. LANG DURING QUESTION PERIOD

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise on a question of privilege. A few moments ago, the minister in charge of the various departments made the statement that I had misled the House concerning the amount of payment that might be expected under the stabilization scheme. I wish to refer to the answer given by the Minister of Agriculture (Mr. Whelan) last April 5. The following exchange appeared in *Hansard* of April 5 at page 4168:

MR. MURTA: The minister can take away any charge of political skullduggery by answering this last question. He indicated that he knows the amount of the total payment; if he checks *Hansard* he will see that. We have seen $60 million at the present time. What will be the final payment, within $5 million or $10 million if he likes? Can the minister answer that in order to clear up this matter?

MR. WHELAN: No, Mr. Speaker, not at this time. The figures we have been given go all the way from a final payment of around $100 million to $120 million to $140 million. The computers have not fed out any better information than that, according to information we have received at this time from the trade. We have to make doubly sure we have that so that we do not make an error in favour of the government or against the farmer.

In other words, in the month of April the minister said that the amount would be from $100 million to $140 million, and today the balance to be received is only $55 million to $60 million. Farmers are again being taken for a ride.

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): Mr. Speaker, the right hon. gentleman is referring to one particular set of words which are certainly misleading in the context in which they are put. If he would refer to the many other statements which were made at the same time he would find that obviously the Minister of Agriculture (Mr. Whelan), when he used the words "final payments", was referring to the total payment between the initial and the final one, and the $115 million which I indicated today as being the total, with the concluding payment of $55 million, is clearly within the range to which the Minister of Agriculture was referring.

Mr. Speaker: The question which was raised by the right hon. member for Prince Albert (Mr. Diefenbaker) is essentially a disagreement to which the minister responsible for the Wheat Board has contributed. I think the matter is one of disagreement and interpretation, not one of privilege.

MR. FRIESEN—ALLEGED CENSORING BY CBC

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise on a question of privilege of which I have given Your Honour notice. It is on a matter which I believe affects my ability to speak freely as a member of parliament, and it relates to what appears at the present to be a case of censoring

by the CBC. Since I have not had time to complete a study of the case, I wish to reserve the right to rise on this question of privilege at a later date, after I have completed my investigation.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I wish to rise under the provisions of the standing order relating to the procedure in the House. During the present session, which ends this afternoon, the House has passed a motion recommending that the public be admitted into the galleries at the opening of the House, even at the moment of the prayer, so that the public can join hon. members in asking Providence for assistance in order to accomplish their duties and serve their country in the best possible way.

I would respectfully submit to the Chair the following request: given the fact that some time has elapsed since this motion was passed, would it be reasonable to ask the Chair that measures be taken to put this motion in effect and realize the wish of parliament in a very democratic way at the opening of the next session which will begin tomorrow or in the next few days?

This is, Mr. Speaker, the main issue of this point of order and I raise it very respectfully.

* * *

● (1512)

[*English*]

BY-ELECTION ADVANCE POLLING ACT

MEASURE TO PROVIDE ADDITIONAL VOTING DAY

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved for leave to introduce Bill C-66, to provide for an additional advance poll in respect of certain by-elections.

He said: Mr. Speaker, at this point I should like to ask for the consent of the House not only to give first reading to this bill, but to call the second reading, committe stage and third reading, so that the bill could proceed to the Senate. I seek the consent of the House to advance the bill at this stage and to have it sent to the other place, so that we may deal with any other business which arises.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the genesis of this bill came as a result of the statement and the position taken by the hon. Leader of the Opposition (Mr. Clark) on September 9, 1978, when he indicated, if the government did not move, that he would move himself. In view of the fact that at this late date the government had decided to move, even though it had information concerning this long before from the Jewish community, we are prepared to give consent to introduce the bill today, proceed to second reading forthwith, committee of the whole, third reading, and to do it all within the next little while if that is the desire of the government House leader. This is one of those occasions when Her Majesty's Loyal Opposition is very pleased to bail out the government from its own difficulties.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the proposed introduction of this bill was discussed with us in advance. We are prepared to give the necessary consent so that it can be dealt with through all stages in the House of Commons this afternoon.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, yesterday, coming from my residence to Ottawa, I learned on the five o'clock news on the radio that the government had secured the agreement of all political parties to introduce a bill under the provisions of Standing Order 42. I was surprised to hear that because I, for one, had not been consulted but I understood the reasons for the government's decision. If I may, Mr. Speaker, I would like to make a few comments. If I am not granted leave to do so, I will wait until we reach second reading. In any case, I would like to say this: When the government set October 16 as the date for the by-elections it knew that there was a Jewish community in Canada and that the Jewish community has principles. We Christians have principles too. We are sometimes asked to vote in an election on a Sunday. We do not make a drama out of it. In any case, Mr. Speaker—

Mr. Speaker: Order, please. Unanimous consent may be given or refused at this time. If the debate begins in a few minutes it goes without saying that there will be an opportunity this afternoon to present arguments with respect to the merits of the bill. For the time being, I absolutely need the unanimous consent of the House to proceed now or later this afternoon. However, in the circumstances, the unanimous consent is required to proceed with this bill.

Mr. Lambert (Bellechasse): With the good will of hon. members, Mr. Speaker, I consulted with my colleagues and they unanimously decided to give their consent. So, there is no problem there. As you can realize, there is lot of good will.

[*English*]

Mr. Speaker: Therefore at this time the bill can be proceeded with at any stage, and certainly as other stages are required, only with the unanimous consent of the House. Is there unanimous consent to introduce the bill for first reading at this time?

Some hon. Members: Agreed.

Mr. Speaker: Order, please. I should correct that statement. Obviously, under the regular introduction of bills, the bill can be introduced for first reading at this time, as the minister has already done. But in order to proceed with it through other stages, consent is required. Is that consent given?

Some hon. Members: Agreed.

By-elections

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have had some discussion with the House leader of my party. There is a motion appearing on the order paper in my name. It is left over from the end of June when it might have been debated, but unfortunately we became involved in the interesting debate as to adjournment and did not reach it.

I am perfectly prepared to give unanimous consent, but it should be a term of the order that this particular motion be fixed for debate and debated briefly, or at least put to the question. It is quite important. I am not speaking as a member of Her Majesty's Loyal Opposition, but as chairman of the committee which presented the report and on instructions from the committee asking for concurrence. That is the motion in my name. If the government House leader is prepared to indicate that a term of the order for unanimous consent will be discussed, there may be a short debate, the question will be put, and I will be prepared to give unanimous consent.

Mr. MacEachen: Mr. Speaker, I have consulted with all parties and no conditions have been attached to unanimous consent. At this stage the hon. member for Peace River (Mr. Baldwin) is requesting that a particular condition be attached to the unanimous consent. I cannot give any undertaking to the hon. member because I have absolutely no control over what attitude may be taken by other members, and I have had no opportunity to consult.

Mr. Baldwin: When we reach the motion I would ask that that be included in the debate. Then there will be a short bell and the motion will be put.

Mr. Speaker: The House ought to understand the nature of the proceedings. The bill has been introduced regularly at this time. Whether to proceed with it now or later in the day through any further stages would require unanimous consent. At whatever time any stage is to be entered upon, other than first reading, it will require unanimous consent, and at whatever time that is taken, whether it be now or later in the day as a government order after routine proceedings are completed, I have no control over that.

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

Mr. Speaker: I understand that there is an application now for unanimous consent to be given to proceed with second reading of the bill. Is there unanimous consent to proceed to second reading stage at this time?

Some hon. Members: Agreed.

Mr. Speaker: By leave of the House, second reading is to be proceeded with forthwith.

Mr. MacEachen moved that Bill C-66, to provide for an additional advance poll in respect of certain by-elections, be read the second time and referred to committee of the whole House.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Laniel in the chair.

[Mr. Speaker.]

On clause 1—*Words and expressions*

Mr. Baker (Grenville-Carleton): Mr. Chairman, this is the only opportunity I have to bring to the attention of the Deputy Prime Minister and President of Privy Council the very difficult situation in the riding of Eglinton in Toronto. It involves a problem which was created as a result of the government's failure to recognize a long time ago the advice given to it by Jewish organizations in Canada and the leadership thereof, that the October 16 by-election created greater difficulties for them and members of that community because of their holy days.

● (1522)

As a result of that difficulty there are 420 people, many of whom are bedridden, in the Baycrest Hospital on Bathurst Street in Toronto, who would normally vote at an advance poll held in the hospital. I am advised that the returning officer for that constituency has been told by the administrators of that hospital that there is, indeed, some considerable ethnic difficulty in having advance polls there on the days on which they were originally scheduled, and that the returning officer has said to officials of the hospital that if the polls cannot be held to suit those patients on all of the days, then the advance polls will not be held on the one day as set forth in this bill.

I do not intend to hold up the passage of this bill, but I think it is important at the committee stage of discussions on this bill that this House have an undertaking from the minister in charge of the bill to the effect that he will deal directly with the Chief Electoral Officer to assure that the polls will in fact be held on the one day they can appropriately be held, that is, Thursday, October 12, by way of advance polls. I understand this involves poll No. 210 and one other in the riding of Eglinton.

This is not the first indication the authorities have had in respect of this very important problem relating to the danger of disenfranchisement of those people who, because of their physical health, cannot get out to any other poll. I understand a telegram has been sent to the Chief Electoral Officer by people who are most vitally concerned in this constituency. I would like an undertaking from the minister that he will bring this matter to the attention of the returning officer in the federal constituency of Eglinton so that we can be assured, as well as the people there, that those who are resident in the Baycrest Hospital will have the same access to all the polls as anyone else under this particular bill.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I would like to say a few words about Bill C-66 which has just been introduced. As I understand it, this bill was first prepared following recommendations or pressures made by a Canadian ethnic group. Since Canada is a truly democratic country where democracy seems to be applied even more rigorously than usual during an election period, I do not see why we should not want to allow the government to use this bill to add a special

voting day and advance polls so that a certain group may use its right to vote.

Unfortunately, Mr. Chairman, there is a weakness in all this. On the preliminary voters' list, it is clearly stated that there will be a vote in advance polls that will be opened on October 7, 9 and 10. However, and I hope the minister will be able to give us this assurance, it will be necessary to make some arrangement to notify, tomorrow at the latest, the people in all constituencies where there will be an election on October 16, so that the voters who will wish to use their right to vote on Thursday, as provided in this bill, may do so.

Mr. Chairman, I understand that this bill provides for an exception. It aims at enabling an ethnic group to follow its religious beliefs. If, in the future, such a situation should occur for other ethnic groups, I hope that the government will show as much understanding for these groups as it has done for the Jewish community.

I consider that these people are Canadians. They have the same rights as all other Canadians, and I would not like my comments to be misunderstood, but I want to be sure that the minister will promise the House that tomorrow all electoral officers will be able to notify all the voters of the constituencies concerned that they can go to an advance poll on Thursday to take advantage of their right to vote as stipulated in this bill.

[*English*]

Mr. Blackburn: Mr. Chairman, I will be very brief in my remarks on this bill. First let me say that on principle I am not opposed to the bill, but I find it rather strange, almost incomprehensible, that we find ourselves in this situation this afternoon. We in this chamber all know that the Prime Minister's office has a total staff of something in the neighbourhood of 500 so-called experts, who advise the Prime Minister on a daily basis. It is my understanding that the information is distilled down to two or three of his top aides and passed on, yet no one in that office of 500 people across the street in the Langevin Building was able to advise the Prime Minister, who announced October 16 as the by-election date, that this in fact was a Jewish religious holiday. That says something obvious about the Prime Minister's office across the street.

The other point I want to make is that we ought to be very careful when considering election days in relation to religious holidays, and let me repeat that I am not opposed to this bill. In this country we have many people of varying religious backgrounds, including Jewish, Christian, Moslem and Hindu. We should be very careful, particularly when we are promoting multiculturalism, when considering election days in relation to religious holidays.

It is a well-known fact that in most European countries elections are held on Sundays. Sunday is a Christian day of worship. It might be very dangerous if we try to set election days in relation to the religious days of Moslems, Jews, Christians, Hindus and those of other religions. Perhaps we should come to the conclusion, although not today because of the terms of reference of this particular bill, that we should address ourselves to the idea of fixing election dates regardless of religious persuasion. Obviously as the number of religious denominations increases in size in this country, we are going to run into more and more conflicts with religious holidays and elections.

• (1532)

Once again I want to reiterate what I said at the outset: where you have 500 experts advising one man, the Prime Minister, why is it that not one person in the Prime Minister's office was able to advise him or the Deputy Prime Minister that October 16 was a Jewish religious holiday? I regret that very much.

Mr. Peters: I would like to comment on two things, Mr. Chairman. For a long time we have had elections where we have had two advance polls prior to election day. This has meant that we have had five days to conduct all our elections. With the change in the election act as proposed by this bill, we will not only have those five days; election day itself and the two advance polling days; we will also have the proposition that you may vote on any day you want for a whole week in the returning office. This means that in a riding, particularly in an urban riding, that there will be the normal four or five advance polls already established and an extra five days for voters.

Considering the religious basis on which this bill was proposed, I am wondering why we are making it a Thursday when you can already vote on a Thursday in one of these weeks if the voter wishes to go down to the returning office. Why do we not have this new day added on Sunday? Obviously the Jewish people will not object to voting that day, and the Christian people will probably not use it anyway. This will make available the polling booths on a Sunday just for Jewish people to vote.

If we worry about all the religious people in Canada and all the "kooky" religions we have in our urban centres, it will make it very difficult for those 500 people in the Prime Minister's office to decide when it is possible to vote to give everybody a chance.

We have added a lot of days now for the convenience of voters to the extent where some returning officers—and I have talked to several of them about this—are considering that they may have to set up a polling booth in a part of their office for the duration of an election because of the days which will now be made available to voters.

I have another point that I wish to make. We have all been out in the country in the last number of weeks talking to many people. There has been much discussion about when an election will be called, and there is a growing belief on the part of my constituents that there will be no more elections and that we are going to find some legal technicality to keep extending the day.

By-elections

Clause 2 in this bill says:

—this act applies to every by-election conducted prior to the first dissolution of Parliament occurring after the coming into force of this Act.

If King Trudeau is still around we may not have elections for a considerable period of time. It will be very difficult and dangerous if we have this clause, considering all those by-elections that are in store for Canadians for the next four or five years. Clause 2 is really a dangerous clause and perhaps it should not be left in the act.

The Chairman: Shall clause 1 carry?

Some hon. Members: Agreed.

Clause 1 agreed to.

On clause 2—*Application*

Mr. Peters: On clause 2, Mr. Chairman, I would like to ask the President of Privy Council if he would give an indication as to why it should be included. Under normal circumstances where we have an election, as may be the case in July next year, this would not apply because it has not been the practice of this government to rush by-elections, and six months is not a long period of time and thus it is not necessary. It is my understanding that the only requirement for an election is to have a session of parliament every year and, therefore, you could call the election next July for two or three years hence or whatever you wanted, which would make this a dangerous policy.

Under normal circumstances this clause is not necessary because when a by-election is called it normally does not take place for a year, and only in unusual circumstances would this clause ever apply.

Mr. MacEachen: In reply to the question asked by the hon. member, it has been my desire to make a bill of general application rather than of specific application to a particular group in the community, even though in this particular case the provision of an additional advance poll may meet the concerns of a particular group in the community. Nevertheless, it provides an additional opportunity for all electors in all by-elections, regardless of their religious views, to vote. That is the sole purpose of this clause.

It may be that in the meantime the House of Commons may want to deal with the general question of advance polls and whether we ought to make the changes along the lines proposed here, or other changes. This specifically applies to the by-elections coming before us and those which will occur before the dissolution of this parliament. The purpose is to make the bill of general application to provide additional opportunity for all electors to vote. I should say, in order to remove any suggestion that might arise, that even under the present advance polls there is an opportunity for Jewish electors on these days to exercise their franchise. Indeed, according to the news reports of yesterday, areas in which there is a very high Jewish population had a big turnout in the advance polls, so in the absence of this bill it would still be possible.

It may be inconvenient in some cases for all electors to cast their ballots, but in order to ensure that a maximum opportunity is available, and to take into account the legitimate concerns that have been expressed, this bill was suggested by members of the opposition and agreed to. Indeed, it had been brought to our attention very early by the hon. Leader of the Opposition in a letter addressed to the Prime Minister, and we were pleased to pick up the suggestion as it had been our intention to move along those lines. The hon. Leader of the Opposition included a draft bill which was carried forward in this bill, with the addition of the application to all advance polls before the next dissolution. There is nothing sinister behind it. It seems to me that it is better to bring in a bill which would be of a general application and provide an opportunity for all electors.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, the explanations just given by the President of Privy Council are throwing some light on the government's intentions. I only wish to ask him to be more precise so that the public is aware of the situation. It is an additional poll day allowing voters to exercise their voting rights considering the reason they may have to vote at an advance poll. I wish the President of Privy Council would make it very clear so that we may be able to give explanations to those who will ask for them.

● (1542)

Mr. MacEachen: Exactly.

Mr. Jones: I should like to ask what steps are going to be taken to inform the public of this additional day. I know there is not much time. Is it through the news media, or is it by advertising or what? Ordinarily there has to be advertising and notices posted publicly with respect to advance poll days and indeed any polling day.

Mr. MacEachen: Mr. Chairman, in answer to that question I should like to advise the hon. member that the Chief Electoral Officer has sent material in advance to all returning officers in the constituencies involved in the coming by-elections. The returning officers have made provisional arrangements for the holding of the polls. It would be difficult, prior to the passage of the bill, to advertise that such an advance poll would take place. You can imagine the flack I would get if advertising had taken place saying there would be an advance poll on Thursday, before the House of Commons had an opportunity to consider the matter.

Mr. Knowles (Winnipeg North Centre): Obviously you thought of doing that.

Mr. MacEachen: To be frank with the hon. member, I did not think of doing it, but if I had, this particular reason would have occurred to me immediately. Maybe the Chief Electoral

Officer has taken some steps to advertise, but if he has it is on his own responsibility.

I think the country will be informed through the news media and, if it is possible, through the Chief Electoral Officer doing some special advertising, but I doubt he could at this stage. I am sure that voters who have an interest and are concerned about casting their ballot will be aware of this additional day on Thursday that is available to them.

Mr. Baker (Grenville-Carleton): One question, Mr. Chairman. The minister has been very forthcoming with all members of the House with respect to questions raised by them. I did make a special request with respect to a particular problem involving the Baycrest Nursing Home on Bathurst Street in Toronto, however. Do I have an undertaking from the minister that he will read what I said and inform the returning officer with respect to the provisions of this bill that it is his duty to ensure that on the coming Thursday some 420 people in that place have access to the polls in the normal course?

Mr. MacEachen: Mr. Chairman, I did take note of the hon. member's suggestion and I did intend to respond to him that I will draw the matter to the attention of the Chief Electoral Officer. I am sure he will take whatever steps he can to ensure that the voters in this particular hospital will have whatever opportunity is provided under the law for them to exercise their franchise. I am sure I can speak for the Chief Electoral Officer on this point and that he will do everything possible to carry out the will of parliament, which is to provide for maximum participation. We cannot go beyond that.

Clause 2 agreed to.

Clause 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

* * *

[*Translation*]

The Chairman: Mr. Speaker, the committee of the whole has considered Bill C-66, an act to provide for an additional advance poll in respect of certain by-elections and has asked me to report it without amendment.

Mr. Pinard: Mr. Speaker, I realize it is 3:50 o'clock and that there will probably be a debate on motions. And as I have several hundred answers to give, to ensure a better distribution and printing of those answers in *Hansard,* I ask for unanimous consent to do so immediately.

[*English*]

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I hope you will dispense me from giving the long list of numbers corresponding to the questions to be answered. And with your permission I shall table the list of numbers of the answers to the questions on the order paper.

[*English*]

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Editor's Note: The list above referred to is as follows:*]

Nos. 48, 54, 137, 142, 152, 163, 294, 301, 302, 391, 392, 394, 432, 500, 674, 692, 714, 716, 763, 772, 894, 1,076, 1,103, 1,126, 1,129, 1,171, 1,174, 1,181, 1,182, 1,184, 1,213, 1,234, 1,262, 1,267, 1,270, 1,324, 1,355, 1,368, 1,369, 1,371, 1,387, 1,389, 1,394, 1,395, 1,401, 1,426, 1,459, 1,464, 1,481, 1,486, 1,491, 1,492, 1,493, 1,507, 1,516, 1,518, 1,527 to 1,531 incl., 1,550, 1,551, 1,552, 1,587, 1,590, 1,598, 1,603, 1,610, 1,613, 1,677, 1,678, 1,679, 1,681, 1,684, 1,686, 1,687, 1,688, 1,690, 1,691, 1,696, 1,697, 1,699, 1,701, 1,702, 1,705, 1,706, 1,707, 1,709, 1,713, 1,715, 1,719, 1,720, 1,722 to 1,786 incl., 1,788, 1,789, 1,791, 1,792, 1,793, 1,794, 1,796, 1,797, 1,802, 1,805, 1,810, 1,811, 1,812, 1,813, 1,822, 1,825, 1,826, 1,827, 1,831, 1,832, 1,835, 1,838, 1,840 to 1,851 incl., 1,853, 1,856, 1,857, 1,858, 1,861, 1,863 to 1,932 incl., 1,937, 1,938, 1,939, 1,944, 1,945, 1,948, 1,949, 1,952, 1,953, 1,958, 1,959, 1,960, 1,965, 1,966, 1,968, 1,969, 1,977, 1,983, 1,987, 1,989, 1,991, 1,996, 1,997, 1,998, 2,000 and 2,003.

[*Text*]

USE OF GOVERNMENT AIRCRAFT

Question No. 48—**Mr. Cossitt:**

1. Did the Minister of Agriculture address a Liberal party meeting in Brighton, Ontario and, if so (a) on what date (b) was government transportation to and from the meeting used and, if so (i) what is a full description of the type of transportation (ii) what was the cost to the taxpayer?

2. Did the minister state in his speech "I use DND planes quite a bit because I'm an honourary colonel" and, if not, is he aware that he was so quoted by the Canadian Press?

3. (a) How many honorary colonels are there (b) are they permitted the same privilege as the minister with regard to DND aircraft and (i) if so, how many have used such a privilege in the past year (ii) if not, for what reason is the minister an exception to the rule?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Agriculture and National Defence as follows: 1. Yes. (a) April 6, 1977. (b) No. On the minister's return from an official business trip to Winnipeg, the aircraft had a stopover in Trenton to allow for an address to the Hastings Federation of Agriculture and to visit the Riverside Cheese Factory, both in Trenton.

The trip to the Liberal Association meeting in Brighton followed this and was made at no cost to the taxpayer.

2. See Beauchesne's Parliamentary Rules and Forms, fourth edition, citation 171 (e) and (z).

3. (a) 105. (b)(i) and (ii). Honorary colonels may travel by service aircraft to attend official duty functions related to Canadian forces activities. The number of journeys for this nature of duty is not statistically separated from other Canadian forces duty travel and hence is not readily available. The provision of such data would entail a detailed search of every manifest during the past year for which the department does not have the extra resources required.

MR. TONY MERCHANT

Question No. 54—**Mr. Cossitt:**

1. Did Mr. Tony Merchant recently represent the Crown in a court case in Regina, Saskatchewan involving charges against radio station CKRM and, if so, what was the total amount of legal fees he received?

2. Since the present Minister of Transport became a member of the Cabinet, how many times and on what dates has Mr. Tony Merchant, conducted any legal business for the government and, in each case, what was the (a) nature of the business (b) legal fee paid (c) total of all legal fees paid for all work performed?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Communications and Justice as follows: 1. Mr. Tony Merchant was instructed by the CRTC to act on its behalf in order to prosecute CKRM Buffalo Broadcasting Co. for breach of section 5(1)(b) of the AM radio regulations. The law firm of Pederson, Norman, McLeod and Todd, with which Mr. Merchant is associated, was paid a total of $2,400 for legal fees and $206 for disbursements. The decision of the provincial court in that case is presently being appealed to the Saskatchewan court of appeal and Mr. Merchant is continuing to represent the commission in the case. Mr. Merchant has not been retained to conduct any other legal business for the CRTC. Mr. Merchant was not engaged as an agent of the Minister of Justice on this case.

2. Mr. Merchant was not engaged as a legal agent for the government. (a), (b) and (c) Not applicable.

SUBSIDIES TO CAF BASES

Question No. 137—**Mr. McKinnon:**

Do DREE or any other departments pay direct or indirect subsidies towards the operation or maintenance of CAF bases in Canada and, if so (a) which departments and what is the amount of the subsidy (b) which bases are subsidized (c) what is the purpose of each subsidy?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Regional Economic Expansion and National Defence as follows: no.

REFITTING OF TRAWLERS

Question No. 142—**Mr. Jones:**

Are four trawlers being towed to Quebec for refitting and are they to be taken back to the maritimes to be put into service and, if so (a) for what reason (b) could the trawlers be refitted in one of the four major ports in the Maritimes and, if not, for what reason?

Hon. Barney Danson (Minister of National Defence): Details were provided in response to question No. 468 in the third session of the thirtieth parliament and were published in *Hansard* No. 29, page 1359 dated November 29, 1977.

MR. PHILIP BEINHACKER

Question No. 152—**Mr. MacKay:**

1. Has any money been paid to Mr. Philip Beinhacker, his consulting firm, I.B.I. Group or any other company or group in which he may have an interest or is associated with in relation to the Mirabel and Pickering Airports and, if so, in what amount?

2. Has any money been paid to the law firm McTaggart, Potts, Stone & Herridge in connection with legal work carried out regarding the Pickering Airport site and, if so, in what amount?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Public Works and Transport as follows: 1. During the period April 1, 1971 to September 30, 1977, the Department of Public Works made the following payments to I.B.I. group. Mirabel Airport—$58,445 (for work on the peripheral lands). Pickering Airport (proposed)—$120,740 (funded by the Ministry of Transport). The Department of Transport made the following payments to the I.B.I. Group: April, 1975 to March 31, 1976: $903,530; April, 1976 to March 31, 1977: $469,843.

2. During the period April 1, 1971 to September 30, 1977, the Department of Public Works made payments, funded by the Ministry of Transport totalling $204,943 to the law firm of McTaggart, Potts, Stone and Herridge in connection with legal work carried out regarding the proposed Pickering Airport site. The firm of McTaggart, Potts, Stone and Herridge was previously known as McKinnon, McTaggart and payments totalling $23,907 were made by public works to the latter firm during the 1974-75 and 1975-76 fiscal years. These payments were funded by the Ministry of Transport for work on the (proposed) Pickering Airport site.

EXCESSIVE HEAT IN PLACE OF WORK

Question No. 163—**Mr. Friesen:**

1. In (a) 1974 (b) 1975 (c) 1976, by department, how much time was lost in (i) manyears (ii) mandays, in the public service as a result of employees being sent home due to excessive heat in their place of work?

2. For the same years, by department, what was the total amount of salaries paid to employees during the time that they were unable to work due to the excessive heat?

3. What temperature does the government consider to be excessive?

4. When staff are sent home due to the excessive heat in their offices, do their seniors who occupy air conditioned offices, leave as well because they lack support staff?

5. (a) In buildings where the wiring is considered inadequate to handle air conditioning, what provisions are made to moderate the climate of the work environment (b) is the wiring sufficient to handle an adequate number of fans?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by Treasury Board and the Department of Public Works as follows: 1 and 2. Records do

not exist to permit a reply to these parts. Deputy ministers have discretion in this area and have generally delegated to appropriate officials in their departments the authority to dismiss staff when conditions so dictate. They are not compelled to maintain records of such early closures, nor are records kept of staff members who remain at work although they have been given permission to leave.

3. The degree of discomfort experienced by employees in hot and humid conditions will depend upon the nature of their work and work conditions. For this reason there is no over-all policy. It is currently the practice in many government departments to consider the release or temporary relocation of employees in hot and humid weather when the HUMIDEX reading in their accommodation exceeds 41 on the Celsius scale. This reading represents the combined discomforting effects of temperature and humidity. According to the Department of National Health and Welfare, although most people become uncomfortable when the HUMIDEX level exceeds 38, it is not until the HUMIDEX exceeds 46 on the Celsius scale that any type of labour must be restricted. A HUMIDEX reading of 41 would be equivalent, for example, to a combined temperature of 30 Celsius at a relative humidity of 70 per cent.

4. No.

5. (a) Fans are provided and where possible windows are opened. (b) The Department of Public Works has no knowledge of any Crown-owned or leased accommodation in which the wiring is inadequate for an adequate number of fans.

CMHC—EMPLOYEES FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 294—**Mr. McKenzie:**

1. Has the Central Mortgage and Housing Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Central Mortgage and Housing Corporation in (i) 1975 (ii) 1976?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1. (a) CMHC has obtained part-time personnel from private employment agencies to help out during peak work-load periods, to replace regular employees on sick leave or vacation leave. Such part-time employees have been obtained in all provinces with the exception of Prince Edward Island, Nova Scotia, New Brunswick and Alberta. Such part-time personnel are not paid from CMHC's payroll account, and head office does not have a record of the numbers of such part-time staff. (b) No.

2. Employees from private employment agencies are paid from CMHC's operating budget, and not from estimates.

3. The principle has been established, and is accepted, that Parliament does not require CMHC to supply certain details of its internal management and administration, in answering parliamentary questions. Information requested by members is made available, except where publication would be inconsistent with the mandate of CMHC.

USE OF PRIVATE EMPLOYMENT AGENCIES

Question No. 301—**Mr. McKenzie:**

1. Has Defence Construction (1951) Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Defence Construction (1951) Ltd. in (i) 1975 (ii) 1976?

Hon. Barney Danson (Minister of National Defence): 1. No.

2 and 3. Not applicable.

Question No. 302—**Mr. McKenzie:**

1. Has the Defence Research Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Defence Research Board in (i) 1975 (ii) 1976?

Hon. Barney Danson (Minister of National Defence): 1. No.

2 and 3. Not applicable.

EMPLOYMENT OF RETIRED PUBLIC SERVANTS

Question No. 391—**Mr. McKenzie:**

1. What is the total number of persons under contract to the International Joint Commission and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. At the present time there are two persons under contract to the Canadian section of the International Joint Commission.

2. (a) $12,644 of which $11,175 was to retired Canadian public servants (b) $21,553 of which $8,144 was to retired Canadian public servants.

Question No. 392—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Great Lakes Water Quality Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Order Paper Questions

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. The Great Lakes Water Quality Board does not enter into contracts. This is accomplished through the Great Lakes regional office in Windsor.

2. (a) $916 was paid to retired Canadian public servants. (b) $52,144 was paid to retired Canadian public servants.

Question No. 394—**Mr. McKenzie**

1. What is the total number of persons under contract to the Great Lakes Research Advisory Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. The Great Lakes Research Advisory Board does not enter into contracts. This is accomplished through the Great Lakes regional office in Windsor.

2. (a) Nil. (b) Nil.

NATIONAL HARBOURS BOARD—PORT OF VANCOUVER

Question No. 432—**Mr. Huntington:**

1. Has a *sine die* option to lease berths 3 and 4 at Roberts Bank been given to a company without payment and, if so, for what reason?

2. Will the Minister of Transport take steps to have the option cancelled?

3. Are the terms of the option agreement kept as a secret document which is not available to the public and, if so, for what reason?

4. Are the terms of a document giving first refusal to lease a dock area on Ridley Island kept as a secret document not available to the public and, if so, for what reason?

5. When bids are called to operate, under the National Harbours Board, various docks in Vancouver, are the tenders treated as public and, if not (a) for what reason (b) which federal body decides on what operator is to be used and (i) on what basis (ii) for what reason is this process kept secret?

6. Is one of the terms of bidding that the contractor should not have an affiliated or associated company operating a port facility deemed to be in competition with the port's operation and, if so, for what reason was a contractor chosen whose parent company and provider of most of his other work was also the operator of a competing dock handling similar products?

7. Are the land and waterlot rents paid by various docks to the National Harbours Board available to the public and, if not, for what reason?

8. On what basis are large sums spent on new National Harbours Board docks dealt with when setting rates for their use, i.e. years of depreciation, interest on money, etc.?

9. Is the National Harbours Board openly competing with private enterprise docks in view of the claim that they are the operators of docks in Vancouver Harbour and, if so, for what reason is the Board permitted to spend public monies on studies of the financial impact of the port and then keep it secret, thus giving them some advantage in competition?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. Under the existing lease agreement covering the first site, the lessee has the right of first refusal on the next two sites. Another company has an option on the first available site under heads of agreement.

2. The agreements do not provide for cancellation by the Minister of Transport at this time.

3. The terms of the agreements are treated as confidential to protect the competitive positions of the companies involved.

[Mr. McKenzie.]

4. A licence to survey property at Ridley Island has expired. The document was confidential to protect the competitive position of the company.

5. Proposals for terminal services were requested by public advertisement to ensure maximum response. The replies were treated as confidential. (a) Proposals contained confidential information concerning competing companies. (b) Proposed contractors recommended by the Vancouver Port manager and the Vancouver Port Authority were approved by the National Harbours Board, Treasury Board and the Governor in Council. (i) Selection was based on such factors as operating and marketing organization, personnel, experience and demonstrated capability, financial strength and potential impact on port revenues. (ii) Supporting documents contain considerable information provided in confidence which must be respected.

6. A shareholder, without majority, of one of the selected contractors is operating a facility in competition with a board facility. The National Harbours Board is satisfied that no conflict of interest exists between the selected contractor and the board, nor is it in any way detrimental to the operation of the board facility in question.

7. No, to protect the competitive position of lessees.

8. In establishing rates for the use of facilities, such factors as outside competition, traffic forecasts, economic impact, anti-inflation guidelines, rate of return on investment, operating and maintenance costs, loan interest and principal repayments are considered.

9. An economic impact study was conducted as one phase of a study related to long range planning of the port. A public document entitled "The Port of Vancouver and its impact on the economy of the greater Vancouver region" includes all of the major findings of this report. To make public detailed information which forms the basis for the conclusions reached in the report would be to divulge data provided in confidence by the various companies involved.

THUNDERBIRD LODGE, MANITOBA

Question No. 500—**Mr. Epp:**

1. Was Thunderbird Lodge, Manitoba, placed under receivership and, if so (a) on what date (b) who is the principal party involved?

2. Did the government place the Lodge under receivership and, if so, in what manner does it intend to dispose of the holding?

3. Does the government intend to take legal action against the former owners/directors of the Lodge?

4. What other loans, claims, legal action etc., are being brought against the Lodge at the present time?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Indian Affairs and Northern Development and Regional Economic Expansion as follows: 1. Yes. (a) August 12, 1977. (b) A Receiver and manager was appointed on August 2, 1977 under the terms of a debenture in favour of Communities Economic Development Fund. The principal creditors are: The Indian Economic Development Fund (Department of Indian Affairs

and Northern Development). The province of Manitoba's Communities Economic Development Fund.

2. The government did not place the lodge under receivership. The lodge was petitioned into receivership by Manitoba's Communities Economic Development Fund with the concurrence of the Department of Indian Affairs and Northern Development. The assets, under the authority of the Court of Queen's Bench, have been placed in the hands of a realtor for multiple listing and sale.

3. The government does not have plans to take legal action against the former owners/directors of the lodge.

4. The following claims have been listed with the receiver in addition to those mentioned in 1 above. (i) Unpaid wages; (ii) Shareholders loans; (iii) Unsecured creditors.

ANTI-INFLATION BOARD ADVERTISING

Question No. 674—**Mr. Cossitt:**

1. Did the government place the advertisement "Inflation Isn't Someone Else's Problem" in various publications and, if so (a) what was the total number of publications carrying the advertisement and what is the breakdown, by province (b) what was the total cost of the advertisement and what is the breakdown, by province (c) did it contain a clipping asking readers to send to the Anti-Inflation Board for a copy of "Kick the Inflation Habit" and, if so, how many requests were received as a direct result of the advertisement for the (i) English (ii) French version?

2. (a) What has been the total amount spent on advertising by the Anti-Inflation Board from its inception to the date that latest figures are available and what is the date (b) how much is budgeted for advertising during the present fiscal year (c) what are the names of all advertising agencies used and, in each case, what was the amount expended through them?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Anti-Inflation Board:

1.

(*a*) 111 Daily newspapers
3 Newsmagazines (national distribution)

Daily newspapers:	British Columbia	17
	Alberta	8
	Saskatchewan	4
	Manitoba	9
	Ontario	46
	Quebec	13
	New Brunswick	4
	Nova Scotia	5
	P.E.I.	2
	Newfoundland	3
		111

(*b*) Daily newspapers $46,494
Newsmagazines 40,800
$87,294

Daily newspapers:	British Columbia	$ 6,320
	Alberta	3,450
	Saskatchewan	1,360
	Manitoba	2,550
	Ontario	18,144
	Quebec	10,230
	New Brunswick	1,510
	Nova Scotia	1,760
	P.E.I.	480
	Newfoundland	690
		$46,494

(*c*) Yes.

Distribution to date:	English	69,907
	French	16,662
		86,569

Because a number of promotions are simultaneous to the newspaper advertising there is no break-out indicating the source of the requests. All distribution is a direct result of requests.

2.

(*a*)	1974-75	Nil
	1975-76	$230,705.35
	1976-77	233,888.34
	1977-78	
		63,929.98 (to date)
		$528,523.67

(*b*) $300,000.00

(*c*)	MacLaren Advertising Limited	$230,705.35	(1975-76)
		166,567.74	(1976-77)
		47,997.98	(1977-78 to date)
		$445,271.07	
	BCP Publicité Ltée	$67,320.60	(1976-77)
		15,932.00	(1977-78 to date)
		$83,252.60	

DSS—OUTSIDE CONSULTANTS

Question No. 692—**Mr. Howie:**

From January 1, 1977 to date, did the Department of Supply and Services hire outside consultants and, if so, how many?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Ninety.

LABRADOR LINERBOARD LTD.

Question No. 714—**Mr. Crosbie:**

Did the Department of Industry, Trade and Commerce or the Department of Regional Economic Expansion investigate the potential costs and benefits of giving financial assistance to Labrador Linerboard Limited of Stephenville, Newfoundland and, if so, what disincentives offset the potential benefits of (a) job preservation for about 1,500 persons (b) maintenance of the disposable income of the plant's employees and their families (c) the preservation of the community in which the plant operated and in wood cutting areas (d) the maintenance of revenues of the federal and provincial governments through income and other taxes and the avoidance of unemployment insurance, welfare and other direct costs to government of the loss of some 1,500 jobs?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The Department of Industry, Trade and Commerce has provided all possible assistance compatible with its mission to Labrador Linerboard Limited before the closure of its mill at Stephenville on August 26, 1977. Since that date, this department has worked closely with the consultant retained by the government of Newfoundland to identify parties who may be interested in acquiring and re-activating the facility. It does not fall within the Department of Industry, Trade and Commerce's mandate to undertake overall cost/benefit and social economic studies to determine whether financial assistance should be provided to help prevent mill closures. The Department of Regional Economic Expansion has maintained a monitoring role regarding the implications of

the closure of the linerboard mill in Stephenville and the earlier phase-down of related wood-cutting operations based in Happy Valley-Goose Bay, Labrador. The department has not been approached by the government of Newfoundland, owners of the mill, for financial assistance to maintain the mill's operation and therefore has not conducted any cost/benefit analysis associated with providing such public assistance through any program vehicle within the department's mandate. For assistance provided by the Canada Employment and Immigration Commission, see House of Commons Debates, December 15, 1977, pages 1934-35.

GRANTS AND LOANS PROGRAMS

Question No. 716—**Mr. Crosbie:**

Are government expenditures directed by the Department of Industry, Trade and Commerce and the Department of Regional Economic Expansion allocated to different regions of Canada, in whole or in part, on the basis of (a) a quota system or other system of allocation specifying the (i) number (ii) amount in dollars, of grants or loans to be received by each region and, if so, in each case, what are the specifics of the system (b) a quota system or other system of allocation related to (i) gross provincial product per capita (ii) per capita disposable income (iii) provincial rate of unemployment (iv) regional or area rate of unemployment and, if so, what are the specifics of the system (c) an effort by the government to be perceived by members of the English-speaking community and French-speaking community as treating each linguistic community equitably in both economic and human terms by the apportionment of government expenditure in some ratio to regions or provinces where either of the groups constitute (i) a majority of the population (ii) in some specified percentage a minority of the population and, if so, what is the ratio (d) considerations directed to the question of (i) national unity (ii) the future of Confederation and, if so, what are such considerations (e) political considerations and, if so, what are such considerations (f) other considerations and, if so, what are they?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned in administering the various industrial development programs, the Department of Industry, Trade and Commerce does not allocate funds to funds going to individual firms which meet the criteria for program support (i.e. project and company viability). However, in order to ensure that there is regional balance, the Enterprise Development Program (EDP) which is the largest of the departmental programs, is administered on a decentralized basis with an Enterprise Development Board in each province. The EDP is intended to help smaller and medium-sized companies to become more viable and internationally competitive. Its decentralized administration and decision-making makes the program more accessible to smaller and medium-sized businesses in all parts of Canada. As for the rest of the programs the Department of Industry, Trade and Commerce, every effort is made to ensure that firms in all provinces have equal access to program funding. An examination of the data on program funding by Industry, Trade and Commerce over the 1966-76 period indicates that the distribution of spending was closely related to the distribution of industry across the country.

In so far as the Department of Regional Economic Expansion is concerned: (a) no (i) not applicable (ii) not applicable (b) no (i) not applicable (ii) not applicable (iii) not applicable (iv) not applicable (c) no (i) not applicable (ii) not applicable (d) no (i) not applicable (ii) not applicable (e) no (f) while expenditures are not directed to regions on the basis of fixed allocations or quotas of any kind, given regions on the basis of fixed allocations or quotas of any kind, given the department's objectives, attention is clearly focused on areas of persistently weaker economic performance. This emphasis is achieved through the design of programs and a concentration of analytical effort. In particular, the Regional Development Incentives Program operates only within designated areas, using incentives formulae which vary between areas, and under general development agreements, cost-sharing maxima and levels of programming vary considerably between provinces. The result of these variations in emphasis is that the regional distribution of DREE expenditures generally reflects the relative economic need of the regions. However, as it is DREE policy to seek out and encourage viable development opportunities, specific amounts or shares for each region cannot be precisely predetermined.

CANADA EMPLOYMENT AND IMMIGRATION ADVERTISING

Question No. 763—**Mr. Epp:**

1. Are Canadian TV stations airing the information campaign conducted by UIC regarding eligibility for benefits and, if so, which stations are doing so?

2. (a) What is the cost of the advertising campaign (b) who is the advertising agency (c) were tenders called and, if not, how was the agency chosen?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. See answer to question No. 369 tabled this day.

2. (a) and (b) See answer to question No. 369 tabled this day. (c) The advertising agency is appointed under Treasury Board authority and it is the prerogative of the minister to select the advertising agency in accordance with Treasury Board regulations.

MR. LESLIE J. BENNETT—RCMP

Question No. 772—**Mr. Cossitt:**

1. Is Mr. Leslie John Bennett a member of the RCMP and, if so (a) since what date (b) what is his complete history with the force including ranks held, salaries, dates, etc?

2. Is he connected with counter intelligence work and, if so (a) to what extent (b) what are his qualifications for this type of work and did he serve with British Intelligence prior to coming to Canada or any other intelligence service?

3. Did Mr. Bennett state in Australia on November 23, 1977, that he was interrogated by the RCMP at the time of his retirement and, if so, for what reason did such interrogation take place and what was the subject matter?

4. To the knowledge of the government, was Mr. Bennett interrogated by the United States Central Intelligence Agency and, if so (a) in what locations (b) on what dates (c) with whose permission, in Canada?

5. Did the RCMP investigate on their own volition or on the recommendation of the Central Intelligence Agency or Branch M.1-6, that Mr. Bennett was in any way connected with representatives of a foreign power and, if so, what are the details?

Hon. J.-J. Blais (Solicitor General): 1. Assuming Mr. Cossitt is referring to Leslie James Bennett, the answer is that Leslie James Bennett is not now a member of the RCMP but was a civilian member of the RCMP having joined the security service on July 2, 1954. Until February 1970, he was employed as Assistant Officer in charge of counter-espionage and from February 1970, until his retirement to medical pension on July

28, 1972, he was employed within the RCMP security service on other duties. He was engaged in 1954 in the salary range of $3,480—$4,500 and at the time of retirement was in the salary range of $19,380—$21,060.

2. He is not now connected with counter-intelligence work having retired as previously indicated. As for his qualifications for this type of work, Mr. Bennett joined the security service having come from the United Kingdom where he had been employed in the British intelligence community since 1946.

3. In a telephone interview on November 23, 1977 Mr. Bennett did state to Barbara Frum of the CBC radio program "As It Happens" that he had been questioned by his own people, his Canadian colleagues. Prior to his retirement to medical pension, Mr. Bennett was questioned by the RCMP in line with the normal concerns by all western intelligence services in accepting the possibility of high level penetration by Soviet Intelligence Services. The RCMP are satisfied that there is no evidence that Mr. Bennett is not or was not a loyal and dedicated Canadian public servant.

4. Mr. Bennett was not interrogated by the United States Central Intelligence Agency.

5. The RCMP investigated on their own volition.

CALGARY FRENCH SCHOOL

Question No. 894—**Mr. Jones:**

Does the Calgary French School receive government aid in any form?

Hon. John Roberts (Secretary of State): The Calgary French school does not receive aid directly from the federal government. Under the federal-provincial program for bilingualism in education, formula contributions are paid to all provinces. These funds are intended to assist provinces in meeting costs associated with the teaching of the second official language and with providing instruction in the language of the official language minority. Given the provincial constitutional responsibility for education, the actual distribution of these funds, under the terms of the current agreement, is at the discretion of the provincial governments.

SURVEY OF SASKATCHEWAN FARMERS

Question No. 1,076—**Mr. Benjamin:**

Did any department or agency retain Foster Advertising Ltd., or Continental Public Relations to make a survey by questionnaire of some Saskatchewan farmers and, if so, at what cost?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): No.

CARS PURCHASED BY GOVERNMENT

Question No. 1,103—**Mr. Howie:**

Does the government have any regulations covering the size of cars it purchases and, if so, what are they?

Hon. Robert K. Andras (President of the Treasury Board): Yes. The following directives are contained in the policy and standards on motor vehicles (TB 744685 of October, 1976): "9. The conservation of energy shall be a primary consideration when acquiring motor vehicles. 10. All vehicles purchased or leased for 30 days or more shall conform to the Government Motor Vehicle Specifications and shall be of the types that consume the least amount of energy possible. In all cases, the load/task factor shall be given absolute priority over comfort or convenience, and any deviations from the specifications shall require the prior approval of the Treasury Board. 11. To the fullest practical degree, this policy shall also be applied to vehicles acquired by short-term lease and to the use of privately-owned passenger cars on government business . . . 12. Government-owned or leased passenger cars shall be sub-compact or compact models, unless these cannot meet the requirements of the normal load/task. In the latter case, the smallest size vehicle able to meet those requirements shall be selected, and Treasury Board approval shall be obtained before acquisition. 28. Unless otherwise approved by the Treasury Board . . . new passenger cars shall be of the sub-compact or compact categories. Exceptions will be allowed by Treasury Board only where the load normally to be carried or the task normally to be performed, such as certain police and emergency health service duties, preclude the acquisition of these categories of vehicles. In these cases the smallest type of vehicle capable of satisfying the need shall be selected."

EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,126—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Transport and those agencies that report to it?

Hon. Otto E. Lang (Minister of Transport): 1970-71, $30,100; 1971-72, $261,704; 1972-73, $609,627; 1973-74, $2,630,995; 1974-75, $595,693; 1975-76, $938,099; 1976-77, $1,150,527.

EXPENDITURES IN NICKEL BELT

Question No. 1,129—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Finance and those agencies that report to it?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): In so far as the Minister of Finance is concerned: Department of Finance: Please see list below. Anti-Inflation Board: The records of the board are not kept by constituency. I am advised by the Bank of Canada as follows: Nil. I am advised by the Canada Deposit Insurance Corporation as follows: Nil.

Order Paper Questions

Grants in Lieu of Taxes on Federal Property
Paid in the Federal Constituency of Nickel Belt
Municipal Taxation Years

Name Place	Taxing Authority	1970 $	1971 $	1972 $	1973 $	1974 $	1975 $	1976 $	1977 $	Totals $
Azilda	Town of Rayside Balfour	434	449	417	466	564	626	645	806	4,407
Capreol	Town of Capreol	-	-	-	-	1,322	1,491	1,652	1,870	6,335
Chelmsford	Town of Rayside Balfour	1,336	1,350	1,311	1,162	1,320	1,429	1,461	2,876	12,245
Hanmer	Town of Valley East	512	561	477	550	625	720	739	2,611	6,795
Lively	Town of Walden	1,378	1,248	942	942	1,141	-	1,571	1,761	8,983
Noelville	Cosby, Mason and Martland Twsps.	339	359	399	386	412	441	494	607	3,437
St. Charles	Casimir, Jennings & Appleby Twsps.	223	215	249	225	263	307	327	363	2,172
Sudbury	City of Sudbury	95,921	108,483	109,128	111,717	120,128	137,127	153,999	172,467	1,008,970
Val Caron	Town of Valley East	680	561	640	739	839	966	1,078	3,844	9,347
	Totals	$100,823	$113,226	$113,563	$116,187	$126,614	$143,107	$161,966	187,205	1,062,691

CROWN'S INTEREST IN CAL

Question No. 1,171—**Mr. Andre:**

1. What is the Crown's precise financial interest in Canadian Arsenals Limited as administered by the Department of Supply and Services and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The company was incorporated on September 20, 1945, under the name of Canadian Arsenals Limited with terms of reference generally as follows: "To act as the organized national establishment for maintaining industrial preparedness in collaboration with industry and the services in the matter of manufacture procurement industrial planning and development of and for basic weapons of warfare established for defence of Canada" (See first annual report March 31, 1947). At the beginning the financial interests transferred from the Crown, at no charge, through the Department of Reconstruction and Supply were as follows:

Capital Assets (original cost value not established until March 31, 1949).	
Land	$ 3,027,021
Buildings	28,902,599
Machinery and equipment	58,641,493
Total	$90,571,113
Sundry Assets	
Cash advances	2,675,111
Inventories (estimated original cash (value)	18,000,000
Total	20,675,111
Total	$111,246,246

2. The book value of the Crown's equity was a follows:

(a) On the date of acquisition as per March 31, 1949, annual report:	
Capital stock	$ 22
Capital assets	90,571,113
Sundry assets	20,675,111
Total	$111,246,246

[Mr. Lumley.]

(b) Book value of the Crown's equity on March 31, 1977:	
Capital stock	$ 30
Capital assets	22,643,013
Loans from the Government of Canada	3,500,000
Deficit non recoverable from appropriations	(1,233,020)
Other sundry items	249,423
Total	$25,159,446

NOTE: The difference in book value comes mostly from the sale of assets to industry or other disposal in general e.g. Valcartier Industries Inc., Canadian Industries Limited, etc.

3. Total Crown investment to date:

(a)	Equity cost as per 2. (a) above:		$111,246,246
(b)	Contribution to operating fund (1946-1977):		
	Operating loss (net)	$ 11,308,884	
	Capital expenditures	24,281,250	
	Sub total		35,590,134
(c)	Special expenditures, e.g. plant rehabilitation, plant closure, fire, and other minor items:		
	Operating loss	$ 14,838,743	
	Capital expenditures	11,604,425	
			26,443,168
Total Crown investments			$173,279,548

Please note that the figures referred to above are for all the divisions of Canadian Arsenals Limited whereas now only the filling division in St-Paul l'Ermite is left.

4. (a) The Minister of Supply and Services is the minister responsible to parliament for Canadian Arsenals Limited and he holds the majority of the shares of the company in trust for the Crown. The board of directors of Canadian Arsenals Limited is elected by its shareholders pursuant to the by-laws

of the company. (b) The senior management of the corporation elected by the board of directors, exercise and perform such of the powers conferred or the duties imposed upon the Minister of Supply and Services as may from time to time be delegated to the company by the minister or by the governor in council.

5. The government intends to divest itself of its interests in Canadian Arsenals Limited as soon as it is conveniently possible to do so, and an action plan has been developed for this purpose and is already on way of executive.

207 QUEENS QUAY WEST LIMITED

Question No. 1,174—**Mr. Andre:**

1. What is the Crown's precise financial interest in 207 Queens Quay West Limited as administered by the Ministry of State for Urban Affairs and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. André Ouellet (Minister of State for Urban Affairs): For the Ministry of State for Urban Affairs: 1. 207 Queens Quay West Limited is a corporation, incorporated under the Ontario Business Corporations Act, whose shares are held by Her Majesty the Queen in right of Canada as represented by the Minister of State for Urban Affairs. The common shares of the company were purchased on January 22, 1973, by Her Majesty the Queen in right of Canada. The Crown, however, has no financial interest in the company other than one fixed asset purchased at $1. 207 Queen's Quay West Limited is a corporate shell company acquired to act as an agent of the Crown to manage the harbourfront site in Toronto.

2. After January 22, 1973, the Company was dormant until July 1, 1976. All assets were transferred to the Crown at that time creating a book value deficit of $215,500. The latest estimated book value is zero other than one fixed asset of $1. All other financial matters relate to operating costs.

3. The Crown's total investment in 207 Queen's Quay West Limited in terms of equity costs is zero and zero in terms of debt forgiveness. There are no realized profits. Operating funds provided to date are: 1974-75, $1,985,655; 1975-76, $1,976,416; 1976-77, $2,550,000; 1977-78, $3,049,000.

4. (a) The Crown's interest is represented on the board of directors by five members of the board who are federal appointments. They are Mr. Ben Orenstein (chairman of the board), L. L. Odette, R. J. Butler, K. Jaffary and W. B. Bremner. On the recommendation of Metro Toronto, B. McCormick and Julian Porter were appointed. On the recommendation of the city of Toronto, two representatives were appointed. They are J. Stinson and S. G. McLaughlin. D. M. Orange, special assistant to the Honourable André Ouellet, is the minister's representative on the board but has no voting privilege. (b) The Crown has no representation on the senior management of the company.

5. No policy decision has been made on the future disposition of the Crown's interest. The board of directors, pursuant to the management agreement entered into between MSUA and 207 Queen's Quay West, have presented to MSUA, policy recommendations and a financial plan for the next calendar year which is currently being analyzed.

AIR JAMAICA

Question No. 1,181—**Mr. Andre:**

1. What is the Crown's precise financial interest in Air Jamaica as administered by the Department of Transport through Canadian National Railways and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): 1. The Crown's precise interest through Air Canada in Air Jamaica as of December 31, 1977 is: ordinary (common) voting shares $1,534,000 preferred shares $2,474,-000. The ordinary shares were acquired during the years 1969, 1971 and 1975. Their cost was $1,534,000. The preferred shares were purchased in 1969 at a cost of $7,992,000. Air Canada was requested to examine any possible relationship with Air Jamaica by the government as part of a government sponsored Caribbean assistance program. On investigation, Air Canada found that there could be some mutual benefits to be derived from investing in Air Jamaica and made the above purchases.

2. The book value at the date of acquisition was: ordinary (common) shares, $1,534,000; preferred shares $7,992,000. The latest estimated book value is: ordinary (common) shares, $1,534,000; preferred shares, $2,474,000. The reduction in value of the holdings of preferred shares results from the arrangement with the Jamaican government, who are buying back the preferred shares on an agreed basis.

3. The Crown's total investment through Air Canada is as indicated above. There has been no profit realized from this transaction.

4. (a) Air Canada has three directors on the board of Air Jamaica, and (b) the present chief executive officer is an Air Canada employee on loan to Air Jamaica.

5. As indicated by the above, the Crown through Air Canada has agreed to sell its interest in the preferred shares by the end of 1979 to the Jamaican government but has not made any decision on the future disposition of its common stock holdings.

Order Paper Questions

CROWN'S INTEREST IN ALLIED INNKEEPERS (BERMUDA) LIMITED

Question No. 1,182—**Mr. Andre:**

1. What is the Crown's precise financial interest in Allied Innkeepers (Bermuda) Limited as administered by the Department of Transport through Canadian National Railways and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors, (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport): 1. Nil. However, in 1972 Air Canada advanced $240,000 to CN Realties to acquire and hold, on its behalf, one-third of the controlling stock of Allied Innkeepers (Bermuda) Limited, a company created to own and operate eight properties in the Caribbean. This interest was acquired as a business opportunity to become more closely associated with the hotel industry and to ensure a supply of quality hotel space in the Caribbean.

2. Book value of Air Canada's equity on the date of acquisition was $240,000. Current book value is nil as the equity was disposed of in September 1976.

3. Air Canada's only investment was the original investment. There were no working capital advances, no debt forgiveness and no profit realized from the investment.

4. Air Canada had six representatives on the company's board of directors; none in senior management.

5. This is not applicable as the equity in this company was disposed of in September 1976.

CROWN'S FINANCIAL INTEREST IN COMPUTER SCIENCES CANADA LIMITED

Question No. 1,184—**Mr. Andre:**

1. What is the Crown's precise financial interest in Computer Sciences Canada Limited as administered by the Department of Transport through the Canadian National Railways and on what date was such interest acquired, at what cost and for what reason?

2. What was the book value of the Crown's equity on the date of acquisition and what is its latest estimated book value?

3. To date, what is the Crown's total investment, including equity costs, contributions to operating funds, debt forgiveness and what is the Crown's total realized profit from such investment?

4. In what manner is the Crown's interest represented (a) on the Board of Directors (b) in its senior management?

5. Did the government make a policy decision in regard to the future disposition of its interest?

Hon. Otto E. Lang (Minister of Transport): The Management of Canadian National Railways advises as follows: In 1969, Canadian National Railway Company, with the approval of the Governor in Council, acquired a minority interest in Computer Sciences Canada Limited, the remaining shares being owned by private interests. That company is engaged in the highly competitive business of providing computer service and technology and it would be prejudicial to the interests of the private shareholders to disclose the cost of the investment, or details of the management operation or financial results of the company. Canadian National Railway Company appoints one person to the five-man Board of Directors.

CARS PURCHASED BY GOVERNMENT

Question No. 1,213—**Mr. Alexander:**

For each department, what was the total expenditure on the purchase of motor vehicles during the (a) last year for which figures are available (b) 12 month period immediately (i) preceding (ii) following the implementation of Treasury Board directive T.B. No. 740686 dated January 22, 1976 regarding motor vehicle aquisitions?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): For practical purposes the implementation of Treasury Board directive T.B. No. 740686 was considered to be February 1, 1976. "Motor vehicles" includes passenger cars and station wagons.

Departments and agencies	(a) Feb. 1/77 to Jan. 31/78	(b) (i) Feb. 1/75 to Jan. 31/76	(b) (ii) Feb. 1/76 to Jan. 31/77
Agriculture Canada	$931,675	$ 529,164	$667,123
Atomic Energy of Canada Limited	15,195	—	5,085
Auditor General's Office	—	4,250	4,519
Canadian Radio-Television and Telecommunications Commission	—	4,854	—
Central Mortgage Housing Corporation	—	9,436	—
Chief Electoral Officer	4,936	—	—
Commissionner of Official Languages	6,350	—	—
Department of Communications	130,759	183,622	97,310
Consumer & Corporate Affairs Dept.	190,085	9,305	18,757
Emergency Planning Canada	—	3,294	—
Energy Mines & Resources	44,376	87,108	54,368
Environment Canada	959,000	502,161	614,742
External Affairs Department	165,430	23,647	272,512
Finance Department	—	4,704	—
Government House	38,700	—	—
Health & Welfare Canada	445,793	93,750	379,799
Indian & Northern Affairs Dept.	660,977	2,265,697	435,387
Industry Trade and Commerce	3,872	4,842	2,040
Information Canada	—	6,696	—
International Joint Commission	—	5,352	—
Justice Department	9,985	5,412	—
Labour Canada	—	11,718	—
Loto Canada	20,358	—	—
Dept. of Employment & Immigration	73,486	71,586	58,555
National Defence Department	4,746,385	6,000	456,982
National Film Board	—	—	31,471
National Harbours Board	50,199	—	54,964
National Museums of Canada	—	22,856	—
National Research Council of Canada	24,042	18,916	23,483
Revenue Canada	148,952	70,318	20,734
Post Office Department	398,271	119,737	38,927
Privy Council Office	—	3,316	—
Public Archives	—	4,780	—

Public Service Commission	—	—	6,862
Public Works Department	191,073	196,910	162,952
Dept. of Regional Economic Expansion	80,004	80,551	17,879
Royal Canadian Mounted Police	7,982,870	6,239,519	10,232,261
Secretary of State Department	—	4,376	—
Ministry of the Solicitor General	284,807	147,463	157,853
Statistics Canada	—	7,076	6,098
Supply & Services Canada	99,308	3,176	6,343
Tariff Board	—	19,686	—
Transport Canada	807,683	571,783	423,992
Unemployment Insurance Commission	21,740	26,940	38,308
Veteran's Affairs Department	58,163	27,089	25,299
Urban Affairs	10,400	4,040	—
Science and Technology	945	—	—

STEVE SUSKI

Question No. 1,234—**Mr. Cossitt:**

1. Is Mr. Steve Suski employed by the government and working for the Minister of Employment and Immigration in his Parliamentary Office and, if so (a) on what date did he commence employment (b) what is his annual salary (c) what is a complete description of his duties?

2. Do any of his duties include political work in the Minister's constituency and other constituencies for purposes of electing Liberal candidates and, if so (a) what are the names of all the constituencies (b) what work has he performed other than that of a political nature since assuming his present position?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes. (a) May 24, 1977; (b) up to $24,850; (c) to assist the minister as directed.

2. See 1(c) above.

VIA RAIL CANADA

Question No. 1,262—**Mr. Jones:**

1. Was Bombardier-MLW Ltd. of Montreal awarded a contract for the construction of LRC trains for VIA Rail Canada and, if so (a) in what manner were they chosen (b) for what reason?

2. Were tenders called and, if so, was Bombardier-MLW Ltd. the lowest tenderer?

3. Are such trains first being introduced into service on the run between Ottawa, Montreal and Quebec City and, if so, for what reason?

4. Will such a service be extended to the Maritime region and, if so, on what date?

Hon. Otto E. Lang (Minister of Transport): 1. (a) Bombardier-MLW Ltd. was awarded a contract for the construction of LRC trains for VIA Rail Canada Incorporated. The selection of Bombardier-MLW Ltd., was based on a thorough and extensive evaluation of four bids, jointly undertaken by senior officials from CN, CP and the government. (b) Approximately 800 factors were considered and each were given a weighting consistent with government contracting policies and railway industry practices. Over-all, Bombardier-MLW scored the highest in this evaluation process. See also reply to question 520 tabled June 1, 1978.

2. A tender call was issued by Transport Canada on July 4, 1976, for new railway passenger equipment. The selection of train was not based solely on price, but also on the total expected cost over the life of the equipment, its revenue generating capability, the firm's manufacturing expertise, the possible export potential and Canadian content of the bid. See also reply to question 520 tabled June 1, 1978.

3. The LRC trains will first be introduced on the Quebec-Montreal route in support of the Quebec-Montreal demonstration project.

4. At this time, no decision has been made as to what rail passenger services the LRC trains will be operating on, other than the Quebec-Montreal service. VIA Rail Canada is responsible for this decision and are contemplating all intercity services in the prairies, maritimes and Quebec-Windsor corridor.

CONTRACTING OUT POLICY

Question No. 1,267—**Mr. Epp:**

Did any departments impose a ban on hiring while awaiting the implementation of the government contracting out policy and, if so, which departments?

Hon. Robert K. Andras (President of the Treasury Board): If you are referring to the Policy and Guidelines on Contracting-Out the Government's Requirements in Science and Technology, I am not aware of any department having imposed a ban as such on hiring while awaiting the implementation of the policy. In this respect, it is important to note that although the policy has been issued by the Treasury Board, it is the responsibility of each department to implement it as effectively as possible within accepted and approved management practices.

PERCENTAGE OF GNP GENERATED BY THE PROVINCES OF MANITOBA, SASKATCHEWAN, ALBERTA

Question No. 1,270—**Mr. Epp:**

1. What percentage of Canada's GNP is generated by the Province of (a) Manitoba (b) Saskatchewan (c) Alberta?

2. What is the average farm income in the Province of (a) Manitoba (b) Saskatchewan (c) Alberta?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports that following: 1. The Table below shows the percentage of Canadian production generated in the provinces of Manitoba, Saskatchewan and Alberta. It should be noted, however, that these values are based on the concept of "domestic" (GDP) rather than "national" (GNP) accounts. That is, the concept used refers to production according to the location of the productive factors rather than the place of residence of the owners of these factors. Also these data were published on an "experimental" basis and the most recent year for which values are available is 1974.

Percentage of Canada's GDP Generated by the Provinces of Manitoba, Saskatchewan and Alberta

Province	Year		
	1972	1973	1974
Manitoba	4.07	4.14	4.16
Saskatchewan	3.42	3.75	4.14
Alberta	8.29	8.80	10.23

Source: Statistics Canada, Provincial Economic Accounts, 1961-1974, Ottawa, June 1977.

2. The table below shows the average farm income in the provinces of Manitoba, Saskatchewan and Alberta.

	Manitoba $	Saskatchewan $	Alberta $
1971	3,581	4,810	3,987
1972	6,339	8,254	2,516
1973	8,620	10,287	7,996
1974	12,056	16,051	13,179
1975	12,958	20,384	13,160
1976	10,364	16,184	10,694

The above averages for farm income were derived by dividing the provincial realized net farm income figures by the number of farms, based on the 1971 census of agriculture.

FM CHANNEL 279B, BROCKVILLE

Question No. 1,324—**Mr. Cossitt:**

1. (a) On what date was FM Channel 279B, frequency 103.7, cleared by the Department of Communications for Brockville and district (b) what are the names of all persons having a hand in the decision (c) did the Minister of Communications participate in any way in the decision and, if so, what instruction did she give in this regard (d) is the channel classified as what is known as a "drop-in frequency"?

2. (a) Did additional available frequencies for the Brockville area appear on the official list of the Department of Communications and, if not, for what reason (b) what brought about the change and what are all the reasons that it is considered there is room in the area for additional radio broadcast facilities?

Hon. Jeanne Sauvé (Minister of Communications): As far as the Department of Communications is concerned, the answer to the above question is as follows: 1. (a) FM Channel 279B has not yet been adopted by DOC for Brockville and district. (b) Not applicable. (c) Not applicable. (d) If the channel is adopted officially, it would be known as a drop-in frequency.

2. (a) Three channels were made available for Brockville in the Canadian FM allotment plan. CBC applications predicated on all three were approved by the CRTC. (b) In line with the department's continuing endeavours to provide sufficient channels for a national and private broadcast choice, and in response to a proposal by a potential applicant to drop in Channel 279B for Brockville, meetings were held in March, 1977 between DOC, CBC and the applicant concerned to discuss the proposal and its technical compatibility with the FM plan, and acceptability under international agreements. The department then left it up to the would-be applicant to carry out the necessary engineering studies and negotiations with potentially affected broadcasters. This does not prejudge the merits of a specific application in its aspects of concern to the CRTC. Adoption of Channel 279B would be subject to a favourable CRTC decision.

[Mr. Loiselle (Chambly).]

KOOTENAY RIVER DIVERSION PROJECT

Question No. 1,355—**Mr. Brisco:**

Has the hon. Len Marchand, Minister of State (Environment), publicly declared his opposition to the Kootenay River Diversion Project at Canal Flats in British Columbia and, if so, in what framework does the Minister believe that he can translate his vocal opposition into federal intervention?

Hon. Len Marchand (Minister of State (Environment)): Under the terms of the Columbia River Treaty, British Columbia Hydro and Power Authority, after 1984, has the right to divert the waters of the Kootenay River into the Columbia River system. At a meeting in Invermere, British Columbia, on January 29, 1978, the Minister of State (Environment) expressed his personal opposition, on environmental grounds, to the proposed Kootenay-Columbia diversion. The minister has communicated his concerns directly to the Honourable James Nielsen, minister of the environment for the province of British Columbia. Upon completion of the environmental assessment studies in 1979, the alternatives will be examined on the basis of economic, environmental and social factors by the British Columbia cabinet and by the federal government. Consideration of federal interests and legislative responsibilities under the Migratory Birds Convention Act and the International River Improvements Act can best be undertaken at that time.

MANUAL ON BARRIER TRAINING

Question No. 1,368—**Mr. Jones:**

1. Is the Manual on Barrier Training available to civilian health personnel and, if so, when will it be available?

2. Is the Department of National Defence preparing this bulletin?

3. Does the department feel that a core of barrier trained experts would be advisable in all provinces and territories and, if so, would periodic refresher courses not be required in this regard?

Hon. Barney Danson (Minister of National Defence): Details were provided in response to question No. 1,421 in the third session of the Thirtieth Parliament and were published in *Hansard* No. 93, page 4388 dated April 11, 1978.

NORTH AMERICAN AIR DEFENCE COMMAND

Question No. 1,369—**Mr. Jones:**

1. What were the dates of the Prime Minister's visit to the North American Air Defence Command Headquarters in Colorado Springs, U.S.A.?

2. Why did the Prime Minister choose to visit the Headquarters at this time?

3. Is the Department of National Defence aware of any missile in the hands of the United States which would be able to hit satellites either in orbit or in a position close to the earth, causing it to land on earth?

4. Is the Department of National Defence aware of any missile in the hands of the North American Air Defence Command which would be able to hit satellites either in orbit or in a position close to the earth, causing it to land on earth?

5. Was the Canadian government informed of the position of the satellite more than one time before its fall, and if so, what are the dates and contents of the reports?

6. Is the government aware of the possibility that American or North American Air Defence Command Headquarters shot down the satellite which landed in the Northwest Territories some few weeks ago?

7. What were the reasons for the 13 Russians being expelled from Canada?

8. Did the government feel that the Russians had any knowledge of the possible American action in the satellite fall, and if so was this the reason for deportation?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Prime Minister's and Privy Council Offices, the Department of National Defence and the Secretary of State for External Affairs as follows: 1. December 27 and 28, 1977.

2. As no previous Canadian prime minister had visited them, in order to establish a first-hand understanding of their operations, and in response to a long-standing invitation, the Prime Minister visited the NORAD headquarters at a time that was available in his schedule.

3 and 4. No.

5. The government and those departments and agencies with a direct interest were kept informed about the decaying orbit of Cosmos 954 during the weeks before its re-entry of January 24, 1978. The contents of the report were positional updates, and were provided in anticipation of the possibility that Canada could be one of the many possible impact areas around the earth.

6. The history of the satellite referred to in part 5 of this answer shows there is no possibility that American or North American Air Defence Command Headquarters shot it down.

7. On February 9 the government took action to expel eleven Soviet nationals for attempting to recruit a member of the RCMP in order to penetrate the RCMP Security Service. The government regarded these activities as inadmissible and in violation both of the Official Secrets Act and the status in Canada of the individuals concerned.

8. There is no relationship whatever between the government's action to expel eleven Soviet nationals and any events surrounding the fall of the Cosmos 954 satellite on Canadian territory.

KOOTENAY RIVER DIVERSION PROJECT

Question No. 1,371—**Mr. Brisco:**

Do any options or provisions for appeal processes, through the Cabinet, exist once the Water Controller for British Columbia has granted a licence for the diversion of the Kootenay River at Canal Flats and, if so, what are they?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): The British Columbia Water Act provides for appeal through the British Columbia cabinet. The Migratory Birds Convention and the International River Improvements Act is legislation under which federal interests might be considered.

Order Paper Questions

ILLEGAL STRIKES IN THE PUBLIC SERVICE SINCE 1970

Question No. 1,387—**Mr. Schumacher:**

1. For each year since 1970 to date, how many illegal strikes have there been in the Public Service?

2. In each case (a) what group was involved (b) what was the duration of the strike (c) how many charges were laid as a result of the strikes?

3. How many of the charges (a) were dropped (b) went to trial, and what was the result in each case?

4. In each of the charges that were dropped, what were the reasons for disposing of them in this way?

Hon. Robert K. Andras (President of the Treasury Board): 1. 1970: 3; 1971: 5; 1972: 4; 1973: 14; 1974: 12; 1975: 7; 1976: 4; 1977: 50 (Total 99).

2. (a) 1970: Clerical and regulatory; clerical and regulatory; post office

1971: post office; post office; firefighters; post office; post office

1972: electronics; electronics; post office; post office

1973: post office; post office; post office; post office; post office; post office; post office; post office; post office; nurses; clerical and regulatory; post office; post office

1974: Post office; firefighters; general labour and trades, General services; data processing; radio operations; clerical and regulatory; primary products inspection; most employees (Sept-Îles); education; general labour and trades; heating power and stationary plant operations, post office

1975: heating power and stationary plant operations; general labour and trades; post office; post office; post office; nursing; correctional

1976: Air traffic controllers; program administration, clerical & regulatory, secretarial, stenographic & typing, data processing, communications; postal operations; engineering & land survey, data processing, ship repair, general labour & trades, physical science, clerical & regulatory, postal operations

1977: post office (on all occasions except two); data processing; data processing, clerical and regulatory, secretarial, stenographic & typing, program administration.

b) 1970: 1 day; 3 days; 1 day

1971: 1 day; 2 days; 3 days; 1 day; 8 days

1972: 1 day; 24 days; 1 day; 12 days

1973: January through February; 1 day; 1 day; 2 days; 1 day; 1 day; 5 days; 1 day; 1 day; 2 days; 6 days; 3 days; 1 day; 1 day

1974: 17 days; 22 days; 1 day; 2 days; 2 days; 1 day; 2 days; 6 days; 2 days; 1 day; 1 day; 5 days

1975: 2 days; 1 day; February 17 to March 19; 4 days; April 14 to May 27; 3 days; 1 day

1976: 4 days; 1 day; 3 days; 1 day

1977: 37 strikes of 1 day; 5 strikes of 2 days; 1 strike of 5 days; 3 strikes of 6 days; 2 strikes of 8 days; 1 strike of 9 days; 1 strike of 11 days

c) Charges of participating in an unlawful work stoppage were laid against the following groups of employees: 65 radio

operations employees (October 1974); 225 clerical and regulatory employees (air traffic control assistants, October 1974); 912 general labour and trades employees (December 19-23, 1974); 543 designated general labour and trades employees (February 17—March 19, 1975)

3. 396 employees were convicted of participating in an unlawful strike: 33 employees were acquitted. The balance of the charges were dropped.

4. In 1976, a Manitoba court found that the decisions of the Public Service Staff Relations Board granting consent to prosecute the employees who participated in an unlawful strike were defective. This judgment was later upheld by a superior court. Since under the Public Service Staff Relations Act the consent of the board is prerequisite to prosecuting employees before the courts, the employer was forced to withdraw all outstanding charges.

AIR CANADA—STEWARDS AND STEWARDESSES

Question No. 1,389—**Mr. Schumacher:**

1. In each year 1975 to date, how many applicants for positions as stewards and stewardesses, whose stated home address was (a) Manitoba (b) Saskatchewan (c) Alberta (d) British Columbia (e) Yukon (f) Northwest Territories were (i) interviewed (ii) hired by Air Canada?

2. In each year 1975 to date, by province and territory, how many of those hired as stewards and stewardesses stated their mother tongue was (a) English (b) French (c) other and, in each case, how many were (i) proficient in both official languages (ii) entered in either English or French language training programmes?

Hon. Otto E. Lang (Minister of Transport): The management of Air Canada advises as follows: 1. (a) 1975 (i) 248 (ii) 0; 1976 (i) 78 (ii) 33; (b) 1975 (i) 52 (ii) 0; 1976 (i) 92 (ii) 0; (c) 1975 (i) 126 (ii) 0; 1976 (i) 0 (ii) 5; (d) 1975 (i) 0 (ii) 4; 1976 (i) 136 (ii) 23; (e) and (f) 1975 (i) 0 (ii) 0; 1976 (i) 0 (ii) 0. It should not be assumed there is relevance between interview numbers and hirings in a given year. For example, the four hirings of applicants with British Columbia home addresses in 1975 were interviewed the previous year. While there was no hiring in 1977, 31 candidates were interviewed in Manitoba and four in Saskatchewan for future possible employment.

2. The graphs below indicate the language information regarding flight attendants hired in 1975 and 1976. There were no hirings in 1977.

New Flight Attendants Hired in 1975

Province	Mother Tongue English	Mother Tongue French	Others	Proficient in both official languages	Received English language training	Received French language training
British Columbia	1	2	German I	2	0	0
Alberta	0	0	0	0	0	0
Saskatchewan	0	0	0	0	0	0
Manitoba	0	0	0	0	0	0
Ontario	3	1	Germ. 2, Rus. I, Span. I Dan. I, Swed. I, Chin. I Ukr. 2, Pol. 2, Heb. I Lith. I, Greek I, Yugo.I	7	0	0
Quebec	13	28	Germ. 4, Rus. I Span. I Dan. I, Dutch I, Ital. 5 Serbo C. I, Pol. I, Port. I Males. I, Arab. I, Turk. I	61	0	0
Maritimes	0	0	0	0	0	0

[Mr. Andras.]

New Flight Attendants Hired in 1976

Province	Mother Tongue English	Mother Tongue French	Others	Proficient in both official languages	Received English language training	Received French language training
British Columbia	19	2	Ger. 2, Yug. I, Dutch I	8	0	0
Alberta	1	0	Ger. 2, Yug. I, Dan. I	2	0	0
Saskatchewan	0	0	0	0	0	0
Manitoba	22	2	Ger. 2, Dutch I, Ukr. 3 Czech. I, Fin. I, Pol. I	3	0	0
Ontario	83	9	Ger. 16, Ital. 6, Yug. I Dutch 3, Dan. I, Span. I Ukr. 8, Fin. I, Pol. 3 Heb. 2, Luth. I, Jap. I Hung. 3, Rus. 3, Czech I Estonian 1, Macedonias 2	42	0	0
Quebec	31	50	Ger. 9, Ital. 4, Yug. I Dutch 3, Ukr. I, Slov. I Pol. 3, Heb. I, Arab. I	89	0	0
New Brunswick & PEI	1	2	0	2	0	0
Nova Scotia	1	2	0	2	0	0
Newfoundland	0	0	0	0	0	0

ADVERTISING—METRIC COMMISSION

Question No. 1,394—**Mr. Schumacher:**

1. For the period January 1, 1973 to date, by month, what amount was spent by the government in general and the Metric Commission in particular, on advertising all aspects of metric conversion?

2. In each case (a) by name and location, which individuals or companies handled such advertising (b) how was the money disbursed in (i) print (ii) radio (iii) television (iv) other?

3. For the same period, by month, name and location, which individuals, companies and/or departments were employed as consultants?

4. In each case, what was the (a) financial or other remuneration made for services (b) nature of such services (c) time involved in giving such services?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): The information as requested in its entirety is not readily available without excessive cost and time. For information on the cost of introducing and advertising metric measurement, see reply to question No. 1,698 tabled August 5, 1977. In so far as the Department of Industry, Trade and Commerce is concerned: 1. Metric Commission Canada has a policy of not paying advertising time and space. On one occasion only, the Department of Industry, Trade and Commerce, Office of Information and Public Relations, on behalf of Metric Commission Canada did spend approximately $130,000 in 1975 on the "Say Goodnight Fahrenheit" newspaper advertising campaign.

2. Refer to question 1.

3. Not applicable.

4. Not applicable.

MINISTER'S PERMITS—IMMIGRATION

Question No. 1,395—**Mr. Schumacher:**

1. Since January 1, 1970, by year, how many persons have been granted ministerial permits for immigration and what was their country of origin?

2. For the same period, by year, how many were (a) employed in professional positions (b) employed in non-professional positions (c) employed in unskilled positions (d) unemployed, and what was the breakdown of ethnic origin in each group?

3. For the same period, by year, how many obtained landed immigrant status in Canada?

4. For the same period, by year, how many of the permits granted were (a) new applications (b) special extensions and what period of time was applied?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. 1970, 485; 1971, 642; 1972, 723; 1973, 4,392; 1974, 17,445; 1975, 21,198; 1976, 11,420; 1977, 10,555. We do not keep records of country of origin of those issued with permits. Yearly reports which are tabled and accessible through the Journal's Branch of the House, provide information such as the place of issue of a permit, its period of validity and the prohibiting section of the Immigration Act.

2. Permits are issued to overcome a disability in the case of a person who would not normally meet our admission requirements. Employment is not a factor in issuing a permit, therefore we do not record any statistics relating employment to Minister's permits.

3. Statistics on the numbers of people obtaining Minister's permits, who later obtain landed immigrant status in Canada, have not been kept.

4. The figures given in 1 are for all permits issued. Statistics have not been kept on how many were issued to people who obtained one for the first time, and how many to people who had one before.

PERSONS EMPLOYED BY CBC

Question No. 1,401—**Mr. Schumacher:**

1. For each year since 1970, how many persons were employed by CBC on a (a) full-time (b) part-time (c) contract (d) free-lance basis in (i) Halifax (ii) Montreal (iii) Toronto (iv) Ottawa (v) Winnipeg (vi) Edmonton (vii) Calgary (viii) Vancouver (ix) Victoria?

2. In each case, how many employed in (a) executive (b) administrative (c) policy planning, were (i) unilingual English (ii) unilingual French (iii) bilingual of French origin (iv) bilingual of English origin?

3. In each case, what was the annual amount paid in (a) salaries (b) expenses?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. (a) and (c) See chart below. (b) and (d) CBC records have not been maintained in a manner which would enable the corporation to extract the information requested without an inordinate amount of time, work and expense.

2. In order to answer the question, CBC would have to examine the employment records of every employee. This, too, would involve an inordinate amount of time, work and expense.

3. It has not been customary to require the CBC to provide such details of its internal management and administration as salary and expense details for individual locations. The background to this custom is explained in the reply to question No. 2,530, May 22, 1975.

Full-Time and Contract Staff
as at September 30 of Each Year

		1970	1971	1972	1973	1974	1975	1976	1977
(i)	Halifax								
	Full-time Staff	382	380	379	380	385	374	377	373
	Contract Staff	-	1	1	2	-	2	1	4
(ii)	Montreal								
	Full-time Staff	3,246	3,277	3,465	3,543	3,712	3,927	4,418	4,080
	Contract Staff	1	1	1	2	7	29	44	16
(iii)	Toronto								
	Full-time Staff	2,228	2,260	2,255	2,380	2,530	2,648	2,697	2,844
	Contract Staff	1	13	7	3	9	14	5	12
(iv)	Ottawa Area								
	Full-time Staff	532	534	549	567	581	588	616	638
	Contract Staff	-	-	-	-	4	5	3	3
	Ottawa Head Office								
	Full-time Staff	480	469	473	484	510	538	529	577
	Contract Staff	-	-	-	-	-	-	2	1
(v)	Winnipeg								
	Full-time Staff	462	459	462	476	501	505	514	526
	Contract Staff	-	4	8	9	8	8	10	13
(vi)	Edmonton								
	Full-time Staff	170	174	187	226	272	289	302	324
	Contract Staff	-	-	-	1	2	4	1	4
(vii)	Calgary								
	Full-time Staff	61	64	62	54	43	136	162	174
	Contract Staff	-	-	1	-	1	4	6	5
(viii)	Vancouver								
	Full-time Staff	428	424	423	454	460	526	562	653
	Contract Staff	-	3	5	5	7	10	9	8
(ix)	Victoria								

There are no full-time or contract staff members in Victoria. Those employees who may be assigned from time to time to duties in Victoria are included in the Vancouver establishment.

MULTICULTURALISM

Question No. 1,426—**Mr. Mitges:**

1. For the fiscal year ended March 31 (a) 1976 (b) 1977, what amount of the budget of the Multiculturalism Directorate was spent on professional and special services?

2. What is the Directorate's definition of (a) professional (b) special services?

3. For the fiscal year ended March 31 (a) 1976 (b) 1977, how many persons were hired to perform professional and/or special services for the Multiculturalism Directorate and in each case (i) what were their names, addresses, salaries and job designations (ii) for how long were they employed with the Directorate (iii) how many were from within the Public Service (iv) how many were from the private sector at the time that they accepted employment with the Directorate?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): 1. (a) Fiscal year 1975-76: $758,457; (b) Fiscal year 1976-77: $656,720.

2. The directorate's definition of (a) professional services would be those services not readily available within the department and which necessitate an outside expertise (i.e. special research studies, the commissioning of special histories on ethno-cultural groups, literature projects, performing arts for special events and multicultural festivals); and (b) Special services would be those services of a short-term administrative nature (i.e. secretarial and clerical).

3. Aside from expenditures on items such as hospitality, agency help, seminars and meetings, the bulk of Professional and Special Services funds are used primarily for contracts with individuals or organizations for the above-mentioned purposes. Such contracts must not establish an employer-employee relationship hence no persons were hired, against professional and special services funds, at specific salaries and with specific job designations, either from within or without the Public Service.

INDUSTRIAL MILK PRODUCERS

Question No. 1,459—**Mr. Lambert (Bellechasse):**

1. For each of the first eleven months of the 1977-78 fiscal year, how many industrial milk producers were registered with the Canadian Dairy Commission in each province?

2. For the same period, did the government subsidize producers and, if so, in what amount by month and producer?

Hon. E. F. Whelan (Minister of Agriculture):

1. Province

Prince Edward Island	588
Nova Scotia	3
New Brunswick	13
Quebec	19,894
Ontario	4,723
Manitoba	47
Saskatchewan	333
Alberta	831
British Columbia	12

2.

Canadian Dairy Commission
Subsidy Paid to Industrial Milk Producers
April 1977 to February 1978

	April	May	June	July	August	September	October	November	December	January	February	Total
	$	$	$	$	$	$	$	$	$	$	$	$
P.E.I.	214,892	283,003	358,264	386,136	356,801	312,993	255,539	195,082	170,848	162,179	141,672	2,837,409
N.S.	3,152	3,290	5,094	3,529	3,238	2,408	2,202	1,931	2,168	1,274	49	28,335
N.B.	6,677	9,560	12,497	14,250	12,712	5,706	4,851	6,776	5,341	5,048	4,739	88,157
QUEBEC	9,500,274	12,253,096	15,236,997	15,048,293	13,870,363	12,266,424	9,605,240	6,778,239	5,574,699	4,232,136	2,904,647	107,270,408
ONTARIO	2,447,980	3,061,930	3,474,306	3,352,782	3,293,082	2,704,139	2,268,530	1,635,638	1,417,616	1,160,589	920,521	25,737,113
MANITOBA	29,460	32,593	32,816	28,412	25,807	16,828	11,356	8,838	10,033	6,509	6,134	208,786
SASK.	197,718	237,216	247,511	248,110	224,775	197,664	193,808	155,401	173,612	179,263	179,002	2,234,080
ALBERTA	649,038	741,692	773,122	795,170	744,386	650,803	606,113	552,249	569,907	422,828	321,070	6,826,378
B.C.	1,899	3,241	4,380	5,648	5,600	5,821	6,582	17,879	8,032	7,955	5,203	72,240
CANADA	13,051,090	16,625,621	20,144,987	19,882,330	18,536,764	16,162,786	12,954,221	9,352,033	7,932,256	6,177,781	4,483,037	145,302,906

N.B.: An inordinate amount of time would be required and the cost factor exorbitant to provide a monthly breakdown of registered industrial milk producers for part 1 and a consolidated report by individual producers for part 2, representing approximately 500 typewritten pages, since it would involve the review of more than 26,000 producer records.

DPW FULL-TIME EMPLOYEES AND CAPITAL PROJECTS

Question No. 1,464—**Mr. Alexander:**

1. What was the number of full-time employees in the Department of Public Works in the fiscal years 1966 to date?

2. For the fiscal year (a) 1975 (b) 1976 (c) 1977 to date, how many of these employees were engaged in activities related to the design and construction of new accommodation?

3. What was the total annual budget for capital projects undertaken by the Department, including all forms of premises acquisition, in each fiscal year 1967 to date?

4. What proportion of new capital projects was designed by outside consultants in the fiscal years 1966 to date?

5. For the fiscal year (a) 1966 (b) 1976 (c) 1977 to date, what was the volume of new capital projects undertaken on the basis of (i) contract management or project management (ii) design-build system (proposal call) (iii) lease back or similar private sector projects?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology):

[Mr. Cafik.]

1. 1971-72 6,025
1972-73 5,836
1973-74 6,045
1974-75 6,769
1975-76 7,086
1976-77 7,812
1977-78 7,800 (as at February 28)

See note (1) for dates prior to 1971

2. (a), (b) and (c). The design and construction function provides support services to the accommodation, marine, transportation, other government departments (OGD) programs. Our records do not isolate employees engaged in the activities related to the design and construction of accommodation.

3. The total annual budget, as identified in main estimates, for capital projects including all forms of premises acquisition, for the years 1971-72 to 1976-77 and 1977-78 to February 28 was as follows:

This excludes all leasing costs

1971-72	$146,999,000
1972-73	$151,751,000
1973-74	$218,971,000
1974-75	$228,717,000
1975-76	$336,609,000
1976-77	$312,243,000
1977-78	$333,081,000
1978-79	$306,217,000

See note (1) for dates prior to 1971.

4. Facts and figures have not been retained in sufficient detail by the department during the fiscal year 1966-1978 to answer the query with any degree of accuracy. Assessments from details which are available indicate that roughly 80 per cent of the projects carried out by the department have been and are awarded to the private sector.

5.

(a) 1966—See note (1)

(b) and (c) Project	Estimated Project Cost
Major Ancilary Processing Plant (Postal Plant)—Toronto	$155,850,000
Government of Canada Building—Toronto	34,807,098
Place du Portage Phase III—Hull	98,416,539
Major Ancilary Processing Plant (Postal Plant)—Montréal	254,276,000
Ministry of Transport Training Institute—Cornwall	49,800,000
Medium Security Institute—Mission B.C.	9,800,000
Patricia Bay Institute	21,774,000
Place du Portage Phase IV—Hull	85,678,000
Agassiz Penitentiary—B.C.	17,800,000
Shawinigan	18,911,000

ii) Nil

iii)

(a) See note (1)

(b) 1975-76—Nil

(c) 1977 to date

1. Government of Canada Building
   240 Sparks St., Ottawa, Ontario
   Size 92325 square metres rentable
2. Place du Centre, Hull, Quebec
   Size 38109 square metres rentable
3. Les Terrasses de la Chaudière, Hull, Quebec Size—Central Building 12414 square metres gross
   North Building 64658 square metres gross

NOTE: (1) Information prior to April 1, 1971 is not available as per the Government of Canada records disposal schedule.

Order Paper Questions

GRANTS TO THE STE. ANNE COMMUNITY CENTER IN FREDERICTON

Question No. 1,481—**Mr. Howie:**

Did the government contribute to the Ste. Anne Community Center in Fredericton, New Brunswick and, if so, in what amount?

Hon. John Roberts (Secretary of State): Grants from the Secretary of State to the Ste. Anne Community Center in Fredericton, New Brunswick:

			Fiscal Year
Bilingualism in Education Program (Special Projects)	$1,802,000	($400,000) ($1,402,000)	74-75 76-77
Community Program (for official language minority groups)	6,000		
Total	$1,808,000		

FRAUDULENT BANKRUPTCIES

Question No. 1,486—**Mr. Oberle:**

1. During the period of Mr. Roger Tassé's service with the Department of Consumer and Corporate Affairs, what studies were undertaken by his branch dealing with fraudulent bankruptcies in the Province of Quebec?

2. In the course of such enquiries, were any public officials or persons, previously or to date, charged under the Criminal Code?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): 1. Mr. Tassé's service with the Department of Consumer and Corporate Affairs was during the years 1965 to 1972.

2. No study was even undertaken by the department dealing with fraudulent bankruptcies in the province of Quebec and consequently no public officials or persons were ever charged as a result thereof.

DSS—SECURITY BRANCH

Question No. 1,491—**Mr. Oberle:**

How large, in numerical terms, is the Department of Supply and Services Security Branch staff, including police staff and security personnel, as opposed to the Canadian Armed Forces security staff and the RCMP security and police staff in (a) Ontario (b) Quebec (c) the Western Provinces and the Territories (d) the Maritime Provinces?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Supply and Services is concerned: 1. The formal duties of the security branch of the Department of Supply and Services are to manage an industrial security program for protection of classified defence work on behalf of Canadian, NATO and other governments in accordance with national regulations and international agreements, including protection of related data in departmental facilities and normal loss prevention activities. Apart from these security responsibilities, the branch also administers an emergency supply planning division. In so far as private guard companies are concerned, the security branch provides a contract quality control function for all private

security guard contracts issued by the Department of Supply and Services in the National Capital Region. The security branch of the Department of Supply and Services conducts no domestic intelligence gathering activities. Total strength—51. Fifty centrally located in the Department of Supply and Services, Place du Portage, Hull. One clerk located in the Department of Supply and Services, Washington D.C. office. (a), (c) and (d)—Nil; (b) Police staff—Nil; Security staff—32 involved in: (i) Industrial security program for classified defence work on behalf of Canada, NATO and other countries; (ii) Protective measures for departmental facilities.

NOTE: Balance of 18 staffs are involved in emergency supply planning, administration and training.

In so far as the Department of National Defence is concerned: Canadian forces police and security staff numbers by geographic regions are as follows: (a) Ontario—508; (b) Quebec—218; (c) Western provinces and the territories—456; (d) Maritime provinces—308.

In so far as the Ministry of the Solicitor General is concerned: As of April 1, 1978, the total number of RCMP on strength in the four geographic areas mentioned was as follows:

(a)	5,134
(b)	1,388
(c)	9,883
(d)	2,318
	18,723

While the actual strength varies from day to day, the authorized establishment, which includes regular members and special constables, is set at 19,502 for the same date.

SUPERINTENDENT COBB AND INSPECTOR SCHULTZ

Question No. 1,492—**Mr. Oberle:**

1. With regard to the first two executive assistants to the then Deputy Solicitor General, Mr. Roger Tassé, Superintendent Cobb and Inspector Schultz (a) what are the present RCMP ranks and duties of each today (b) was either one convicted of any offence under the Criminal Code (c) what positions have each held since 1965 and what were their duties?

2. What role did Inspector Schultz play in preparing or delivering "threat briefings" for business leaders?

3. What input did Inspector Schultz have in the circulation of RCMP information through the office of the Solicitor General to Federal Ministers on the "Extra Parliamentary Opposition"?

4. In the course of his work, did Inspector Schultz have documents or use copies of documents stolen from Praxis Corporation in Toronto?

Hon. J.-J. Blais (Solicitor General): 1. (a) Donald Cobb is a Chief Superintendent and is currently employed at RCMP Headquarters, Ottawa, as Director of Official Languages. Siegfried Schultz is a Superintendent with the Security Service at RCMP Headquarters, Ottawa. Their duties are set out in part 1 (c). (b) Yes. C/Supt. Cobb was convicted under Section 115 of the Criminal Code and was given an absolute discharge. (c) C/Supt. Cobb:

Date	Position	Location	Duties
1965-1970	Security Service	Quebec	See Note
1970-1971	Bicultural Development Program	Quebec	Educational Development
1971-1972	Security Service	Quebec	See Note
1972-1974	Solicitor General's Department	Ottawa	Executive Assistant to Deputy Solicitor General
1974-1977	Security Service	Quebec	See Note
1977-Present	Director of Official Languages	Ottawa	Responsible for the policies, centralized planning, implementation and co-ordination of a unified program within the RCMP for compliance with the Official Languages Act and related policy directives.

Supt. Schultz:

Date	Position	Location	Duties
1965-1966	University Training	Ottawa	Educational Development
1966-1974	Security Service	Ottawa	See Note
1974-1976	Solicitor General's Dept.	Ottawa	Executive Assistant to Deputy Solicitor General
1976-1977	Bicultural Development Program	Quebec	Educational Development
1977-Present	Security Service	Ottawa	See Note
2, 3, & 4.	See Note.		

Note: It is not in the public interest to disclose the nature of the specific duties of personnel assigned to the RCMP Security Service.

SECURITY ADVISORY COUNCIL

Question No. 1,493—**Mr. Oberle:**

Has the government empowered the centralized Security Advisory Council to authorize and control security actions, investigations, clearances and data for the entire administration of government and, if so, in what way has the authority of the Deputy Minister of each department in security matters been changed in the past five years?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): No.

IRISH MOSS PRODUCTION

Question No. 1,507—**Mr. Macquarrie:**

1. In the past five years, what has been the annual (a) volume (b) value of Irish Moss production in (i) Prince Edward Island (ii) Nova Scotia (iii) New Brunswick?

2. What steps have been taken to investigate the feasibility of establishing a carageen plant in Prince Edward Island?

3. What measures have been taken or representations made by the Government of Prince Edward Island in this connection?

4. Is it the government's intention to build such a plant in Prince Edward Island and, if so (a) on what date (b) in what location (c) at what cost?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Fisheries and the Environment and Industry, Trade and Commerce as follows:

Irish Moss Landings Values

		Nova Scotia	New Brunswick	P.E.I.
1973	M. Tons	10,652	1,032	22,282
	$'000	717	70	1,173
1974	M. Tons	20,675	4,687	34,489
	$'000	2,255	469	3,106
1975	M. Tons	14,528	3,266	18,287
	$'000	1,465	303	1,610
1976	M. Tons	10,726	564	13,083
	$'000	958	48	878
1977	M. Tons	11,262	1,008	9,854
	$'000	1,195	100	902

2. During the past two decades a number of large firms have studied the feasibility of establishing a carageen extraction plant in the Maritimes. The proposed investments have been delayed due primarily to concern that the Canadian market could consume only a small portion of the carageen production and that adequate processing capacity exists in the principal consuming countries.

3. The Government of Prince Edward Island has been actively supporting the private sector feasibility studies concerning the establishment of a carageenan extraction plant.

4. The federal government continues to collaborate with private industry in studying the potential for developing a carageen extraction plant. The government would consider appropriate support for any viable proposal to improve the utilization of the Irish moss resource in Prince Edward Island.

CN MARINE

Question No. 1,516—**Mr. Forrestall:**

1. What is the government's best estimate of the total (a) revenue (b) expenditure by Canadian National Railways/CN Marine during the years 1976 and 1977 accruing as a result of operating coastal freight services between (i) North Sydney and the South Coast of Newfoundland (excluding Port aux Basques) (ii) Port aux Basques and the South Coast of Newfoundland?

2. What is the government's best estimate of the total tonnage carried by the Canadian National Railways service between (a) North Sydney and the South Coast of Newfoundland (excluding Port aux Basques) (b) Port aux Basques and the South Coast of Newfoundland in (i) 1976 (ii) 1977?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows:

1. (a) Revenue
(i) North Sydney — Southcoast
1976 – $84,739.
1977 – $80,635.
(ii) Port aux Basques — Southcoast
1976 – $73,393.
1977 – $80,912.

Order Paper Questions

(b) Expenditures
(i) North Sydney — Southcoast
1976 – $1,928,533.
1977 – $1,294,698.
(ii) Port aux Basques — Southcoast
1976 – $2,429,195.
1977 – $2,267,804.

2. (a) Tonnage North Sydney — Southcoast
(i) 1976 – 11,935
(ii) 1977 – 11,357

(b) Tonnage Port aux Basques — Southcoast
(i) 1976 – 10,337
(ii) 1977 – 11,396

CNR—CAST GROUP OF COMPANIES

Question No. 1,518—**Mr. Forrestall:**

1. Under what specific conditions is Canadian National Railways permitted to sell its shares in the Cast Group of Companies?

2. What return on its investment has CNR realized each year since investing in the Cast Group?

3. Will the government instruct CNR to divest itself of interest in the Cast Group as soon as possible and, if not, for what reason?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows: 1. Canadian National Railways cannot dispose of its shares in the CAST group of companies without first offering such shares to the other shareholders of the holding company.

2. CN has not asked for, and CAST has not declared dividends. Although CN has not received a direct return on its investment, indirect benefits have accrued to the railway from the improvement of its equity and from the inland handling of CAST traffic.

Transport Canada advises as follows: 3. The CN originally invested in the CAST group on the basis that it was prudent investment in an enterprise that would complement CN's activities and could contribute directly and indirectly to CN's profitability. As these basic assumptions still appear to be valid, there is no reason for CN to divest itself of its holdings in CAST.

DAIRY QUOTAS

Question No. 1,527—**Mr. Tessier:**

Did Canadian dairy producers' individual quotas fluctuate during the fiscal year (a) 1974-75 (b) 1975-76 (c) 1976-77 (d) 1977-78 and, if so, to what degree, by province and federation?

Hon. E. F. Whelan (Minister of Agriculture): Yes. By province:

Market Sharing Quota/Million Pounds of Butterfat

	1974-75	1975-76		1976-77		1977-78	
	1-4-78	1-4-75	18-7-75	1-4-76	16-10-76	1-4-77	1-7-77
P.E.I.	7.5	7.0	6.7	5.7	5.9	6.825	6.825
N.S.	4.4	4.1	4.1	4.1	4.3	4.477	4.388
N.B.	4.8	4.5	4.5	3.6	3.8	4.914	4.815
Que.	219.7	212.1	201.5	169.9	177.0	177.547	173.996
Ont.	151.9	137.7	130.8	111.0	115.7	115.968	113.649
Man.	21.0	19.6	18.6	13.8	14.4	14.439	14.158
Sask.	15.8	14.7	14.0	8.8	9.1	9.176	9.400
Alb.	38.6	36.0	34.2	23.8	24.8	24.840	24.343
B.C.	12.4	11.9	11.3	11.0	11.4	11.463	11.234
Canada	476.1	447.6	425.7	351.7	366.4	369.649	362.848

Quota Adjustment			
Reduction		7.5 per cent	(1-4-75)
Reduction		5.0 per cent	(18-7-75)
Reduction	To	351.7	(1-4-76)
Increase		14.7 m./lbs.	(16-10-76)
Increase	(approx.)	1 per cent	(1-4-77)
Reduction		2 per cent	(1-7-77)

By federation: the federation quotas are administered by the provinces and consequently any movement of quotas between them is unknown to the Canadian Dairy Commission.

GRANTS TO DAIRY PRODUCERS

Question No. 1,528—**Mr. Tessier:**

During the fiscal year (a) 1974-75 (b) 1975-76 (c) 1976-77 (d) 1977-78, did the government give individual grants to Canadian dairy producers and, if so, in what amounts, by province and federation?

Hon. E. F. Whelan (Minister of Agriculture): The Canadian Dairy Commission does not make individual grants to the Canadian dairy producers. However, the Canadian Dairy Commission pays a subsidy to producers, presently at $2.66 per hundredweight of industrial milk, to keep dairy products at an affordable price for Canadian consumers.

REDUCTION IN DAIRY QUOTAS

Question No. 1,529—**Mr. Tessier:**

Between 1974-75 and 1977-78, did the government reduce the dairy producers' individual quotas and, if so, by what amount by (a) fiscal year (b) province (c) federation?

Hon. E. F. Whelan (Minister of Agriculture): No. The government did not reduce dairy producers' individual quotas because the administration of quotas at the individual level is the responsibility of the province and not the Canadian Dairy Commission. (a) and (b) However, between 1974 and 1978 the government did reduce the national market sharing quota and therefore automatically reduced the provincial quotas. See list below.

	Market Sharing Quota/Million Pounds of Butterfat						
	1974-75	1975-76		1976-77		1977-78	
	1-4-78	1-4-75	18-7-75	1-4-76	16-10-76	1-4-77	1-7-77
P.E.I.	7.5	7.0	6.7	5.7	5.9	6.825	6.825
N.S.	4.4	4.1	4.1	4.1	4.3	4.477	4.388
N.B.	4.8	4.5	4.5	3.6	3.8	4.914	4.815
Que.	219.7	212.1	201.5	169.9	177.0	177.547	173.996
Ont.	151.9	137.7	130.8	111.0	115.7	115.968	113.649
Man.	21.0	19.6	18.6	13.8	14.4	14.439	14.158
Sask.	15.8	14.7	14.0	8.8	9.1	9.176	9.400
Alb.	38.6	36.0	34.2	23.8	24.8	24.840	24.343
B.C.	12.4	11.9	11.3	11.0	11.4	11.463	11.234
Canada	476.1	447.6	425.7	351.7	366.4	369.649	362.848

Quota Adjustment			
Reduction		7.5 per cent	(1-4-75)
Reduction		5.0 per cent	(18-7-75)
Reduction	To	351.7	(1-4-76)
Increase		14.7 m./lbs.	(16-10-76)
Increase	(approx.)	1 per cent	(1-4-77)
Reduction		2 per cent	(1-7-77)

(c) The federation quotas are administered by the provinces and consequently any movement of quotas between them is unknown to the Canadian Dairy Commission.

INCREASE IN DAIRY QUOTAS

Question No. 1,530—**Mr. Tessier:**

Between 1974-75 and 1977-78, did the government raise the dairy producers' individual quotas and, if so, by what amount by (a) fiscal year (b) province (c) federation?

Hon. E. F. Whelan (Minister of Agriculture): No. The government did not raise dairy producers' individual quotas because the administration of quotas at the individual level is the responsibility of the province and not the Canadian Dairy Commission. However, in October, 1976, the government did raise the national market sharing quota by four million hundredweight. This increase was distributed to individual producers by the provinces according to criteria established by the government. (a) and (b) Between 1974 and 1978 the national market sharing quota fluctuated and therefore the provincial quotas fluctuated accordingly. See list below.

	Market Sharing Quota/Million Pounds of Butterfat						
	1974-75	1975-76		1976-77		1977-78	
	1-4-78	1-4-75	18-7-75	1-4-76	16-10-76	1-4-77	1-7-77
P.E.I.	7.5	7.0	6.7	5.7	5.9	6.825	6.825
N.S.	4.4	4.1	4.1	4.1	4.3	4.477	4.388
N.B.	4.8	4.5	4.5	3.6	3.8	4.914	4.815
Que.	219.7	212.1	201.5	169.9	177.0	177.547	173.996
Ont.	151.9	137.7	130.8	111.0	115.7	115.968	113.649
Man.	21.0	19.6	18.6	13.8	14.4	14.439	14.158
Sask.	15.8	14.7	14.0	8.8	9.1	9.176	9.400
Alb.	38.6	36.0	34.2	23.8	24.8	24.840	24.343
B.C.	12.4	11.9	11.3	11.0	11.4	11.463	11.234
Canada	476.1	447.6	425.7	351.7	366.4	369.649	362.848

(c) The federation quotas are administered by the provinces and, consequently, any movement of quotas between them is unknown to the Canadian Dairy Commission.

Quota Adjustment			
Reduction		7.5 per cent	(1-4-75)
Reduction		5.0 per cent	(18-7-75)
Reduction	To	351.7	(1-4-76)
Increase		14.7 m./lbs.	(16-10-76)
Increase	(approx.)	1 per cent	(1-4-77)
Reduction		2 per cent	(1-7-77)

DAIRY PRODUCTION AND QUOTAS

Question No. 1,531—**Mr. Tessier:**

1. Did any dairy producers stop producing during the fiscal years 1974-75 to 1977-78 and, if so, how many?

2. Were any quotas freed and, if so, what use has been made of these quotas by (a) province (b) producer federation?

Hon. E. F. Whelan (Minister of Agriculture): The Canadian Dairy Commission advises: 1. Yes. Records maintained by the commission are not designed to provide the number of dairy producers who stopped producing during dairy years. However, the following statistics indicate the number of dairy producers from whom shipments were registered.

Dairy Year	Number of Producers
1974-75	84,078
1975-76	79,840
1976-77	72,495
1977-78	66,766

2. Yes. (a) and (b). Since the rules and regulations governing the provincial quotas differ from one province to another, the Canadian Dairy Commission is unable to advise on the utilization made of the quotas freed between 1974 and 1978.

TREATY NO. 9

Question No. 1,550—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Treaty Number 9 Indians in Ontario since the Treaty was signed and, if so, by year, what was the amount?

2. How much was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Treaty?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. Indian Affairs and Northern Development:

1973-74	Rights and Treaty Research	$ 57,500
1974-75	Rights and Treaty Research	66,310
1975-76	Rights and Treaty Research	130,500
1976-77	Specific Claims	107,714
1977-78	Specific Claims	140,000
Secretary of State:		
1973-74	Core Funding Program	$ 75,000
1974-75	Core Funding Program	126,850
1975-76	Core Funding Program	128,180
1976-77	Core Funding Program	147,238
1977-78	Core Funding Program	138,180

2. The departments do not have a detailed breakdown of legal and consultant fees, nor can they estimate the amount of money used for this purpose on behalf of the Treaty 9 Indians.

3. All funds were paid directly to the Grand Treaty No. 9.

YUKON INDIANS

Question No. 1,551—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Council for Yukon Indians since the Council was organized and, if so, by year, what was the amount?

2. How much was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Council?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Department of Indian Affairs and Northern Development and the Secretary of State as follows:

Indian Affairs and Northern Development:

1.		
1974-75	Contributions	$85,000.00
	Contributions travel	1,277.05
	Total	$86,277.05
1975-76	Contributions	$100,000.00
	Loans	$700,000.00
	Consultation travel	70.00
	Total	$800,070.00
1976-77	Loans	$475,000.00
1977-78	Loans	$1,602,465.00
	Native Languages Project	68,700.00
	Pipeline Impact Study	145,988.00
	Total	$1,817,153.00

2. The department does not have a detailed breakdown of legal and consultant fees. However, the auditor's report on CYI claims funding lists the following expenditures for professional services:

	1975-76	$ 68,369.00
	1976-77	$107,898.00
(April 1—Dec. 31/77)	1977-78	$119,267.00 (unaudited financial statement)

3. The department does not have the records required to respond to this question. While the Council for Yukon Indians accounts to the department that funds are spent for the purposes for which they were requested, the accounting does not reflect whether a consultant, lawyer, or a supplier hired by the CYI is or is not a native person.

Secretary of State: 1. The council received a student community service program grant in the amount of $17,939.00 during fiscal year 1977-78. 2. No money was used to pay legal fees and/or other technical expert consultants. 3. $13,432.00 went to native people participating in the work of the council.

CANADA EMPLOYMENT TRAINING AGREEMENTS

Question No. 1,552—**Miss Nicholson:**

1. Has the government proposed three-year employment training agreements with the provinces and territories commencing April 1, 1978?

2. Has a minimum guaranteed level of funding for employment training been proposed?

3. How has the government proposed to allocate any additional funds available for employment training above this minimum among the provinces and territories?

4. What level of funding for employment training has the government proposed to offer each province and territory under any new agreement?

5. What level of funding for employment training has been identified in each province and territory by the joint federal/provincial Manpower Needs Committees in 1978-79?

6. What level of funding for employment training in 1978-79 is available to each province and territory which accepts the new training agreement proposed by the government?

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7. What level of funding for employment training in 1978-79 is available for provinces and territories which are not prepared to accept the proposed new three-year agreement?

8. Which provinces and territories have accepted the proposed new three-year employment training agreement as at the date of the reply to this question?

9. Have objections to the proposed agreement been voiced by any province and territory as at the date of the reply to this question and, if so, by province, what was the nature of such objections?

10. What portion of the funds to be allocated in 1978-79 under either a one-year extension to the present employment training agreements (Part 7) or under a new three-year agreement (Part 6) for each province and territory is to meet provincial administrative services rather than institutional training?

11. For each province and territory, what level of funding is available for industrial training and the Training Improvement Programme?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. Yes.

2. Yes.

3. The government's formula for allocating the additional funds available for institutional training above the minimum guarantee is as follows: (1) 50 per cent for employment growth. Each province receives a share on the basis of its employment growth over the years 1975-76 as a proportion of the national growth over the same period. (2) 40 per cent to reduce anomalies in its per capita labour force allocation to those provinces which in 1977-78 were below the national average. (3) For national priorities there is a contingency fund of approximately 10 per cent.

4. The government offered all provinces and territories a guaranteed level of funding for each year of a three-year agreement. For 1978-79 the proposed guarantee was the initial allocation made to the province or territory at the beginning of the 1977-78 fiscal year. For the second year of the agreement, the 1978-79 guarantee would be escalated to reflect the change in the consumer price index for the previous year, and for the third year this adjusted amount would again be escalated in relation to the CPI. For 1978-79 the additional funding available resulted in the provinces and territories being offered funding at the level shown in list below, column 2.

5. See list below, column 1.

6. See list below, column 2.

7. See list below, column 3.

8. To date, the following have accepted the proposed new three-year employment training agreement: Ontario; Nova Scotia; Manitoba; Northwest Territories.

9. Discussions with those provinces with which a new agreement has not yet been signed are continuing in respect of a variety of point and situations. Since areas of agreement and difference undergo continued change as the discussions proceed, a full and complete summary of provincial views is not now available.

10. This information is not presently available because it is in the process of being developed in conjunction with each province/territory as part of the negotiation of the agreements. The nature and extent of provincial administrative services are negotiated and agreed upon by both parties to the agreements in accordance with set guidelines. The costs are estimated in advance of their being incurred and are paid in monthly installments throughout the fiscal year. At the end of each fiscal year actual costs are certified and adjustments are made where necessary. The proportion of the institutional training allocation utilized to provide provincial administrative services varies from province to province.

11. See list below, columns 4 and 5.

Canada Employment Training Program 1978-79
(All figures are thousands of dollars)

Province-Territory	Institutional Training Funds			Industrial Training Allocation	Training Improvement Allocation
	Manpower Needs Committee Request	Allocation Under Three-Year Agreement	Allocation Under One-Year Agreement		
	1	2	3	4	5
Newfoundland	15,656	13,452	12,786	2,500	225
Prince Edward Island	3,548	3,242	3,079	1,361	55
Nova Scotia	15,787	13,419	11,619	5,159	300
New Brunswick	14,633	11,511	10,488	4,558	230
Quebec	114,665	102,735	97,571	19,795	800
Ontario	104,106	102,819	83,336	25,200	1,400
Manitoba	14,642	12,721	10,525	3,934	105
Saskatchewan	14,466	11,986	8,732	3,290	50
Alberta	32,985	29,727	21,739	4,500**	240
Northwest Territories	1,683	1,545	1,158	629	40
British Columbia	33,364	33,364*	26,034	10,500	260
Yukon	1,524	1,179	1,111	500	15
TOTAL	367,059	337,700	288,178	81,926	3,720

* May be adjusted upward to maximum of $35,694; subject to review of needs by Manpower Needs Committee.
** If 100 per cent federal funding is adopted, rather than former 50-50 arrangement under the Canada-Alberta Industrial Training Program.

[Miss Nicholson.]

GRANTS TO WEBER HOMES LTD.

Question No. 1,587—**Mr. Firth:**

What amount of funding, through such government departments as DREE, was awarded to Weber Homes Ltd., Yorkton, Saskatchewan, in (a) 1976, (b) 1977, (c) 1978 to date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Industry, Trade and Commerce and the Regional Economic Expansion as follows: (a), (b) and (c) None.

CBC

Question No. 1,590—**Mr. Friesen:**

1. Has the CBC encoded any of its productions for future use in connection with the development of line 21 transmission and (a) if so, how many and on what subjects (b) if not, are there any plans to encode future productions and in what volume would these be produced?

2. Does the CBC have any plans to purchase encoded programming from other networks such as PBS or TV Ontario?

3. Does the CBC have any plans to televise even on a once a month basis encoded programmes which they have decoded so that the deaf taxpayer could have the benefit of at least this small amount of programming and (a) if so, on what date (b) if not, for what reason?

4. Does the government have any plans to assist financially, the production and or purchase of encoded productions for television networks?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. (a) No.

1(b), 2 and 3. A representative is being appointed from each of the English and French television networks to study a possible pilot project. These representatives will submit their report to the CBC's senior operations committee within the next couple of months for further consideration.

4. The government has no plans for direct assistance. However, it continues to support the production of television programs through parliamentary appropriations to the Canadian Broadcasting Corporation and more recently, to the Canadian Film Development Corporation.

BANKRUPTCIES

Question No. 1,598—**Mr. Beaudoin:**

Were any bankruptcies reported in 1977 and, if so, how many in (a) Canada (b) the Province of Quebec?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Consumer and Corporate Affairs Canada, see list below:

During calendar year 1977, the following bankruptcies occurred:

	Business	Non-Business	Total
Quebec	1420	3733	5153
Canada	3905	12772	16677

The figures for the three years ending December 31, 1977 are:

	Business			Non-Business			Total		
	1977	1976	1975	1977	1976	1975	1977	1976	1975
Quebec	1420	1189	1144	3733	2685	2101	5153	3874	3245
Canada	3905	3136	2958	12772	9946	8335	16677	13082	11293

EXPORT DEVELOPMENT LOANS

Question No. 1,603—**Mr. Gauthier (Roberval):**

Did the government grant export loans in the 1977-78 fiscal year and, if so, in each case (a) in what amount (b) to which countries (c) at what interest rate (d) for how many years?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Export Development Corporation is concerned: it did make or agree to make loans to foreign countries in the government's fiscal year 1977-78; (a) its loans were made to foreign countries and to foreign companies to finance the sale of Canadian capital goods and services. Details of each loan signed in the calendar year 1977 are shown in EDC's 1977 annual report, distributed to members of parliament, and that information is a matter of public record. For the period January 1 to March 31, 1978, it has announced the loans to the foreign buyers described in list below; (b) please refer to (a); (c) by tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors; (d) please refer to (a).

Export Development Corporation

Country	Borrower	Project	Principal Exporter	Amount (million)
U.S.A.	Rocky Mountain Airways Inc.	Dash 7 aircraft	de Havilland Aircraft	$3.6
Ireland	Aughinish Aluminum Ltd.	Alumina plant	Alcan International	$30.6
Morocco	Government of Morocco	3 flight simulators	CAE Electronics	$9.4
U.S.A.		mini-steel mill	Co-Steel International	$47.
Argentina	–Alto Parana S.A. –Celulosa Puerto Piray S.A.	2 pulp & paper projects	SNC-Rust Limited Sandwell & Co. Ltd.	$57.
Brazil	Caraiba Metais S.A. Industria and Comercio	copper mine	Patrick Harrison & Co.	$3.1
U.S.S.R	Bank for Foreign Trade of the U.S.S.R.	oil & petro-chemical valves	Velan Engineering Ltd.	$5.7
U.S.A.	–Bear Island Paper Co. –Brant-Allan Ind. –Dow-Jones Virginia Co. –Washington Post Co.	newsprint mill	E & B Cowan Ltd.	$47.

In so far as the Department of Industry, Trade and Commerce is concerned: Nil

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THE PRIME MINISTER

Question No. 1,610—**Mr. Macquarrie:**

Was the Prime Minister accompanied (a) on his visit to New York on March 21, 1978 (b) at his meeting with the United Nations Secretary General and, if so, by whom?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms, Fourth Edition, Citation 171(d).

CANADIAN ARSENALS LTD.

Question No. 1,613—**Mr. McKinnon:**

Was Canadian Arsenals Ltd., St. Paul L'Ermite, Quebec, awarded a contract for 105 mm cartridges in the amount of $61,741,579 and, if so (a) how many rounds does this sum buy (b) for which type of 105 mm gun and how many of the guns does DND have in its inventory?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Supply and Services and National Defence as follows: (a) Yes, 400,000. (b) The ammunition is used in the 105mm howitzer C1. The number of guns is classified information.

EXPENDITURES—KOOTENAY WEST

Question No. 1,677—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Regional Economic Expansion in the Constituency of Kootenay West from July 22, 1977 to date, including the two sub-agreements on Agriculture and Industry, ARDA and Special ARDA?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply from the Department of Regional Economic Expansion is as follows: The only expenditures of the department in the constituency of Kootenay West, from July 22, 1977 to May 18, 1978, have been under the ARDA 1975-77 program and the Agricultural and Rural Development Subsidiary Agreement. The respective amounts are $45,000 and $21,359.

EXPENDITURES IN KOOTENAY WEST

Question No. 1,678—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Employment and Immigration, including expenditures under Canada Works and Young Canada Works and other job creation programmes, in the Constituency of Kootenay West from July 22, 1977 to date?

Hon. Bud Cullen (Minister of Employment and Immigration): $2,630,403.00

[Mr. Loiselle (Chambly).]

Question No. 1,679—**Mr. Brisco:**

What is the best estimate of the amount spent by CBC in the Constituency of Kootenay West from July 22, 1977 to date?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: Estimated expenditures in Kootenay West during the fiscal year 1977-78: Capital, $65,000; Operating, $164,233.

Question No. 1,681—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of National Health and Welfare in the Constituency of Kootenay West from July 21, 1977 to date, including fitness and amateur sport programmes in the form of grants in aid to student athletes, social services programmes and family planning programming programmes?

Hon. Monique Bégin (Minister of National Health and Welfare):

Fitness and Amateur Sport

Recipient	Sport	Amount	Total
Jellema, Dick	Hockey	$ 700.	$ 700.

New Horizons Projects:

Recipient	Amount	Total
Balfour & District Senior Citizens Branch 120	$6,909.	
Eastshore Community Library	6,630.	
Procter Harrop Senior Citizens Association, Branch 118	12,468.	
The Kaslo Rainbow Seniors	8,497.	
New Denver Kyowakai Society	6,800.	
The Golden Age Choristers	3,023.	
Senior Citizens Society of Salmo	9,173.	53,500.
TOTAL		$ 54,200.

Question No. 1,684—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Fisheries and the Environment in the Constituency of Kootenay West from July 21, 1977 to date?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): The amount spent by the Department of Fisheries and the Environment in the constituency of Kootenay West from July 21, 1977 to date is $667,553.

Question No. 1,686—**Mr. Brisco:**

What is the best estimate of the amount spent by the Post Office Department in (a) Nelson (b) Castlegar (c) Trail (d) Rossland (e) Creston (f) Kaslo (g) Nakusp, British Columbia from (i) 1968 to 1974 (ii) 1974 to date?

Hon. J.-Gilles Lamontagne (Postmaster General):

	Estimate (i) 1968 to 1974	Estimate (ii) 1974 to date
(a) Nelson	2,240,000	2,033,000
(b) Castlegar	1,661,000	1,504,000
(c-d) Trail (Rossland)	2,268,000	2,067,000
(e) Creston	689,000	619,000
(f) Kaslo	128,000	127,000
(g) Nakusp	145,000	154,000

EXPENDITURES IN KOOTENAY WEST

Question No. 1,687—**Mr. Brisco:**

What is the best estimate of the amount spent by the Department of Energy, Mines and Resources in the Constituency of Kootenay West from (a) 1968 to 1974 (b) 1974 to date?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy Mines and Resources reports as follows: (a) $634,225 (estimated), (b) $269,463 (estimated).

SUBSIDIES PAID FOR STEAMSHIP SERVICES

Question No. 1,688—**Mr. Forrestall:**

1. Are subsidies being paid for steamship services from the St. Lawrence River and Atlantic Ports to Newfoundland and, if so (a) to which companies and in what amount in each case, (b) have there been any increases or supplementary adjustments affected recently?

2. Will the subsidy programme be beneficial to traffic movements through Nova Scotia, for example, via North Sydney and Halifax?

Hon. Otto E. Lang (Minister of Transport): 1.

	Amount of Subsidy 1977/78
1. *a*) Newfoundland Steamships Ltd for service from Montreal to Corner Brook and St. John's	$3,781,000
In addition the federal government also pays the operating deficits incurred by CN Marine on the following services presently operated under entrustment:	
(i) North Sydney—Port aux Basques	$48,603,000
(ii) North Sydney—Argentia	$ 2,221,000
b) No.	

2. The subsidies paid to CN Marine for movements of passengers and goods through North Sydney to Newfoundland are beneficial to traffic moving through Nova Scotia.

CAUSAL AGENT OF SCRAPIE DISEASE

Question No. 1,690—**Mr. Mazankowski:**

With reference to the answer to Question No. 1,323 which states "in 1976-77 the causal agent of scrapie was isolated and classed as a virus which indicates that the disease is spread by contact, although certain herds, families and blood lines may be more susceptible to the disease than others . . ." (a) in what locality did the isolation take place (b) who were the persons who deduced such conclusion (c) what procedure was used to isolate the so-called virus and arrive at the conclusion?

Hon. E. F. Whelan (Minister of Agriculture): (a) It had been reported earlier that the causative agent of scrapie had been isolated by workers at the Animal Diseases Research Institute of Agriculture Canada at Lethbridge, Alberta. What had been found was virus-like particles which, when inoculated into mice and hamsters, produced the disease. See "c" below. (b) The major work in this study was conducted by Dr. H. J. Cho. Expertise in electron microscopy was provided by Dr.

Andrew Greig of the Animal Diseases Research Institute, Ottawa. (c) Dr. Cho conducted studies of brain tissues of mice and hamsters that were experimentally infected with scrapie. The brain material was extracted, and after selective centrifugation, the infectivity was found to be associated with the portion where virus-like particles were located. The infective agent itself has been extracted and concentrated, its infectivity measured, and certain biological characteristics ascertained. At Lethbridge, studies of the biochemical and immunological specificity of the virus-like particle and agent are in progress. Dr. Cho's work thus confirms the findings of others that there is an infectious scrapie agent.

TRANSPORT POLICY—ATLANTIC REGION

Question No. 1,691—**Mr. Forrestall:**

Is there a new transport policy for the Atlantic Region as announced in the *Globe and Mail Report on Business* of May 4, 1978 and, if so, what specific commodities produced in the provinces would be subject to rate increases on September 1, 1978?

Hon. Otto E. Lang (Minister of Transport): After extensive consultations with the Atlantic provinces, and regional carriers and shippers, a change in the current blanket 15 per cent intra-regional subsidy established under the Maritime Freight Rates Act and the Atlantic Region Freight Assistance Act was publicly announced on December 15, 1977 with further details released on February 8 and February 17, 1978. In essence, beginning September 1, 1978, a 15 per cent subsidy will be paid to carriers, including for the first time the marine and air modes, on a selected list of commodities that are regionally grown, harvested, mined or processed. In addition, in order to phase in the amended program, a reduced subsidy of 7½ per cent will be paid from September 1, 1978 until September 1, 1979, when the subsidy will be reduced to zero, on those commodities which will no longer be eligible for the subsidy. The list of commodities remaining eligible for subsidy, as contained in the December 19 press release, is listed below.

List of Goods Eligible for
Special Shipper Assistance

Commodities referred to in this schedule are identified by standard transportation commodity code numbers as published in standard transportation commodity code tariff series No. 1 on file with the Canadian Transport Commission under the provisions of the Railway Act.

Group	Commodity	Application
01	Farm products	Note 2
08	Forest products	Note 1
09	Fresh fish or other marine products	Note 1
10	Metallic ores	Note 1
11	Coal	Note 3
14	Nonmetallic minerals; except fuels	Note 3
20	Food or kindred products	Note 2
22	Textile mill products	Note 1
23	Apparel; other finished textile products or knit apparel	Note 1
24	Lumber or wood products; except furniture	Note 1
25	Furniture or fixtures	Note 1
26	Pulp, paper, or allied products	Note 1
28	Chemicals or allied products	Note 1
29	Petroleum or coal products	Note 2
30	Rubber or miscellaneous plastics products	Note 1
31	Leather or leather products	Note 1
32	Clay, concrete, glass or stone products	Note 2
33	Primary metal products:	Note 1

34	Fabricated metal products	Note 1
35	Machinery; except electrical	Note 1
36	Electrical machinery or equipment	Note 1
37	Transportation equipment	Note 1
38	Instruments or photographic goods	Note 1
39	Miscellaneous products or manufacturing	Note 1

Explanation of Notes:
Note 1: Includes all commodities listed under group numbers indicated.

Note 2: Includes all commodities listed under group numbers indicated with the exception of commodities listed under series numbers shown below:

Group Number	Series Number	Commodity
01	41	Livestock
01	51	Live poultry
01	92	Animal specialities
20	82	Malt liquors
20	84	Wines, brandy or brandy Spirits
20	85	Distilled liquors
20	86	Soft drinks carbonated or uncarbonated
29	111	Gasoline or jet fuel
29	112	Kerosene
29	113	Distillate fuel oil
29	116	Asphalt, pitches or tars
29	117	Petroleum residual fuel oils
29	119	Petroleum refining products
29	121	Liquefied gases petroleum
32	51	Clay bricks or structural clay tile
32	53	Ceramic floor or wall tile
32	55	Refractories, clay
32	59	Structural clay products
32	71	Concrete products
32	73	Ready-mix concrete
32	95	Non-metallic minerals, ground

Note 3: Excludes all commodities under group number indicated with the exception of commodities listed under series numbers shown below:

Group Number	Series Number	Commodity
11	21	Bituminous coal
11	211	Agricultural limestone
14	715	Rock salt
14	917	Peat natural

DREE SIGN POLICY

Question No. 1,696—**Mr. Epp:**

1. What will be the cost of implementing the new sign policy of the Department of Regional Economic Expansion?

2. Has the Department contracted out the project and, if so, to which firms and at what cost?

3. What is the cost of producing the signs?

4. What is the cost of the labour to produce the signs?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. The Department of Regional Economic Expansion erects and maintains site signs to identify the federal and, where applicable, provincial involvement in development projects. Under the new signs policy, only the specifications for design have changed. Because contracts will be let only as new signs are needed, it is not possible to determine in a precise way the cost of implementing the new policy. However, with the exception of permanent PFRA signs (see note below), no additional costs are anticipated.

2. Administration of contracts to erect and maintain signs does not constitute a project as such. Where contracts to erect signs are required, these will be arranged locally through the Department of Supply and Services as in the past.

3. Since the announcement of the new signs policy, only two provincial DREE offices, in Ontario and Saskatchewan, have renewed contracts for production and erection of site signs. Screen Print of Brantford, Ontario, has been contracted for incentives projects signs at $125 per sign, and general development agreement signs at $175—$200 per sign (cost shared equally between the Government of Canada and the province). Gebert Signs Ltd., of Regina and Modern Signs of Saskatoon have been contracted on a standing offer of up to $7,500 per year each for supply and erection of signs.

4. Labour cost of producing signs varies from one region to another, but approximates from 50 to 60 per cent of total costs.

NOTE: Prairie Farm Rehabilitation Administration uses permanent site signs to identify facilities such as community pastures, water conservation and irrigation installations and tree nurseries. Identification signs for these projects will need to be replaced to conform to the new signs policy. PFRA has estimated the changeover cost as $33,000.

CN TOWER

Question No. 1,697—**Mr. Gillies:**

1. For the past year, what was the monthly total number of visitors to the CN Tower in Toronto?

2. What is the current profit or loss of CN Tower Limited?

3. What is the revenue of CN Tower?

4. What are the operating expenses of CN Tower Limited?

5. What are the capital charges of debt against CN Tower Limited or debt held against Canadian National Railways that is associated with the Tower?

6. Has CN Tower Limited prepared any proposals to increase revenue or the number of visitors to the Tower and, if so (a) what are they (b) in each case, what is the expected amount of revenue and visitors that would accrue from such proposals?

Hon. Otto E. Lang (Minister of Transport): 1. During the period June, 1977 to June, 1978 a total of 1,610,008 persons visited the Tower.

2. During the calendar year 1977 the operating profit was $1.8 million.

3. Approximately $6.6 million in the calendar year 1977.

4. Operating expenses in the year 1977 were $4.8 million.

5. Capital charges on the Tower amounted to $5.3 million.

6. Many projects have been developed and carried out to attract visitors to the Tower but it is not possible to relate to each the estimated visitors attracted.

CAPITAL GAINS TAX

Question No. 1,699—**Mr. Cossitt:**

What was the total amount of capital gains tax collected by the government for each year since the tax came into effect and what was the total collected for all such years combined?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Under the Income Tax Act, one-half of capital gains realized since 1971 are added to income for tax purposes. Capital gains, therefore, are not taxed under a separate capital gains tax. Because of this, it is difficult to determine precisely how much income tax is attributable to capital gains as compared to other components of income for tax purposes. Using available data, estimates can be made of the approximate amount of income tax attributable to the taxable portion of capital gains. Rough estimates for the years 1972-1976 are as follows:

Federal Income Tax on Capital Gains
($)

	1972	1973	1974	1975	Total 1972-1975	1976
Individuals	40	70	80	100	290	160
Corporations	30	60	70	90	250	*
Total	70	130	150	190	540	

* No estimates are yet available for 1976 for corporations.

It should be noted that capital gains are subject to provincial income tax in addition to the federal income tax. Provincial revenues from this source would be approximately one-third of the federal revenues.

HOCKEY CANADA

Question No. 1,701—**Mr. Lambert (Bellechasse):**

1. Did the government subsidize Hockey Canada in (a) 1976-77 (b) 1977-78 and, if so, in what amount?

2. For the same years, what amount in subsidies was granted to minor hockey?

3. How many persons are connected with Hockey Canada and how many claim French as their mother tongue?

4. For the same years, what amount did Team Canada spend for the tournament in Vienna?

Mrs. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): 1. Yes; (a) 1976-77: $30,640. (b) 1977-78: $42,500.

2. Contributions to the Canadian Amateur Hockey Association were as follows: 1976-77: $277,225. 1977-78: $192,924.

3. Hockey Canada is comprised of 12 directors who represent all constituents of hockey and two paid office staff. Of these, one claims French as his mother tongue while three others are fluently bilingual.

4. The tournament was the responsibility of Hockey Canada and no federal funds were involved. Hockey Canada's total budget for this event was $656,500 and revenues totalled $636,700. These revenues were generated through the exhibition games played by Team Canada, and contributions provided by private corporations.

METROPOLITAN LIFE BUILDING

Question No. 1,702—**Mr. Lambert (Bellechasse):**

1. What was the cost of acquiring the old Metropolitan Life Building?

2. To date, what have been the renovation costs?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as Public Works Canada is concerned: 1. The Metropolitan Life Building and the Orme Building were purchased together for a total price of $15,450,000. Approximate values of $12,000,000 for the Metropolitan Life land and building and $3,450,000 for the Orme land and building have been established.

2. The renovation costs to June, 1978 have been $260,920.

MURDERS

Question No. 1,705—**Mr. Epp:**

How many (a) policemen (b) custodial officers (c) other persons were murdered in (i) 1976 (ii) 1977 (iii) 1978 to date?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Law enforcement agencies in 1976 reported the following to Statistics Canada: (a) Three policemen were murdered; (b) no custodial officers were murdered; (c) the number of other persons murdered in 1976 totalled 612.

Law enforcement agencies in 1977* reported the following to Statistics Canada: (a) Five policemen were murdered; (b) no custodial officers were murdered; (c) the number of other persons murdered in 1977 totalled 616.

Figures for 1978 are not available.

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* The figures for 1977 are preliminary and are subject to change.

CAPITAL GAINS TAX

Question No. 1,706—**Mr. Cossitt:**

What percentage of total taxes collected by the government did the capital gains tax constitute for each year since it was introduced and what is the average percentage it constituted for all the years combined?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Under the Income Tax Act, one-half of capital gains realized after 1971 are added to income for tax purposes. Capital gains, therefore, are not taxed under a separate capital gains tax. Because of this, it is difficult to determine precisely how much income tax is attributable to capital gains as compared to other components of income for tax purposes. Using available data, rough estimates can be made of the

amount of income tax attributable to the taxable portion of capital gains for the taxation years 1972 through 1975. Total tax revenues can be obtained for fiscal years from the public accounts. The estimates are as follows:

	1972	1973	1974 ($)	1975	1972-1975 Total
1. Income tax revenue attributable to capital gains	$70	130	150	190	540
2. Total tax revenues	$14,704	17,133	22,328	26,297	80,462
3. Revenue from capital gains as a percentage of total tax revenues	0.5	0.8	0.7	0.7	0.7

It should be noted that the estimates for revenue from capital gains includes gains realized by both individuals and corporations. The estimates for revenue from capital gains refer to taxation years, while the figures for total tax revenues refer to fiscal years. While the two time concepts differ considerably, it is unlikely that this difference in time period significantly affects the percentage given in line three of the table. Total tax revenues include personal and corporate income tax, sales tax, excise taxes and duties and other miscellaneous taxes.

POSTAGE METERS

Question No. 1,707—**Mr. Cossitt:**

1. Did the government approach Pitney-Bowes, manufacturer of postage meters, suggesting that they make available to the public, slugs for Pitney-Bowes postage meters promoting national unity and, if so (a) on what date (b) who made the approach (c) who made the decision to do so?

2. To the knowledge of the government, what are the names of all the other manufacturers of postage meters in Canada and, in each case, were they approached in a similar fashion and, if not, for what reason?

3. Does the government favour one particular manufacturer of postage meters?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. The suggestion of using postage meter dies for promoting national unity was made by the representatives of the Canadian Unity Information Office, Secretary of State Department, during conversation with officials of the Post Office Department. Because it is the largest manufacturer of postage meters, Pitney Bowes of Canada Limited was asked by the assistant deputy postmaster general, marketing to assist in developing the idea. The program was developed over a two month period, and Pitney Bowes was supplied their allocation of promotional materials on May 11.

2. The other manufacturers of postage meters in Canada are Friden, Roneo Vickers, and Postalia. They were made aware of the national unity promotion on May 18 and asked if they wished to participate. They were supplied with materials on May 23. The reason they were not approached earlier was that they do not maintain an ongoing business contact with Post Office headquarters and they supply a relatively small portion of the market.

[Mr. Lumley.]

3. The government does not favour one particular manufacturer of postage meters. It has, in fact, encouraged the three smaller manufacturers to improve their communication and contact with Canada Post and has offered to give them thorough background briefings on areas of Post Office business that would be of interest to them.

AGRICULTURAL RESEARCH IN NEWFOUNDLAND

Question No. 1,709—**Mr. Brisco:**

1. Is the Department of Agriculture or the Department of Fisheries and the Environment aware of the research being conducted by Mr. John Evans of Memorial University, St. John's, Newfoundland, into improving soil condition and the growth of vegetables, etc?

2. Has any department been asked to fund any of this research and, if so, was funding provided and (a) if so, in what amount (b) if not, for what reason?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Agriculture Canada is concerned: 1. Yes.

2. No. (a) and (b) Not applicable.

In so far as the Department of Fisheries and the Environment is concerned: 1. No.

2. No. (a) and (b) Not applicable.

EXPORTATION OF BRITISH COLUMBIA SALMON EGGS

Question No. 1,713—**Mr. Cossitt:**

Did the government give permission to Union Carbide Limited, to export British Columbia salmon eggs to some of their subsidiaries abroad and, if so, on what date, under whose authority and what are all the other pertinent details?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): No.

CENTURION TANKS

Question No. 1,715—**Mr. McKinnon:**

1. (a) How many of the Department of National Defence's old centurion tanks are still in existence (b) how many have been sold and (i) to whom (ii) for what price (c) what does the government plan to do with the remainder?

2. What conditions, if any, has the government placed on the sale of the tanks already disposed of, and what conditions, if any, does the government intend to place on the sale of those not yet disposed of?

3. Has there been any agent acting for either the purchaser or the government in any way connected with the sales of the centurion tanks and, if so, who or what was the agent, and what was the total amount paid or payable in fees to such an agent?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of National Defence and Supply and Services as follows: 1. (1) 235. (b) 89 tanks (i) GLS/Gesellschaft für legistischen Service mbH, Germany (ii) average price is $12,025.00, based on revenues to date (c) Crown Assets Disposal Corporation will sell tanks as they are declared surplus. (c) 140 tanks have been declared surplus to Crown Assets Disposal Corporation with the remaining 95 being retained by the department for range targets and/or monuments.

2. Tanks are sold with an end-user certificate as a requisite to the agreement of sale. Same requisite will apply to future sales.

3. No.

FEDERAL PENITENTIARY INMATES PRODUCTION OF GOODS

Question No. 1,719—**Mr. Lambert:**

During the 1977-78 fiscal year, were any federal penitentiary inmates producing goods and, if so (a) what kind of goods (b) what was the volume of production and its value?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Yes. (a) and (b) See list below.

Type of goods	Volume (Number of Orders)	Value (Sales Value)
Wood	1,244	$727,426.
Metal	812	1,100,616.
Tailoring	74	272,884.
Canvas Product	186	650,217.
Upholstery	1,155	163,089.
Paints Refinishing	1,080	107,170.
Paints Refinishing sub-orders (Quebec Region)	no record	36,415.
Automotive	80	50,762.
Welding	64	49,020.
Printing	747	49,631.
Carton Manufacturing	6	22,551.
Book Binding	14	681.
Signage	16	25,637.
Concrete Products	61	2,859.
Modular Houses	11	143,000.
Machine Shop	267	58,756.
Boots/Shoes	1	2,891.
Microfilming	1	34,400.
Brooms/Brushes	9	18,848.
Total	5,828	3,516,853.

MR. WALTER LUYENDYK

Question No. 1,720—**Mr. Leggatt:**

1. Did Mr. Walter Luyendyk of the Privy Council Office file between December 3, 1972 and March 20, 1973, any reports dealing in part or in total with the New Democratic Party and/or its members and staff and, if so, what were the dates of such reports and to whom were they addressed?

2. Did Mr. Luyendyk file between December 3, 1972 and March 20, 1973, any reports dealing in part or in total with the Public Service Alliance and/or any other Canadian union and its members or officers and, if so, what were the dates of such reports and to whom were they addressed?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1 and 2. There is no record in the Privy Council Office of reports concerning the New Democratic Party, the Public Service Alliance or other Canadian union and its members filed by Mr. Walter Luyendyk. Mr. Luyendyk, who has since retired from the public service, has been consulted, and cannot recall any reports of this nature.

NUMBER OF PERSONS EMPLOYED BY EACH DEPARTMENT AT DIFFERENT LEVELS AND CATEGORIES

Question No. 1,722—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the IS-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the IS-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	IS-7
AIB	1
CCA	1
DOC	1
DPW	1
DSS	1
CEICD	2
EMR	1
FIN	1
ITC	1
LAB	1
DOT	1
NMC	1
REE	1
SC	1
RC-T	1
TB	2
MUA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

Footnotes to questions 1,722 to 1,786: The population coverage consists of all the employees that are active, indeterminate, full-time for whom Treasury Board is the employer as defined in schedule 1, part I of the Public Service Staff Relations Act. It also includes employees who are excluded from collective bargaining and unrepresented groups. The source of these data, except where otherwise noted, is footnote (1).

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

(2) Source: Department or agency.

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

(4) The ES group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level.

(5) FS 6 non-existent level.

(6) AV is presumed to be AU, auditing.

(7) VT is presumed to be UT, university teaching.

(8) Statistician S(STA) is presumed to be level 5.

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

Department or Agency Codes

AGR	Department of Agriculture
AIA	Office of the administrator—Anti-Inflation Act
AIB	Anti-Inflation Board
PA	Public Archives
BPA	Bureau of Pensions Advocates
RC-CE	Department of National Revenue, Customs and Excise,
CCA	Department of Consumer and Corporate Affairs
CDC	Canadian Dairy Commission
CEO	Office of the Chief Electoral Officer
CGC	Canadian Grain Commission
CLRB	Canada Labour Relations Board
COL	Office of the Commissioner of Official Languages
DOC	Department of Communication
CPC	Canadian Pension Commission
MC	Metric Commission
CTC	Canadian Transport Commission
DND	Department of National Defence
FE	Department of Fisheries and the Environment
DPW	Department of Public Work
DSS	Department of Supply and Services
DVA	Department of Veterans Affairs
DVL	Director of Veterans Land Act
CEICD	Canada Employment and Immigration Commission Department
EMR	Department of Energy, Mines and Resources
NEB	National Energy Board
EA	Department of External Affairs
FCT	Federal Court of Canada
FIN	Department of Finance
FIRA	Foreign Investment Review Agency
FJA	Office of the Commissioner for Federal Judicial Affairs
FPRO	Federal-Provincial Relations Office
GGS	Office of the Governor General's Secretary
CHRC	Canadian Human Rights Commission
IAB	Immigration Appeal Board
INA	Department of Indian and Northern Affairs
CIDA	Canadian International Development Agency
IJC	International Joint Commission
INC	Information Canada
INS	Department of Insurance
ITC	Department of Industry, Trade and Commerce
JUST	Department of Justice
LAB	Department of Labour
LFB	Canadian Livestock Feed Board
LRC	Law Reform Commission
TC	Ministry of Transport
MSST	Ministry of State for Science and Technology
NCC	National Capital Commission
NFPMC	National Farm Products Marketing Council
NHW	Department of National Health and Welfare
NL	National Library
NMC	National Museums of Canada
NPB	National Parole Board
PCO	Office of the Privy Council
CPS	Canadian Penitentiary Service
PO	Department of Post Office
PSC	Public Service Commission
RCMP	Royal Canadian Mounted Police
PFRA	Prairie Farm Rehabilitation Administration
REE	Department of Regional Economic Expansion
CRTC	Canadian Radio-Television and Telecommunication Commission
RTPC	Restrictive Trade Practices Commission
SS	Department of Secretary of State
MSG	Department of Solicitor General
SC	Statistics Canada
SCC	Supreme Court of Canada
TBd	Tariff Board
RC-T	Department of National Revenue, Taxation
TB	Treasury Board Secretariat
TCB	Textile and Clothing Board
MUA	Ministry of State for Urban Affairs

[Mr. Andras.]

Question No. 1,723—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the GT-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the GT-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	GT-7
PA	1
DND	1
FE	2
DPW	3
DSS	8
CEICD	1
EMR	1
NEB	10
TC	13
NHW	2
NMC	16

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,724—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the GT-8 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the GT-8 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	GT-8
DND	2
DSS	3
EA	1
INA	3
ITC	1
NMC	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,725—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AG-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AG-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AG-6
AGR	6
TB	19
MUA	2

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978. (1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,726—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the ES 2 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. The number of persons employed at the ES 5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	ES 5
AGR	50
AIB	9
CCA	9
CGC	1
DOC	15
CTC	31
FE	46
DPW	1
DSS	1
CEICD	53
EMR	40
NEB	17
FIN	50
FIRA	6
FPRO	1
CHRC	2
INA	22
CIDA	2
ITC	17
LAB	17
TC	26
MSST	3
NHW	29
NPB	2
CPS	3
PO	5
PSC	1
REE	22
CRTC	8
SS	7
MSG	10
(2) SC	246
RC-T	4

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,727—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the ES 3 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. The number of persons employed at the ES 6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	ES 6
AGR	36
AIB	10
RC-CE	1
CCA	11
CDC	1
CGC	1
DOC	7
CTC	16
DND	1
FE	39
DPW	1
DSS	4
CEICD	27
EMR	21
NEB	12
EA	3
FIN	28
FIRA	1
FPRO	2
INA	26
CIDA	6
ITC	13
JUST	1
LAB	6
LFB	1
TC	31
MSST	7
NHW	45
PCO	2
PO	4
REE	28
CRTC	5
SS	5
MSG	7
SC	122
TBd	5
RC-T	2

TB	10
MUA	6

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,728—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the ES 4 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977, the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. The number of persons employed at the ES 7 level on April 30, 1978 by each department is shown on the attached list.

Department or Agency	ES 7
AGR	11
AIA	1
AIB	5
CCA	5
CDC	1
CGC	1
DOC	2
CTC	11
FE	21
DSS	3
CEICD	19
EMR	17
NEB	5
FIN	39
FIRA	1
FPRO	1
INA	8
CIDA	3
IJC	1
ITC	13
LAB	2
TC	15
NHW	12
PCO	2
PO	2
REE	9
CRTC	3
RTPC	1
SS	4
MSG	3
SC	62
TBd	2
TB	11
MUA	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

[Mr. Andras.]

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,729—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the SX-1 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the SX-1 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	SX-1
AGR	7
AIA	1
AIB	9
PA	1
RC-CE	13
CCA	18
CDC	1
CEO	2
CLRB	2
COL	1
DOC	18
CTC	9
DND	15
FE	30
DPW	25
DSS	41
DVA	7
CEICD	40
EMR	7
NEB	4
EA	4
FIN	11
FIRA	2
FPRO	2
CHRC	1
INA	33
CIDA	16
ITC	39
LAB	6
TC	42
MSST	9
NCC	5
NFPMC	1
NHW	32
NMC	3
NPB	1
PCO	10
CPS	3
PO	27
PSC	17
REE	14
CRTC	2
SS	14
MSG	2

SC	11
RC-T	16
TB	46
MUA	6

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,730—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the SX-2 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the SX-2 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	SX-2
AGR	4
AIA	1
AIB	2
PA	1
RC-CE	10
CCA	10
CEO	1
COL	1
DOC	10
CTC	4
DND	4
FE	36
DPW	13
DSS	20
CEICD	29
EMR	20
NEB	4
EA	2
FIN	15
FIRA	4
FPRO	4
INA	18
CIDA	4
IJC	2
INS	1
ITC	26
JUST	1
LAB	8
TC	27
MSST	8
NHW	11
NMC	2
PCO	6
CPS	13
PO	8
PSC	11
REE	20
CRTC	4
SS	5
MSG	5
SC	10
TBd	1
RC-T	11
TB	37
MUA	5

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also Footnotes 1 and 9 and list below question No. 1,722 answered this day.

Question No. 1,731—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the SX-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the SX-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	SX-3
AGR	5
AIB	1
RC-CE	2
CCA	3
COL	1
DOC	4
DND	3
FE	8
DPW	6
DSS	5
DVA	2
CEICD	11
EMR	6
EA	2
FIN	9
FIRA	1
FPRO	3
INA	5
CIDA	5
INS	1
ITC	5
LAB	2
TC	12
MSST	1
NHW	9
PCO	4
PO	3
PSC	2
REE	7
CRTC	1
SS	4
MSG	1
SC	4
RC-T	2
TB	15
MUA	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

Order Paper Questions

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,732—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the SX-4 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the SX-4 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	SX-4
FIN	2
FPRO	2
TC	1
PCO	3
TB	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,733—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AI-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AI-7
TC	31

(2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,734—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the IS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the IS-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	IS-6
AGR	2
RC-CE	1
CCA	1
CSM	1
DND	1
DOE	4
DPW	2
DSS	1
EIC	3
EMR	1
EXT	4
FIN	1
GGS	1
IAN	4
IDA	1
ITC	2
TC	3
NCC	1
NHW	3
NPB	1
CPS	1
PO	2
PSC	1
REE	1
MSG	1
SC	2
TB	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,735—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FS 6 level?

Hon. Robert K. Andras (President of the Treasury Board): FS 6 non-existent level.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,736—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FS-4 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FS-4 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FS-4
EA	54
ITC	21

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,737—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FS-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FS-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FS-3
CEICD	26
(2) EA	157
(2) ITC	92

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,738—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FS-2 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FS-2 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FS-2
CEICD	90
(2) EA	247
ITC	118

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,739—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FI-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FI-7
AGR	1
CCA	1
DND	2
FE	2
DPW	1
DSS	14
CEICD	4
EA	1
INA	4
ITC	2
LAB	1
TC	5
NHW	4
NMC	1
PO	5
PSC	1
RCMP	1
CRTC	2
SS	2
(2) TB	18

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,740—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FI-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FI-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FI-6
AGR	4
AIB	1
RC-CE	2
CCA	2
CDC	1
DOC	1
CPC	1
CTC	2
DND	9
FE	3
DPW	6
DSS	24
DVA	4
CEICD	14
EMR	2
NEB	1
EA	1
FIN	1
INA	15
CIDA	2
ITC	4
TC	11
NCC	1
NHW	4
NPB	1
CPS	6
PO	6
REE	2
SS	3
MSG	1
SC	1
(2) TB	24
MUA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,741—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the WP-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the WP-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	WP-7
DVA	2
INA	1
NHW	1
NPB	1

CPS	10
MSG	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,742—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the WP-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the WP-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	WP-6
DVA	6
INA	5
NPB	7
CPS	13
MSG	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,743—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the SI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the SI-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	SI-7
PA	1
FE	1
CEICD	1
FIRA	1
NHW	1
CRTC	1
SC	7
SCC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,744—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CO-4 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the CO-4 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	CO-4
AGR	1
AIB	9
CCA	11
DCD	1
COM	2
CSM	3
DND	1
DOE	3
DPW	2
DSS	1
EMR	1
FIN	1
FIR	4
IAN	8
INS	3
ITC	117
REA	1
REE	53
RTC	4

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,745—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CO-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the CO-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	CO-3
AGR	5
AIB	28
CCA	21
CDC	1
DOC	4
MC	4
DND	1
FE	7
DSS	1
CEICD	1
EMR	2
FIN	4
(2) FIRA	12
(2) INA	17
INS	12
ITC	161
TC	1
MSST	1
REE	108
CRTC	7
SS	1
TB	1
TCB	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,746—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CO-2 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the CO-2 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	CO-2
AGR	8
AIB	3
CCA	43
CDC	1
DOC	1
CSM	21
FE	10
DSS	2
(2) FIRA	13
INA	69
INS	47
ITC	417
REE	103
CRTC	12
TB	1
TCB	4
GGS	2
INA	3
ITC	1
JUST	1
LAB	1
TC	22
MSST	1
NCC	1
NHW	4
PCO	1
CPS	12
PO	3
PSC	2
REE	1
CRTC	2
SS	1
MSG	3
SC	1
RC-T	2
TB	39

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,747—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AS-8 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AS-8 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AS-8
AGR	4
AIB	1
PA	1
RC-CE	3
CLRB	1
COL	3
DC	4
DND	13
FE	9
DPW	32
DSS	25
DVA	1
CEICD	9
EMR	2
NEB	1
EA	4
FIN	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,748—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AS-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AS-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AS-7
AGR	3
AIB	3
PA	5
RC-CE	7
CCA	1
COL	6
DOC	9
CTC	1
DND	22
FE	18
(2) DPW	53
(2) DSS	26
DVA	3
DVL	1
CEICD	18
EMR	4
NEB	1
EA	3
FCT	1
FIN	1
GGS	1
IAB	1
INA	10
CIDA	1

IJC	1
INS	1
ITC	3
LAB	5
LRC	1
TC	43
MSST	16
NCC	1
NHW	10
NMC	6
PCO	3
CPS	5
PO	12
PSC	7
PFRA	1
REE	2
CRTC	1
SS	10
MSG	2
SC	1
RC-T	5
TB	47

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,749—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the CS-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	CS-5
AGR	3
RC-CE	2
CCA	2
DOC	1
DND	3
FE	4
DPW	1
DSS	13
CEICD	1
EMR	2
INA	1
ITC	1
LAB	1
TC	2
NHW	1
PO	2
REE	1
SC	6
RC-T	7
TB	2

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

[Mr. Andras.]

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,750—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the TR-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the TR-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	TR-6
SS	4

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,751—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the TR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the TR-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	TR-5
SS	20

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,752—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the TR-4 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the TR-4 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	TR-4
SS	90

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,753—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the ES 5 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. The number of persons employed at the ES 8 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	ES 8
AGR	4
CCA	3
DOC	2
CTC	3
FE	3
CEICD	1
EMR	4
FIN	1
ITC	3
TC	3
MSST	1
NHW	3
REE	4
CRTC	1
MSG	1
SC	26
RC-T	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,754—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AC-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AC-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AC-3
CEICD	1
INS	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,755—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AC-2 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AC-2 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AC-2
CEICD	1
INS	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,756—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the PS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the PS-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	PS-5
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,757—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the LS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the LS-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	LS-6
AGR	1
FE	1
NL	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,758—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the HR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the HR-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	HR-5
DND	1
INA	1
NMC	3

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,759—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AV-7 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. The number of persons employed at the AU-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AU-7
RC-T	5

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,760—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the FS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the FS-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	FS-5
EA	12

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,761—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AV-6 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. The number of persons employed at the AU-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AU-6
AIB	1
DSS	9
RC-T	19

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,762—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AV-5 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. The number of persons employed at the AU-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AU-5
AIB	1
RC-CE	10
CTC	1
DSS	8
FIN	1
CRTC	1
RC-T	95

[Mr. Andras.]

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,763—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AR-8 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AR-8 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AR-8
DND	1
DPW	2
NHW	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,764—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AR-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AR-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AR-7
DND	1
DPW	11
INA	2
TC	1

(1) Source Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,765—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AR-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AR-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AR-6
DND	2
FE	1
DPW	23
EMR	1
EA	3
INA	7
CIDA	1
TC	5
NCC	9

NHW	3
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,766—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AR-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AR-5
DND	8
DPW	42
INA	28
TC	10
NCC	4
NHW	1
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,767—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CH-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the CH-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	CH-5
FE	4
NHW	2

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,768—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the CH-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978 there were no persons employed at the CH-6 level.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,769—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the VS-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	VS-6
AGR	2
NHW	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,770—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the VS-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	VS-5
AGR	15
NHW	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,771—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VT-7 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, University teaching. The number of persons employed at the UT-7 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	UT-7
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,772—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VT-4 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, University teaching. The number of persons employed at the UT-4 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	UT-4
(2) DND	57

(2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Order Paper Questions

Question No. 1,773—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the Chief Statistician 2(CST) level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the MACST-2 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	MACST-2
DSS	1
SC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,774—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the Statistician S(STA) level?

Hon. Robert K. Andras (President of the Treasury Board): Statistician S(STA) is presumed to be level 5. The number of persons employed at the MASTA-5 level on April 30, 1978 by each department is shown on the attached list.

Department or Agency	MASTA-5
FE	1
DSS	5
NEB	2
TC	1
PO	3
SC	22

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,775—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the AO-EPS-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the AO-EPS-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	AOEPS-3
TC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,776—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the LA-2 level?

[Mr. Andras.]

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the LA-2 level on April 30, 1978 by each department is shown on the attached list.

Department or Agency	LA-2
(2) BPA	22
CTC	4
NEB	2
EA	2
FJA	1
(2) JUST	245
NHW	1
NPB	2
CRTC	2
SCC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,777—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the LA-3 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the LA-3 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	LA-3
CTC	1
NEB	1
JUST	37
NPB	1
CRTC	2

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,778—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the PE-5 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the PE-5 level on April 1, 1977 by each department is shown on the list below.

Department or Agency	PE-5
AGR	9
AIB	15
PA	2
RC-CE	10
CCA	2
DOC	2
CTC	2
DND	14
FE	12
DPW	6

DSS	8
DVA	7
CEICD	14
EMR	3
NEB	1
EA	6
INA	14
CIDA	1
ITC	2
JUST	1
LAB	1
TC	21
MSST	2
NCC	2
NHW	6
NMC	2
NPB	1
PCO	1
CPS	4
PO	20
PSC	78
RCMP	1
CRTC	2
SS	4
SC	1
RC-T	13
TB	26

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,779—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the PE-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the PE-6 level on April 1, 1977 by each department is shown on the list below.

Department or Agency	PE-6
AGR	2
AIB	8
PA	1
RC-CE	3
CCA	2
DOC	2
CPC	1
DND	10
FE	8
DPW	4
DSS	12
DVA	3
CEICD	11
EMR	1
INA	4
CIDA	1
ITC	1
TC	7
NHW	3
PCO	1
CPS	11
PO	7
PSC	50
REE	2
SS	1
MSG	2
SC	2
RC-T	2
TB	30
MUA	1

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,780—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the PE-7 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the PE-7 level on April 1, 1977 by each department is shown on the list below.

Department or Agency	PE-7
AGR	2
AIB	4
CCA	1
DND	2
FE	3
DSS	3
INA	1
JUST	1
LAB	1
TC	3
NHW	1
NMC	1
CPS	3
PO	2
PSC	17
CRTC	1
SS	1
SC	1
RC-T	4
TB	14

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,781—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the Senior Statistician (SRS) level?

Order Paper Questions

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the MASRS-1 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	MASRS-1
DSS	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,782—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the Chief Statistician 1(CST) level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the MACST-1 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	MACST-1
DSS	2
NEB	1
SC	4
MUA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,783—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the PG-6 level?

Hon. Robert K. Andras (President of the Treasury Board): The number of persons employed at the PG-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	PG-6
AGR	1
CCA	1
DCD	1
DND	9
(2) DSS	133
INA	1
TC	2
PO	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,784—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VT-3 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, University teaching. The number of persons employed at the UT-3 level on April 30, 1978 by each department is shown on the list below.

[Mr. Orlikow.]

Department or Agency	UT-3
DND	61

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,785—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VT-5 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, University teaching. The number of persons employed at the UT-5 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	UT-5
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

Question No. 1,786—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed in each department at the VT-6 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, University teaching. The number of persons employed at the UT-6 level on April 30, 1978 by each department is shown on the list below.

Department or Agency	UT-6
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,722 answered this day.

CANADAIR CL-600 CHALLENGER

Question No. 1,788—**Mr. McKinnon:**

1. Did Canadair receive a $70 million Eurodollar issue to finance production of the Challenger and, if so (a) on what date was it arranged (b) for what reason was it taken out in lieu of the Canadian backing (c) what rate of interest will Canadair pay (d) what rate of interest was Canadair paying to the government for the $70 million loan backing?

2. Due to the date of the first flight being postponed from January by some six to eight months, is it likely that Canadair will need additional financing?

3. What are the reasons for the delay of this first flight from the January 1978 date promised by the former Minister of Industry, Trade and Commerce?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. A $70 million Eurodollar issue does now form a part of the Challenger program financing. (a) The issue was arranged May 23,

1978 and receipts were actually transferred at a closing meeting held on June 7. (b) These measures were taken in compliance with the terms of the original program approval at which time it was stated that efforts should be made to replace the Government guarantee with alternative commercial financing. The measure also has the effect of both reducing and fixing the cost to Canadair of borrowed funds. (c) The issue incorporates an 8½ per cent coupon, the yield of which, including a 1 per cent discount, is 8.76 per cent. (d) Canadair has hitherto been paying prime banking rates, currently 9¼ per cent, plus a fee to the government for the loan guarantee of 1 per cent.

2. The funding arrangements now in place respond directly to the current program and schedule and financing is therefore expected to be adequate. The timing of the first flight has not given rise to the need for additional financing.

3. The original target date for first flight, March 1978, assumed that selected airframe components would be designed and built in specialized prototyping facilities in the U.S. It was later decided largely from economic reasons to build the first flight test aircraft, entirely in Canada, and as a pre-production prototype rather than an engineering test vehicle. This means that the present configuration more closely resembles the eventual first production aircraft in that it has been built on production tooling. The current program schedule has been in existence for some time now and is universally accepted as being extremely ambitious. Performance to date against these severe targets has been most encouraging and should be construed as an achievement rather than otherwise.

CAF—LOSS OF WEAPONS, 1977

Question No. 1,789—**Mr. Towers:**

During the year 1977, were any weapons lost within the Canadian Armed Forces and, if so (a) how many (b) how many were recovered (c) how were they lost (d) what types?

Hon. Barney Danson (Minister of National Defence): Yes. (a) 51. (b) As of 21 June 1978—39. (c) Circumstances of loss were: (i) Theft/missing from inventory; (ii) Loss during training exercises; (iii) Fire; (iv) Loss/theft in transit. (d) The type of weapons still unaccounted for are: (i) Browning 9MM pistol; (ii) Stirling 9MM sub-machine gun; (iii) Lee-Enfield .22 calibre rifle; (iv) Lee-Enfield drill-purpose rifle.

ADVERTISING CAMPAIGN FOR IMMIGRATION

Question No. 1,791—**Mr. Epp:**

1. How much is the most recent advertising campaign airing the caption "Don't Believe What They Tell You About Immigration", costing the government?

2. How many newspapers throughout the country are carrying the ad?

3. Is the ad being aired on the electronic media and, if so, at what cost?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. $128,425.60.

2. 642.

3. No.

Order Paper Questions

NUMBER OF PERSONS EMPLOYED BY DIAND

Question No. 1,792—**Mr. Orlikow:**

1. (a) What was the number of persons employed by the Department of Indian Affairs and Northern Development in 1976-77, (b) what was the number employed in Ottawa and in each region, (c) in each case, how many were (i) Indian, (ii) Metis, (iii) Inuit?

2. What was the operational budget and/or the amount paid for salaries for staff in each category in Part 1?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. (a) 11,449

(b) Administration Program	
Ottawa:	945
Yukon:	3
Total:	948
Indian and Inuit Affairs Program	
Ottawa:	510
Atlantic:	225
Quebec:	764
Ontario:	884
Manitoba:	731
Saskatchewan:	921
Alberta:	673
Yukon:	70
British Columbia:	620
Total:	5398
Northern Affairs Program	
Ottawa:	313
Yukon:	197
Northwest Territories:	369
Total:	879
Parks Canada	
Ottawa:	519
Atlantic:	756
Quebec:	741
Ontario:	573
Western Region:	1117
Prairie Region:	518
Total:	4224
(c) Administration Program: Ottawa:	18
Indian and Inuit Affairs Program:	
Ottawa:	65
Atlantic:	41
Quebec:	198
Ontario:	256
Manitoba:	199
Saskatchewan:	266
Alberta:	162
British Columbia & Yukon:	161
Total:	1348
Northern Affairs Program:	
Ottawa:	11
Yukon:	10
Northwest Territories:	24
Total:	45
Parks Canada:	
Ottawa:	16
Atlantic:	13

Quebec:	13
Ontario:	23
Western Region:	45
Prairie Region:	53
Total	163

The figures include both term and full-time employees and cover Indian, non-status Indian, Metis and Inuit personnel. The department does not maintain separate records for each of the above groups.

Administration Program:	
Ottawa:	$17,683,000
Yukon:	86,000
Total:	$17,769,000
Indian and Inuit Affairs Program:	
Ottawa:	$17,248,900
Atlantic:	3,663,200
Quebec:	12,313,700
Ontario:	14,344,000
Manitoba:	11,508,500
Saskatchewan:	13,801,700
Alberta:	11,392,100
Yukon:	1,033,700
British Columbia:	10,016,200
Total:	$95,322,000
Northern Affairs Program:	
Ottawa:	$ 6,630,086
Yukon:	3,864,603
Northwest Territories:	3,135,382
Total:	$12,630,071
Parks Canada	
Ottawa:	$ 8,028,060
Atlantic:	10,253,534
Quebec:	6,144,200
Ontario:	8,975,221
Western Region:	16,818,844
Prairie Region:	6,899,722
Total:	57,119,581

CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,793—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Agriculture?

2. How much was committed on each contract and to whom?

Hon. E. F. Whelan (Minister of Agriculture): In so far as Agriculture Canada is concerned, the answer is: 1(a) and 2. See list "A"; 1(b) and 2. See list "B".

Agriculture Canada — List "A"

Contractor	Adress	Cost $	Purpose
Dr. James N. Perry	Ottawa, Ontario	4,875.00	Revisions to the Meat Inspection Act and Regulations.
Dr. R. J. McClenaghan	Ottawa, Ontario	3,825.00	Brucellosis eradication program.
Agricultural Economic Research Council of Canada	Ottawa, Ontario	500.00	For professional services in connection with the review and appraisal of "Competition in Agriculture"
Iotech Corp. Ltd.	Kanata, Ontario	52,592.86	To prepare a technological assessment of the value of processed hardwood, processed straw and recycled manure ruminant feeds.
L-J Personnel	Ottawa, Ontario	2,500.00	Write up position descriptions for the farm-rural development and small farm development program.
Norton Rogers	N.W. Washington, D.C.	5,510.37	Provide advice on formulation of agricultural policy models.
Lee, Warren F.	Columbus, Ohio	2,533.44	To package numerous pieces of research in suitable manner for publication.
University of Guelph	Guelph, Ontario	42,609.36	To prepare an identification and evaluation of human economic factors facilitating or impeding adjustment processes of limited resource farms.
Alan B. Ward	Wakefield, P. Q.	21,792.77	To improve the structure of Canadian agriculture. To restructure agriculture follows directly from technological progress and improved living standards to help farmers who are restructuring.
University of Alberta	Office of the Comptroller Edmonton, Alberta	5,346.86	Strict assessment of the training program in Canada for farm management consultants and rural counsellors.
University of Laval	Services Des Finances Quebec, Quebec	15,890.79	Study of the impact of the small farm development program in the province of Quebec.
University of Guelph	Guelph, Ontario	4,975.00	To assist in the support of Mr. DeGorter for the purposes of developing a quarterly forecasting model for feed grains in Canada.
University of British Columbia	Vancouver, B. C.	2,186.00	To work on farm management analysis of beef ranches for development of forage policies.
R. R. McGrogan	Ottawa, Ontario	2,925.00	Services of an agricultural federal tax consultant to review and report on the provisions of federal income tax legislation relevant to farming in Canada.

Agriculture Canada — List "A"

Contractor	Adress	Cost $	Purpose
MacMaster University	Hamilton, Ontario	1,195.00	To develop an economics model for food demand and nutritional requirements in Canada.
David MacFarlane	Montreal, P. Q.	4,168.50	To assist the task force on future orientation on Canadian agriculture.
University of British Columbia (Geo. Kennedy)	Vancouver, B. C.	4,808.00	To work on a proposal for a future market in farm costs indices.
Sibbald Group	Edmonton, Alberta	20,000.00	To provide background information on the significance of family farm in Canadian agriculture.
Professor Glene Carroll	Waterloo, Ontario	250.00	Speaker at Canfarm Market Development meeting.
University of Manitoba	Winnipeg, Manitoba	800.00	Consulting fee re beef production.
University of Laval	Services Des Finances Quebec, Quebec	1,693.59	Develop management info system re pork enterprise.
University of British Columbia	Dept. of Finance Vancouver, B. C.	429.82	Study re vegetable producers.
		List "B"	
E. P. Fitzgerald & Associates	Ottawa, Ontario	15,740.00	Consultant fees for man-year resource M.I.S. assignment.
Haskins and Sells Associates	Toronto, Ontario	54,175.00	To direct and exercise the development of financial systems and accounting procedures within the Financial Administration Division, Finance and Administration Branch.
A. Haissounes	Ottawa, Ontario	2,840.00	To perform management science and quantitatine analysis services, to assist management consulting services in two projects.
Katcard Systems Ltd	Ottawa, Ontario	3,091.66	To review automated and manual ALOSS System. Provide recommendations related to both and in establishing manual procedures for ALOSS implementation.
E. P. Fitzgerald & Associates	Ottawa, Ontario	23,460.00	To carry out a study on the personnel management information system reports and user requirements.

CONTRACTS—COMMUNICATIONS

Question No. 1,794—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Communications?

2. How much was committed on each contract and to whom?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): As far as the Department of Communications is concerned, the answer to the above question is as follows: 1. The list of professional services contracts let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Communications for the fiscal year 1976-77 is attached:

(a) For the fiscal year 1976-77 the following contracts were let for studies, surveys and analyses: Study of the independent program production industry with respect to English language programs for broadcast in Canada. Study to evaluate structural models of proposed pay television service. Study to develop a regional reporting system identifying and documenting work processes and developing performance (output) indicators. Study relating to evaluation of the Department of Communications low power FM broadcasting standard. Study on marketability and policy impact of closed circuit programming with videodiscs and videocassettes in Canada. Study of standard issues for access protocols of public networks. Study relative to future financial needs in the telecommunications sector.

(b) Contracts for the examination of the administration or internal operation of the Department of Communications are: Internal review audit services. Financial organization study. Financial systems development. Government Telecommunications Agency (GTA) Financial organization study.

2. The contractor and amount committed to each are as follows:

Order Paper Questions

Mr. H. Edmunds	$1,200.00
The Canadian Broadcast League	$15,300.00
Wofac Management Systems Limited	$33,000.00
Hatfield and Dawson Consulting Electrical Engineers	$4,602.00
Keewatin Communication Studies Institute	$7,991.00
University of Montreal	$14,401.50
Concordia University	$22,559.00
DSS Audit Services Bureau	$294,873.00
DSS Bureau of Management Consulting	$15,000.00
DSS Bureau of Management Consulting	$12,000.00
DSS Bureau of Management Consulting	$15,000.00

CONTRACTS FOR PROFESSIONAL SERVICES—EMR

Question No. 1,796—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness, (b) the examination of the administration or internal operation of the Department of Energy, Mines and Resources?

2. How much was committed on each contract and to whom?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources):

Fiscal Year 1976-77

1. Contract	2. Amount	Contractor
(*a*) To provide independent evaluation for contingency petroleum products allocation program.	$5,000	Currie Cooper Lybrand Ltd., Ottawa, Ontario.
Forecasts of the Canadian economy, other studies, forecasts or analyses of major economic events and semi-annual workshops to provide an integrated view of trends in the Canadian economy and their interaction to EMR at minimum costs.	$5,000	Informetrica Limited, Ottawa, Ontario.
A continuation of a study started in 1975-76 which assesses the availability of commodities and provides an overview of the prospective economic environment of major nations to the year 2000. It also comments on linkages between the strategic outlook and world minerals availability and reviews the technological outlook.	$3,880	Stanford Research Institute, Menlo Park, California.
Production statistics and cost data report for copper, lead and zinc, and nickel mines for 1974.	$29,700	Rio-Tinto-Zinc Services, London, England.
To provide EMR with comprehensive analyses of papers and reports dealing with federal industrial policies and strategies, prepared by other government departments, and with information on how these papers relate to, or affect, departmental policies and programs.	$3,000	J. L. Orr, Tecnovation Consultants, Ottawa, Ontario.
Specific consulting & monitoring services in support of the working group on sensors, and participation in the Canadian Advisory Committee on Remote Sensing.	$23,485	Philip A. Lapp Limited, Toronto, Ontario.
Special strategic studies for the Canada Centre for Remote Sensing.	$27,995	Systems Engineering Associates Limited, Baden, Ontario.
Wave III attitude survey.	$20,000	Vickers and Benson Ltd., Toronto, Ontario.
Insulation information program survey.	$10.000	Vickers and Benson Ltd., Toronto, Ontario.
(*b*) To develop a work plan for materiel control within EMR's directorate of map production.	$6,250	Currie Cooper Lybrand Ltd., Ottawa, Ontario.
To implement recommendations to achieve physical control over handling and use of materiel in EMR's Directorate of map production and to develop a management oriented materiel control system.	$10,000	Currie Cooper Lybrand Ltd., Ottawa, Ontario.
Evaluation of EMR's present Official Languages Program.	$24,600	SMA Media Inc., Montreal, Quebec.
To conduct an organizational study of EMR's financial services branch.	$31,625	Price Waterhouse Associates, Ottawa, Ontario.
To review the EMR's financial system and procedures.	$15,000	Price Waterhouse Associates, Ottawa, Ontario.
An information retrieval survey for the Office of Energy Conservation.	$3,000	G. P. Reilly, Ottawa Ontario.

[Mr. Douglas (Bruce-Grey).]

EA—CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,797—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness, (b) the examination of the administration or internal operation of the Department of External Affairs?

2. How much was committed on each contract and to whom?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): 1. (a) Study of the changing nature of the international system to 1980. (ii) Study of global problems for Canadians—Forecasts of the 1980's. (iii) Analysis and forecast of present and future relationships between foreign policy and immigration policy. (iv) Study on the Canadian public's interest in Latin America. (v) Study for the development of a school liaison program. (vi) Study and evaluation of cultural and information centres' programs and activities abroad. (vii) Study and evaluation of the scholarships program for foreigners. (viii) Study and evaluation of the program of cultural relations—performing arts. (ix) Study on Canada's implementation of the provisions of the final act of the conference on security and co-operation in Europe. (b) (x) Study to update work standards of the mail services section of the passport office. (xi) Organization development study on financial management services. (xii) Study on internal financial audit. (xiii) Financial systems studies. (xiv) Study on commitment control systems. (xv) Organizational study on materiel management. (xvi) Study of the administrative reporting and control mechanisms of the bureau of physical resources. (xvii) Study relating to the development of a thesaurus for an information system.

2. (i) $10,000.00, P. Arnopoulos—Montréal Québec; (ii) 10,000.00, Centre for Foreign Policy Studies; Dalhousie University—Halifax Nova Scotia; (iii) 6,000.00, Nepean Development Consultants—Ottawa Ontario; (iv) 5,000.00, B. Rogers—Ottawa Ontario; (v) 6,000.00, N. Hankey—Ottawa Ontario; (vi) 7,500.00, G. Fournier—Westmount Québec; (vii) 6,292.00, P. Schafer—Scarborough Ontario; (viii) 5,170.00, H. Whittaker—Toronto Ontario; (ix) 6,000.00, M. H. Weshof—Ottawa Ontario; (x) 20,000.00, Bureau of Management Consulting DSS—Ottawa Ontario; (xi) 15,000.00, Bureau of Management Consulting DSS—Ottawa Ontario; (xii) 15,000.00, Bureau of Management Consulting DSS—Ottawa Ontario; (xiii) 14,000.00, Bureau of Management

Consulting DSS—Ottawa Ontario; (xiv) 1,500.00, W. C. Cornell—Ottawa Ontario; (xv) 15,000.00, E. A. C. Amy and Sons Limited—Ottawa Ontario; (xvi) 10,000.00, J. S. Rahmer—Ottawa Ontario; (xvii) 1,000.00, L. A. D. Stephens—Ottawa Ontario.

Question No. 1,802—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Industry, Trade and Commerce?

2. How much was committed on each contract and to whom?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Industry, Trade and Commerce is concerned: 1. (a) Nil. (b) (i) P.S. Ross & Partners—Study to evaluate departmental information systems and structuring the master data processing Plan. (ii) Bureau of management consulting—Review of the roles, responsibilities and activities of the National Design Council and the Office of Design. (iii) P.S. Ross & Partners—To develop system feasibility and resource planning data for the EDP system. (iv) Bureau of management consulting—To examine the feasibility of computerizing the EDP cost accounting methods. (v) Bureau of management consulting—Study on the restatement or redefinition of the Office of Science and Technology. (vi) P.S. Ross & Partners—To convert functional specifications of seven systems to integrated EDP systems.

2. (i) P.S. Ross & Partners, $99,950.00; (ii) Bureau of management consulting, $16,000.00; (iii) P.S. Ross & Partners, $25,000.00; (iv) Bureau of management consulting, $6,000.00; (v) Bureau of management consulting, $10,000.00; (vi) P.S. Ross & Partners, $10,000.00.

Question No. 1,805—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of National Defence?

2. How much was committed on each contract and to whom?

Hon. Barney Danson (Minister of National Defense): In so far as the Department of National Defence is concerned:

1 - 2.

Academic Advisor on Bilingualism and Bicultural Program	$9,000	Dr. R. Cousineau
Civilian Career Development System	7,000	Systems Approach Ltd. Ottawa
Long Range Patrol aircraft—Acoustic Operator Selection Study	10,000	Dr. R. Mustin, Ottawa
Study of factors in employment of Defence Research Scientists	7,000	Bureau of Management Consultants of Supply Services

Order Paper Questions

NR—CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,810—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of National Revenue?

2. How much was committed on each contract and to whom?

Mr. Yves Demers (Parliamentary Secretary to Minister of National Revenue): 1 and 2.

1. and 2.		
(*a*)	$310,665	
	$35,000	Fair Isaac and Co.
	2,750	Intellitech Canada Ltd.
	30,530	International Surveys Ltd.
	46,775	General Behavior Systems Inc.
	2,500	General Behavior Systems Inc.
	86,000	Datacard Systems Consultant Ltd.
	92,100	Quantum Information Resources Ltd.
	15,000	TESDATA Systems
(*b*)	$317,701	
	$2,885	Systems Approach Ltd.
	5,000	Arbuckle, Daniel
	8,000	Fawcett, Jack
	5,000	Fawcett, Jack
	10,000	Price Waterhouse
	5,000	Price Waterhouse
	18,100	Public Service Commission
	16,640	Public Service Commission
	$9,000	Stimler Association
	5,400	L. Sturam
	15,000	Bureau of Management Consultants
	8,900	Bureau of Management Consultants
	5,000	Bureau of Management Consultants
	3,500	Bureau of Management Consultants
	14,000	Bureau of Management Consultants
	7,500	Bureau of Management Consultants
	9,700	Bureau of Management Consultants
	27,000	Bureau of Management Consultants
	3,000	Bureau of Management Consultants
	25,000	Bureau of Management Consultants
	6,600	Bureau of Management Consultants
	5,000	Bureau of Management Consultants
	45,912	Bureau of Management Consultants
	5,000	J. G. Wilson
	7,800	Systemhouse
	11,275	University of Moncton
	5,000	DeBlois, L. A.
	27,489	Commission scolaire

Question No. 1,811—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of Supply and Services?

2. How much was committed on each contract and to whom?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned: 1. (a) 5; (b) 11.

Order Paper Questions

2. (a)	Contracts pertaining to 1(a) above:	
	Cellman, Hayward and Partners Ltd.	$14,000.00
	Ducros, Meilleur, Roy and Associates Ltd.	8,000,00
	Fedcon Systems International	17,000.00
	D.G. Carlyle	11,000.00
	Pass Management Consultants Ltd.	3,750.00
(b)	Contracts pertaining to 1(b) above:	
	M-C C. Smiley	2,500.00
	E.A.C. Amy and Sons Ltd.	32,000.00
	Stevenson Kellogg Ltd.	40,000.00
	J. Crofton	6,500.00
	Federal Systems of Canada	27,000.00
	Peat, Marwick & Partners	20,000.00
	Barry Wood	6,000.00
	Tappi (U.S. Company)	741.00
	Barry Wood	6,600.00
	Professeur Le François, École des hautes études commerciales	6,000.00
	Peat, Marwick & Partners	18,368.05

SS—CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,812—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Department of the Secretary of State?

2. How much was committed on each contract and to whom?

Hon. John Roberts (Secretary of State): 1. (a) Twenty-six contracts (see list below) (b) three contracts (see list below)

2. (a) Present future, policies, programmes or information analyses and their efficiency and effectiveness:

Name of contractor	Value of contract
Goldfarb Consultants Ltd.	$100,000
Intendes Group Ltd.	$ 20,000
Ken Rubin	$ 2,800
Daniel Morin	$ 1,800
Ronald N. Robertson	$ 8,000
William O. Morrison	$ 4,000
Alex G. Day	$ 3,250
Carleton University	$ 2,800
René-Jean Ravault	$ 18,500
P.C.A. Ltd.	$ 26,000
Dr. Ronald Sutherland	$ 6,000
Robert Leslie Baum Consultants	$ 4,000
Canadian Institute of Creative Press	$ 22,500
Hugh H. Edmunds	$ 14,000
Peter Duffield (partly 1(a) and partly 1(b)	
Janice Emme Kerr	$ 6,000
Robert Baum Consultants Ltd.	$ 5,000
Ronald J. Baker	$ 5,000
Henry Cooperstock	$ 14,858
Blaise Lefebvre	$ 12,800
Oli Hawrylyshyn	$ 8,000
André Beaudoin	$ 10,865
Marjorie Hartling	$ 625
Micheline Belanger	$ 625
Patricia Bell	$ 2,000
Union of New Brunswick Indians	$ 4,754

(b) Examination of administration or internal operations of or for the Department of Secretary of State:

Name of contractor	Value of contract
H. J. Stollery	$ 3,500
Saxe-Gagan Consultants Ltd.	$ 2,000
Jean Darbelnet	$ 5,000
Peter Duffield (partly 1(a) and partly 1(b))	See 2(a)

Question No. 1,813—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Ministry of State for Science and Technology?

2. How much was committed on each contract and to whom?

Hon. Judd Buchanan (Minister of State for Science and Technology): In so far as the Ministry of State for Science and Technology is concerned: 1. (a) See list below. (b) Nil.

2. See list below.

Name	Amount Committed	1. Title 2. Objectives
Fraser, R.D.	$ 2,000	Advising the university branch towards the establishment of criteria for determining levels of funding for research activities in the university sector.
Vilenchic-De-Malherbe, R.	750	1. Review of engineering research in Canadian universities 2. To formulate and develop policies for and to advise on the support of science and technology.
Farrell, Judy	8,500	To prepare a report on the collecting, editing and processing employed for science expenditure data for use in science expenditure publications and special data relating to the natural & human sciences.
Sharwood, G.	11,000	Development of recommendations to improve the investment in Canadian Industry.
The Secretariat of Council of Ministers of Education, Canada	12,500	A feasibility study on the costs of university research. Canadian Association of University Business Officers will undertake an inventory of the development presently being carried out in the various regions and provinces.
Harrison, J.M.	4,000	1. Quantification of university research 2. To formulate and develop policies for and to advise on the support of science and technology.
Horan, Rosemary	2,134.34	Carrying out a project involving the collection of data required to update the "Dictionary of Research and Establishments in Canadian Industry" and making this information available in report form using the computer facilities to assist in its preparation.
G. Sharwood Sharwood and Company	18,000	A study to be called investment for innovation.
Horan, Rosemary	880	Researching a number of universities and industrial firms in order to determine in which federal constituency each is located and making this information available in report form using the computer facilities in its preparation.

[Mr. Goyer.]

Infometrica	3,000	For HQM forecasting project, calculate for 55 HQM occupations the appropriate withdrawals (due to mortality, retirement, emigration) to 1985, by age and sex.
	10,000	An econometric model based upon Candide which will be capable of making 25 year projections of the economy, with sufficient flexibility to allow the imposition and projection of desired scenarios.
Data Clearing House for the Social Sciences	20,100	To conduct a study on the enhancement of existing social science data information services (Canadata), and the data clearing house for social sciences proposal.

PROFESSIONAL SERVICES CONTRACTS 1976-77

Question No. 1,822—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Government Office of Tourism?

2. How much was committed on each contract and to whom?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Canadian Government Office of Tourism is concerned: 1. (a) Charles S. Mayer & Assoc.—Evaluate CGOT's advertising research program. Bureau of Management Consulting—consulting services re TIM-TEM Tourism Impact and Expenditure Models. (b) Nil.

2. Charles S. Mayer & Assoc.—$600. Bureau of Management Consulting—$52,500.

Question No. 1,825—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Export Development Corporation?

2. How much was committed on each contract and to whom?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: 1. (a) By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors. (b) Please see the answer to part 1(a). The annual audit by the corporation's auditors, the Auditor General of Canada covers the matters mentioned, and a report is made to parliament thereon.

2. Please see the answer to part 1(a).

Question No. 1,826—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Canadian Radio-television and Telecommunications Commission?

2. How much was committed on each contract and to whom?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communication): As far as the Canadian Radio-television and Telecommunications Commission is concerned the answer to the above question is as follows: 1. (a) There were six professional contracts for studies, surveys and analyses into present or future policies, programmes or information analysis and their efficiency and effectiveness. (b) There were four professional service contracts for the examination of the administration or internal operations of the C.R.T.C.

2. (a)	Market Facts of Canada Ltd.	$225,000.00
	Mediastats Inc.	2,000.00
	Ken Sobol Ltd.	15,000.00
	D.S.S. Bureau of Management Consulting	6,500.00
	Canadian Astronautics Ltd.	29,950.00
	Informetrica Limited	800.00
(b)	D.S.S. Bureau of Management Consulting	5,125.00
	D.S.S. Bureau of Management Consulting	5,500.00
	Frazer & Otton	10,000.00
	Frazer & Otton	10,000.00

RESTRICTIVE TRADE PRACTICES COMMISSION

Question No. 1,827—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Restrictive Trade Practices Commission?

2. How much was committed on each contract and to whom?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Nil.

CN-CP—DERAILMENTS

Question No. 1,831—**Mr. Orlikow:**

For the year (a) 1976 (b) 1977, how many derailments as a result of track conditions occurred on the (i) Canadian Pacific Railway (ii) Canadian National Railways?

Hon. Otto E. Lang (Minister of Transport): The Canadian Transport Commission advises as follows: (a) 1976: (i) 24 of 115 derailments reportable; (ii) 73 of 202 derailments reportable. (b) 1977: (i) 24 of 86 derailments reportable; (ii) 73 of 194 derailments reportable.

TREATMENT OF INMATES IN THE PENITENTIARY SYSTEM

Question No. 1,832—**Mr. Orlikow:**

1. How many inmates in the penitentiary system are being treated by aversive conditioning methods?

2. How many sexual offenders are presently being treated with aversive conditioning, using electric shocks to the genitals as the aversive stimulus?

3. How is "informed consent" obtained from the inmates for such procedures?

4. What review procedures are used to determine whether (a) consent is truly voluntary and informed (b) the treatment is effective and should be continued?

5. Considering the experimental nature of such treatment, does an Ethics Committee exist to consider in each case the use of the procedure and the nature of the consent and does such a Committee have inmate representatives as members?

Order Paper Questions

Hon. J.-J. Blais (Solicitor General): 1. There are 4 inmates being treated by aversive conditioning methods at the Regional Psychiatric Centre in Ontario. The program is of 16 weeks' duration.

2. The Canadian Penitentiary Service does not use electric shocks to the genitals as the aversive stimulus, it is applied to the calf muscle.

3. For such procedure, "informed consent" is obtained from the inmates by personal interview and written consent using an approved consent form.

4. (a) The ethics committee of Queen's University determine whether consent is voluntary and informed. (b) Evaluation and continuance of treatment is determined by the Research Department of the Regional Psychiatric Centre (Ontario Region).

5. The ethics committee of Queen's University is involved with the procedures and consent, however, there is no inmate representation.

LABOUR FORCE SURVEY

Question No. 1,835—**Mr. McGrath:**

Was a special study undertaken in March 1978 with the labour force survey to determine the level of hidden unemployment and, if so, for what reason has the study not yet been released and what was the result of the study?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Statistics Canada reports the following:

Supplementary surveys are carried out frequently in conjunction with the labour force survey.

In March, 1978, supplementary questions were added to obtain additional statistical information about persons who were not actively seeking work in that month. The survey questionnaires are now being tabulated and results are expected to be available early in September.

This supplementary survey was developmental in nature and was designed in large part to assess the feasibility of obtaining certain types of additional data on a regular basis in future years.

LOANS TO PARAGUAY

Question No. 1,838—**Mr. Gillies:**

1. Does the government have any evidence of violations of human rights occurring in Paraguay?

2. Does the government have any evidence of any violations of the rights of Indians who reside in Paraguay and, if so, what specific evidence is available?

3. Is the government currently making available foreign aid to Paraguay?

4. Has the government within the last five years made available aid to Paraguay and, if so, what are the specific projects through which this aid was given and what was the amount in each case?

5. What, if any, is the total value of Economic Development Corporation loans made to Paraguay?

6. For the past ten years, what specific individual Economic Development Corporation loans have been made to Paraguay and, in each case, what was the amount?

[Mr. Orlikow.]

7. Is the hydro electric plant sold by Canadian interests to Paraguay to be sited on land originally belonging to native indigenous people?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Secretary of State for External Affairs, the Departments of Industry, Trade and Commerce, Energy, Mines and Resources, the Canadian International Development Agency and the Export Development Corporation as follows: 1. The Government is aware of reports that violations of human rights occur in Paraguay. The sources of these reports include Amnesty International, the International League for Human Rights and the Country Reports on Human Rights Practices prepared by the U.S. Department of State.

2. The Government is aware of reports concerning violations of the rights of Indians who reside in Paraguay. At its last session in March 1978, the UN Commission on Human Rights, of which Canada is a member, considered in closed session the question of human rights and the native population in Paraguay. As well, Paraguay has agreed to an "on-scene" investigation by the Inter-American Commission on Human Rights, which is the Commission established by the Organization of American States.

3 and 4. No.

5 and 6. None.

7. The Government is not aware of any sale of a hydro electric plant by Canadian interests to Paraguay.

CONTRACT FOR SMOKE GRENADES

Question No. 1,840—**Mr. McKinnon:**

Was Lorcon Inc., Milton, Ontario, awarded a contract for hand smoke grenades in the amount of $1,349,082 and, if so (a) how many grenades does this cover (b) what period of time does the contract cover (c) are the grenades for training purposes and, if not, for what purpose are they being bought (d) what is the present stock of this type of armament?

Hon. Barney Danson (Minister of National Defence): Yes. (a) 135,000 smoke grenades. (b) Training stocks for the time frame September, 1978 to August, 1980. (c) Training purposes. (d) 34,831 smoke grenades.

CONTRACT FOR HAND MINES

Question No. 1,841—**Mr. McKinnon:**

Was Lorcon Inc., 221 Nipissing Road, Milton, Ontario, awarded a contract for $1,752,389 for land mines and, if so (a) how many land mines are being purchased (b) are the land mines to be for training or deployment in Canada or overseas?

Hon. Barney Danson (Minister of National Defence): Yes. (a) Anti-personnel mines—59,328; land mines—422,668. (b) The above mines are non-lethal to be used for training both in Canada and in Europe.

CONTRACT FOR REPAIR AND OVERHAUL OF AIRCRAFT INSTRUMENTS

Question No. 1,842—**Mr. McKinnon:**

1. Was a contract awarded to Aviation Electric Limited, P.O. Box 2140, Montreal, Quebec, for the repair and overhaul of aircraft instruments and accessories in the amount of $11,750,000 and, if so (a) how long is the contract to run (b) was the price dependent on a number of instruments and accessories repaired and overhauled or is it on a monthly or annual retainer?

2. Was the contract awarded to the lowest bidder or were some socio-economic factors involved?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Yes. Three contracts totalling $11,750,000. were awarded to Aviation Electric Limited, Montreal, Quebec, covering repair and overhaul of miscellaneous aircraft instruments and accessories. (a) These contracts cover the period April 1, 1978 to March 31, 1979. (b) The contractor is to repair and overhaul, on demand, instruments and accessories at predetermined rates and prices. The contracts are not on a monthly or annual retainer basis.

2. The contracts were negotiated and awarded to Aviation Electric Limited on the basis that the company has the special skills, technical knowledge, engineering capability and facilities, including special tools and test equipment necessary to service this equipment. Bids were not solicited and socio-economic considerations were not a factor in this award.

CONTRACTS—GARBAGE DISPOSAL

Question No. 1,843—**Mr. McKinnon:**

1. Was a contract entered into with Tricil Limited, P.O. Box 8730, Edmonton, Alberta, in the amount of $200,000 for garbage removal and disposal and, if so (a) for what period of time does the contract run (b) does it cater to all the married quarters and DND buildings in the City of Edmonton or is it for any other purpose?

2. Was a contract entered into with Entreprises de Transport, Marcel Boivin Inc., P.O. Box 9, Val St. Michel, Quebec, in the amount of $10,908 for garbage removal and disposal at the Canadian Forces Base at Valcartier and, if so (a) for what period of time does the contract run (b) does it cater to all the married quarters and DND buildings in the City of Val St. Michel or is it for any other purpose?

Hon. Barney Danson (Minister of National Defence): 1. Yes. (a) April 28, 1978 to March 31, 1980. (b) It does not cater to any married quarters or DND buildings in the city of Edmonton. It provides for garbage removal and disposal services at Lancaster Park, Cardiff and Riverbin, locations of regular force units outside the Edmonton city limits.

2. Yes. (a) April 1, 1977 to March 31, 1978. (b) The contract was limited to the DND buildings in La Citadelle, Quebec City.

ENGINEERING SERVICES CONTRACT

Question No. 1,844—**Mr. McKinnon:**

Are engineering services being provided by Davis Eryou and Associates, 2540 Sheffield Road, Ottawa, Ontario, in the amount of $119,000 and, if so, what are they?

Hon. Barney Danson (Minister of National Defence): Yes. The engineering services being provided consist of the following two contracts: (a) Engineering and technical support for new vehicle system developments; and (b) Operations and maintenance support to existing vehicle systems to provide better service to the Canadian force users.

CONTRACT FOR ELECTRONIC TRAINING DEVICES

Question No. 1,845—**Mr. McKinnon:**

Are electronic training devices being provided by Aviation Electric Limited, 200 Laurentien Blvd., Montreal, Quebec for DND in the amount of $1,082,942 and, if so (a) what are they (b) is the contract part of a larger contract?

Hon. Barney Danson (Minister of National Defence): Yes. (a) Simulator for the training of junior officers in the maritime surface and sub-surface classifications to bridge watchkeeping standards. (b) This contract is presently the only contract in a larger project. In addition to the production of the simulator there will be expenses for spares, documentation, initial instructor training and construction to house the simulator. The total project is estimated to be $2,569,000.

CONTRACT FOR REPAIR AND OVERHAUL OF AIRCRAFT

Question No. 1,846—**Mr. McKinnon:**

1. Was Pratt and Whitney Aircraft of Canada Ltd., P.O. Box 10, Longueuil, Quebec, awarded a contract for $5,651,000 for repair and overhaul of aircraft aero engines and, if so (a) what type of aircraft are involved (b) what socio-economic factors were considered, if any, before the contract was awarded?

2. Was the contract awarded to the lowest bidder?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Yes. Pratt and Whitney Aircraft of Canada, Ltd. was awarded contracts totalling $5,651,000.00 covering the repair and overhaul of DND owned Pratt and Whitney J57-P55 Aeroengines. (a) The Pratt and Whitney J57-P55 engine powers the CF 101 (Voodoo) aircraft employed by DND in support of its NORAD obligations. (b) Socio-economic factors were not a consideration.

2. Competition was not employed in this instance because Pratt and Whitney Aircraft of Canada, Ltd. is the only established facility in Canada possessing the necessary experience, technical knowledge, engineering expertise and test capabilities for their particular engine.

CANADAIR CL-600 CHALLENGER PROGRAM

Question No. 1,841—**Mr. McKinnon:**

Was some $70 million received by Canadair in the Eurodollar issue to finance production of the Challenger programme and, if so, is the government still obliged "not to sell or transfer its ownership in Canadair or change its shares in such a way that the government's voting rights associated with its Canadair shares are reduced to less than 66%, or that the government no longer elects all the members of the Canadair Board of Directors", these being the terms under which the government arranged $70 million of the financing of Canadair by Merril Lynch?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: The above statement is entirely correct and the Canadair Challeng-

er program is proceeding on that basis. It should also be noted that the Crown does have the option to dispose of the shares if it sees its way clear to guaranteeing the notes, in place of the role of underwriter by Merril Lynch.

VICE-PRESIDENT OF CORPORATE COMMUNICATIONS

Question No. 1,848—**Mr. Crosbie:**

1. (a) What is the job classification level and salary range of the Vice-president of Corporate Communications of the Export Development Corporation (b) what are his terms of reference (c) what resources, in terms of staff and budget, are available to the Vice-president to assist him in carrying out his responsibilities?

2. (a) Did the EDC increase its advertising budget significantly in 1975 and, if so, for what reason (b) what are the specific objectives of the advertising programme, and what are the target audiences being sought (c) did EDC change the nature or objectives of any of its promotional or advertising programmes during 1978 and, if so, for what reason?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as Export Development Corporation is concerned: 1. (a) By tradition and as a matter of commercial principle Crown corporations have not been required by parliament to answer detailed questions on their administration and operation, and in the case of Export Development Corporation, the Export Development Act places the responsibility for such matters on its board of directors. (b) Refer to 1 (a). (c) Refer to 1 (a).

2. (a) Refer to 1 (a); (b) Refer to 1 (a); (c) Refer to 1 (a).

PIC-NIC KITS

Question No. 1,849—**Mr. Epp:**

1. Is the government distributing Canada Week Pic-Nic Kits and, if so (a) who thought of the Pic-Nic Kit concept and for what reason (b) which firm designed and developed the Kit and how much were they paid?

2. How many were produced and (a) by which firm (b) at what cost per kit?

3. What items are included in the kit and are they all Canadian made?

4. Is the government charging for the kits and, if so, how much?

5. How many of the kits has the government sold and how many have been given away?

6. In order for Canada Week Committees to receive grants, must they order a proportionate number of the kits?

Hon. John Roberts (Secretary of State): 1. The government is not involved in distributing pic-nic kits. This is an activity approved by the Festival Canada Committee, and sub-committee of the Council for Canadian Unity. The Canada Week Committee is a voluntary organization receiving grants from Festival Canada to support community inspired celebration during Canada Week. (a) Miss Robin Daly, student of design in Winnipeg designed the kit. Her idea was to encourage families to think of Canada while picknicking or camping. (b) Daly Communications, Winnipeg. No payment made for design.

2. 15,000 kits were produced. (a) By Daly Communications and Bulman Bros. (b) $2.35 per kit.

3. Six plates; 1 table covering; Six knives—(all purchased locally); Six forks; Six spoons; Six napkins.

[Mr. Loiselle (Chambly).]

4. The government is not charging for the kits. The Canada Week Committee used 7,000 kits for 1978 and reserved 8,000 kits for the 1979 program.

5. Approximately 2,500 kits were given away as prizes and the remainder were sold for a total value of approximately $23,000.

6. This is a local initiative under the control and supporting the activities of the Provincial Canada Week Committee.

RCMP OFFICERS

Question No. 1,850—**Mr. Cossitt:**

1. Is the government aware that a "Fly-In-Breakfast" was held at the Smiths Falls Airport on Sunday, June 4, 1978?

2. Did a Beaver Aircraft land in the earlier part of the day at Smiths Falls carrying two RCMP officers in uniform and one in plain clothes and, if so (a) for what reason were they there and what are the details of their visit (b) did they state to Mr. Russell Beach, President of the Canadian Airline Private Pilot's Association, that they were off-duty (c) were they off-duty and (i) if so, for what reason did they use a government aircraft and for what reason were two of them in uniform (ii) if not, for what reasons did they claim that they were?

3. On how many occasions in the past two years have members of the RCMP flown into airports where such events were being held and demanded to inspect aircraft log books etc., and what is the exact purpose for doing such things on occasions of this kind?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): 1. Yes.

2. The RCMP aircraft which landed at the Smiths Falls Airport at approximately 7:20 AM on Sunday, June 4, 1978 was a DHC-3 "Otter" aircraft. On board were two RCMP members, both in uniform, one being the NCO in charge of the RCMP Uplands "Air" Detachment, Ottawa and the other being a member undergoing training. There were no plain clothes personnel, RCMP or otherwise, aboard the aircarft. (a) The purpose of the flight was to combine a training session with a "public relations" stop at the Smiths Falls Airport. Following their arrival at the airport, the pilot and the trainee partook of the breakfast and, until approximately 11:00 AM, talked and mingled with the other people in attendance. The training portion of the flight was then resumed. (b) No, assuming that the Mr. Russell Beach referred to is the president of the Canadian Owners and Pilots Association rather than president of the association referred to. (c) No. (i) Not applicable. (ii) Inasmuch as Mr. Russell Beach is not known to either of the two RCMP members personally, and as both members were on duty, the assertion that they claimed to be off-duty is unfounded.

3. To determine the number of occasions RCMP members may have flown into airports across Canada on similar occasions would entail an exhaustive search of records held at a multitude of RCMP detachments. In view of the man-hours this would expend, and considering the cost factor involved, the government does not feel justified in undertaking such a search at this time.

MRS. BLUMA APPEL

Question No. 1,851—**Mr. Cossitt:**

1. Does the Ministry of State for Federal-Provincial Relations maintain a staff who at times visit schools in Ontario to speak to students and, if so (a) how many are on such staff (b) is Mrs. Bluma Appel a member of such staff (c) what subjects are discussed with the students?

2. Did Mrs. Appel visit a school or schools in Smiths Falls, Ontario, and, if so (a) on what dates and what are the names of the schools (b) did she advocate bilingualism in her remarks to the students (c) was she in anyway critical, directly or indirectly, of the Government of Ontario's policies in regard to the Francophone minority in the Province?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): 1. No. (a) Not applicable. (b) Not applicable. (c) Not applicable.

2. Mrs. Appel has never visited Smiths Falls in her capacity as Liaison Officer to the Minister responsible for the Status of Women. This question therefore does not fall under the administrative responsibility of the Government of Canada.

STAMPS AND SEALS

Question No. 1,853—**Mr. Cossitt:**

1. How many stamps or seals labelled "Top Secret", "Secret", "Confidential", "Most Secret" or in any other classified term, are (a) owned by the government (b) in the possession of each department?

2. What is the lowest ranking official in each department permitted to make use of such stamps or seals and what is his/her job description in layman terms rather than Public Service classification?

3. Are such stamps kept under lock and key at all times and, if not, for what reason?

Hon. Robert K. Andras (President of the Treasury Board): 1. This information is not available as classification stamps and seals are commercially manufactured by most engraving companies and sold in most office supplies and stationery stores. Many departments utilize a typewritten classification rather than rubber stamps.

2. Clerks, typists, stenographers, secretaries may use any classification stamp or seal provided they have been properly cleared and are acting under the direction of a person authorized to classify information.

3. No, they do not require special protection.

NATIONAL DEFENCE CONTRACTS

Question No. 1,856—**Mr. Howie:**

With reference to the answer to Question No. 679, in how many cases (a) was the contract put to tender (b) were tenders called by public advertisement in a newspaper?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of National Defence and Defence Construction (1951) Ltd. are concerned: (a) and (b) Of the 20 contracts awarded by Defence Construction (1951) Ltd. all were put to tender by public advertisement in a newspaper. In so far as the Department of Supply and Services is concerned: (a) fifty-seven contracts were put to tender. (b) No.

DSS FURNITURE REFINISHING BRANCH

Question No. 1,857—**Mr. Bawden:**

1. Does the Department of Supply and Services operate a furniture refinishing branch for the re-issue of furniture declared surplus and, if so, does the branch make a profit?

2. If the branch does make a profit (a) what was the profit for (i) 1973 (ii) 1974 (iii) 1975 (iv) 1976 (v) 1977 (b) who receives the money?

3. Are such profits shown in government accounts and, if so, where?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned: 1. Yes; yes.

2.(a)	(i)	1973/74	$100,200.00
	(ii)	1974/75	$183,400.00
	(iii)	1975/76	$236,100.00
	(iv)	1976/77	$286,800.00

(b) The supply revolving fund.

CADC—BID EVALUATIONS

Question No. 1,858—**Mr. Bawden:**

1. What procedure is used by Crown Assets Disposal Corporation to relate value of merchandise to be sold with the price accepted?

2. Are bids refused if they are too low and, if so, who authorizes the refusal of such bids?

3. During the period 1973-77, how many bids were refused because they were below market level?

4. For the same period, what was the percentage of such refusals in relation to the total number of sales by the Corporation?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Merchandise is sold if bids received are commensurate with assessed value.

2. Yes. Authorization is delegated to the division or regional director as per internal procedures of the corporation.

3 and 4. To provide an accurate reply would entail a lengthy and costly research, which cost in manpower and time would be exorbitant and prohibitive.

CADC—BILINGUAL POSITIONS

Question No. 1,861—**Mr. Bawden:**

1. Who establishes job descriptions and the requirement for bilingual status in Crown Assets Disposal Corporation?

2. Is there an appeal procedure should employees disagree with the establishment of a bilingual position?

3. How many positions were reclassified as bilingual in (a) 1975 (b) 1976 (c) 1977?

4. How many (a) unilingual (b) bilingual persons have been dismissed or resigned from the Corporation during the 24 months up to and including April 1978?

5. Have only three employees been promoted from within the Corporation during the period 1973-76 when a total of 62 employees were hired from outside during the same period and, if so, for what reason?

6. Is it a policy to hire from outside the Corporation rather than to promote from within?

Order Paper Questions

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. Management and the personnel division in accordance with those Treasury Board guidelines which are applicable to the corporation.

2. No.

3. None.

4. Records are not kept in such a manner as to provide this information.

5. No.

6. No.

MR. DOUGLAS ROWLAND

Question No. 1,863—**Mr. Epp:**

No. 1,863—Mr. Epp—June 15

1. Did the government hire Mr. Douglas Rowland in any capacity, for example, in the Public Service Commission and, if so, what is his annual salary?

2. Does he have an annual expense account and, if so, in what amount?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows:

1. Mr. Rowland was appointed to the following positions with the Public Service Commission.

Date of appointment	Title	Group Level	Salary Range
Sept. 3, 1974	Faculty Member: Bureau of Executive Education, Staff Development Branch.	PE-6	$20,200 - 28,800
July 3, 1975	Assistant Director General, Bureau of Executive Education, Staff Development Branch.	SX-1	27,500 - 36,500
Dec. 15, 1976	Associate Director General, (Acting) Staff Development Branch.	SX-2	31,500 - 43,900
July 1, 1977	Director General Staff Development Branch.	SX-2	33,300 - 46,300

2. No.

MR. J. V. GOODISON—CANADIAN ATTACHÉ IN WASHINGTON

Question No. 1,864—**Mr. Epp:**

1. Was Mr. Jim Goodison named Labour Attaché to the Canadian Embassy in Washington and, if so (a) what are his credentials for the position (b) for what reason was he given the position (c) what is his annual salary?

2. Does he have an annual expense account and, if so, in what amount?

3. What are the duties of the position?

Hon. André Ouellet (Minister of State for Urban Affairs): 1. Mr. James V. Goodison was appointed by the Public Service Commission as labour counsellor to the Canadian Embassy in Washington, after being interviewed by a board chaired by a member of the Public Service Commission and consisting of senior officials of the Departments of Labour and External Affairs. After going through the necessary security screening, he accepted the appointment and took up his duties on June 19, 1978. (a) As with all labour counsellor positions, the one in Washington requires a thorough knowledge of labour relations in Canada, which can only be obtained by practical experience as an international representative of the International Association of Machinists and Aerospace Workers from 1964 to 1976, in his employment prior to this as a draftsman and aircraft designer, when he was active in the IAM in a voluntary capacity, and in his capacity as the deputy minister of labour for Manitoba from 1976 to 1977. As international representative for the IAM, Mr. Goodison has considerable knowledge of a variety of industries and of problems in several regions in Canada. This has provided him with an essential knowledge of labour affairs in Canada. At various times he was the representative for the IAM for southern Ontario, Toronto, and the prairies. Apart from supervising staff in his region, he was also responsible for co-ordinating collective bargaining in the aerospace industry at an international level, and for co-ordinating collective bargaining for all trade unions involved in the pulp and paper industry in provinces from Manitoba to Newfoundland. He acted as pension adviser to negotiators from 1967 to 1976 and has also been active in vocational education. In his capacity as deputy minister, he broadened his experience and came in contact with the other deputy ministers in Canada at meetings of deputy ministers and the Canadian Association of Administrators of Labour Legislation. In these meetings, he gained important knowledge in the field of international labour which equipped him for the position in Washington. (b) He was given the position because he was highly qualified for it. (c) The position is classified at the PM 7 level with a salary range from $27,900 to $34,900.

2. He has no annual expense account as such, but reasonable expenses connected with his position are met under the Treasury Board Directives which are applicable to all foreign service assignments. These are paid out of the over-all budget of the Department of Labour against appropriate vouchers.

3. The labour counsellor is a regular member of the embassy's staff attached to the economic section of the embassy. He is responsible for contributing to advice given to the ambassador and through him to the Canadian government with particular reference to labour matters. He is expected to report to the government generally on matters of interest in the labour field including subjects of particular interest to Labour Canada such as industrial relations developments, labour legislation and wage employment policies and trends. Placed in a broad framework of economic and social policy these reports are of interest not only to Labour Canada but to various other government departments, as well as to provincial departments of labour. He may have to investigate, at the request of the ambassador, particular issues or the labour aspects of particular issues which are of interest or concern to the over-all relationship between Canada and the United States. At the same time on behalf of the Department of Labour he has to undertake specific assignments relating to

the functioning of the department and to contribute to research and policy planning projects to be undertaken by the department. He is also expected to deal with specific enquiries to the embassy concerning labour organizations and labour-management relations in Canada and on Canadian labour legislation, statistics, developments and other information. He is expected to encourage the development of accurate information on Canadian labour conditions and legislation in the United States. He has to establish and maintain contact and good working relations with the Department of Labour, other United States departments and agencies concerned with social affairs, as well as with officials of the American labour movement and employer organizations. Under the guidance of the Head of Mission, he has also to maintain contact on matters of mutual interest with provincial officials appointed to Washington, provide such assistance as is required by provincial ministers and officials visiting Washington in their official capacities, as well as assisting representatives of Canadian labour and management in making arrangements for visits to their counterparts in the U.S.

CHARITABLE ORGANIZATIONS

Question No. 1,865—**Mr. Alexander:**

1. Which charitable organizations were consulted prior to or during the preparation of the circular from the Department of National Revenue documenting the limits to political activity of charitable organizations with registered tax exempt status, as stated by the Prime Minister in the House on May 1, 1978, House of Commons *Debates*, page 5008?

2. On what dates and by whom were they consulted?

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): 1 and 2. Discussions regarding political activity by charities and the devotion of all resources to charitable activities were held, over a period of years, with individual charities in regard to those aspects of their own application for registration or their entitlement to continued registration. As such discussions fall within the confidentiality provisions of the Income Tax Act, I am not permitted to disclose either the names of those charities or details of matters discussed.

EXPORT GRAINS—PORT OF VANCOUVER

Question No. 1,866—**Mr. Mazankowski:**

1. Did Vancouver Wharves request authority to handle bulk grain for 3 to 6 months of the year at the Port of Vancouver and, if so, was authority granted and, if not, for what reason?

2. Did Neptune Terminals request authority to handle rapeseed, wheat or barley for export at the Port of Vancouver and, if so, was authority granted and, if not, for what reason?

Hon. Otto E. Lang (Minister of Transport and Minister of Justice): The National Harbours Board advises as follows: 1. To the board's knowledge, no such request was made.

2. Same as 1 above.

Order Paper Questions

GUELPH ARMORY—CONSTRUCTION

Question No. 1,867—**Mr. Beatty:**

1. Did the government contract to have a new floor placed in the Guelph Armory and, if so, for what reason was a new floor required?

2. Were tenders called and, if so, who was the successful tenderer?

3. (a) How many tenders were received (b) what was the value of each (c) by whom were they submitted (d) was the lowest tender selected?

4. Could the old floor have been repaired or refinished?

5. What has been done with the wood from the old floor?

Hon. Barney Danson (Minister of National Defence): 1. Yes. The existing floor was beyond economical repair.

2. Tenders were called and the successful tenderer was Ray Brandon Ltd. of Kitchener, Ont.

3. (a) Six.

(b) (c)	Ray Brandon Ltd.	$36,657
	Steffler Contracting Inc.	37,700
	Peterene General Contracting	37,980
	Mike Weber's Construction Co. Ltd.	40,736
	Triangle Engineering Ltd.	42,642
	Burnley Contracting Co. Ltd.	47,594
(d)	Yes.	

4. No. The old floor had been patched and re-patched, was badly warped in places and had become hazardous from years of sanding and refinishing.

5. The old flooring was beyond salvage value and therefore scrapped.

SALARY OF PERSONS EMPLOYED BY EACH DEPARTMENT AT DIFFERENT LEVELS AND CATEGORIES

Question No. 1,868—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the IS-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the IS-7 level is shown on the list below.

Department or Agency	IS-7
AIB	1
CCA	1
DOC	1
DPW	1
DSS	1
CEICD	2
EMR	1
FIN	1
ITC	1
LAB	1
TC	1
NMC	1
DREE	1
SC	1
RC-T	1

TB	2
MUA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

Footnotes to questions 1,868 to 1,932: The population coverage consists of all the employees that are active, indeterminate, full-time for whom Treasury Board is the employer as defined in Schedule 1, Part I of the Public Service Staff Relations Act. It also includes employees who are excluded from collective bargaining and unrepresented groups. The source of these data, except where otherwise noted, is footnote (1).

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

(2) Source: Department or agency.

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

(4) The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level.

(5) FS 6 non-existent level.

(6) AV is presumed to be AU, auditing.

(7) VT is presumed to be UT, university teaching.

(8) Statistician S(STA) is presumed to be level 5.

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

List 1

Department or Agency Codes

AGR	Department of Agriculture
AIA	Office of the administrator—Anti-Inflation Act
AIB	Anti-Inflation Board
PA	Public Archives
BPA	Bureau of Pensions Advocates
RC-CE	Department of National Revenue, Customs and Excise,
CCA	Department of Consumer and Corporate Affairs
CDC	Canadian Dairy Commission
CEO	Office of the Chief Electoral Officer
CGC	Canadian Grain Commission
CLRB	Canada Labour Relations Board
COL	Office of the Commissioner of Official Languages
DOC	Department of Communication
CPC	Canadian Pension Commission
MC	Metric Commission
CTC	Canadian Transport Commission
DND	Department of National Defence
FE	Department of Fisheries and the Environment
DPW	Department of Public Work
DSS	Department of Supply and Services
DVA	Department of Veterans Affairs
DVL	Director of Veterans Land Act
CEICD	Canada Employment and Immigration Commission Department
EMR	Department of Energy, Mines and Resources
NEB	National Energy Board
EA	Department of External Affairs
FCT	Federal Court of Canada
FIN	Department of Finance
FIRA	Foreign Investment Review Agency
FJA	Office of the Commissioner for Federal Judicial Affairs
FPRO	Federal-Provincial Relations Office
GGS	Office of the Governor General's Secretary
CHRC	Canadian Human Rights Commission
IAB	Immigration Appeal Board
INA	Department of Indian and Northern Affairs
CIDA	Canadian International Development Agency
IJC	International Joint Commission
INC	Information Canada
INS	Department of Insurance
ITC	Department of Industry, Trade and Commerce
JUST	Department of Justice
LAB	Department of Labour
LFB	Canadian Livestock Feed Board
LRC	Law Reform Commission
TC	Ministry of Transport
MSST	Ministry of State for Science and Technology
NCC	National Capital Commission
NFPMC	National Farm Products Marketing Council
NHW	Department of National Health and Welfare
NL	National Library
NMC	National Museums of Canada
NPB	National Parole Board
PCO	Office of the Privy Council
CPS	Canadian Penitentiary Service
PO	Department of Post Office
PSC	Public Service Commission
RCMP	Royal Canadian Mounted Police
PFRA	Prairie Farm Rehabilitation Administration
REE	Department of Regional Economic Expansion
CRTC	Canadian Radio-Television and Telecommunication Commission
RTPC	Restrictive Trade Practices Commission
SS	Department of Secretary of State
MSG	Department of Solicitor General
SC	Statistics Canada
SCC	Supreme Court of Canada
TBd	Tariff Board
RC-T	Department of National Revenue, Taxation
TB	Treasury Board Secretariat
TCB	Textile and Clothing Board
MUA	Ministry of State for Urban Affairs

[Mr. Andras.]

Question No. 1,869—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the GT-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the GT-7 level is shown on the list below.

Department or Agency	GT-7
PA	1
DND	1
FE	1
DPW	3
DSS	8
CEICD	1
INA	9
TC	12
NHW	2
NMC	16

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,870—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the GT-8 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the GT-8 level is shown on the list below.

Department or Agency	GT-8
DND	2
DSS	3
EA	1
INA	3
ITC	1
NMC	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,871—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AG-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AG-6 level is shown on the list below.

Department or Agency	AG-6
AGR	6

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,872—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the ES 2 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the ES 5 level is shown on the list below.

Department or Agency	ES 5
AGR	50
AIB	9
CCA	9
CGC	1
DOC	15
CTC	31
FE	46
DPW	1
DSS	1
CEICD	53
EMR	40
NEB	17
FIN	50
FIRA	6
FPRO	1
CHRC	2
INA	22
CIDA	2
ITC	17
LAB	17
TC	26
MSST	3
NHW	29
NPB	2
CPS	3
PO	5
PSC	1
REE	22
CRTC	8
SS	7
MSG	10
SC	213
RC-T	4
TB	19
MUA	2

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,873—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the ES 3 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the ES 6 level is shown on the list below.

Department or Agency	ES 6
AGR	36
AIB	10
RC-CE	1
CCA	11
CDC	1
CGC	1
DOC	7
CTC	16
DND	1
FE	39
DPW	1
DSS	4
CEICD	27
EMR	21
NEB	12
EA	3
FIN	28
FIRA	1
FPRO	2
INA	26
CIDA	6
ITC	13
JUST	1
LAB	6
LFB	1
TC	31
MSST	7
NHW	45
PCO	2
PO	4
REE	28
CRTC	5
SS	5
MSG	7
SC	122
TBd	5
RC-T	2
TB	10
MUA	6

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,874—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the ES 4 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES Group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500, in each department at the ES 7 level is shown on the list below.

[Mr. Andras.]

Department or Agency	ES 7
AGR	11
AIA	1
AIB	5
CCA	5
CDC	1
CGC	1
DOC	2
CTC	11
FE	21
DSS	3
CEICD	19
EMR	17
NEB	5
FIN	39
FIRA	1
FPRO	1
INA	8
CIDA	3
IJC	1
ITC	13
LAB	2
TC	15
NHW	12
PCO	2
PO	2
REE	9
CRTC	3
RTPC	1
SS	4
MSG	3
SC	62
TBd	2
TB	11
MUA	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,875—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the SX-1 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the SX-1 level is shown on the list below.

Department or Agency	SX-1
AGR	7
AIA	1
AIB	9

PA	1
RC-CE	13
CCA	18
CDC	1
CEO	2
CLRB	2
COL	1
DOC	18
CTC	9
DND	15
FE	30
DPW	25
DSS	41
DVA	7
CEICD	40
EMR	7
NEB	4
EA	4
FIN	11
FIRA	2
FPRO	2
CHRC	1
INA	33
CIDA	16
ITC	39
LAB	6
TC	42
MSST	9
NCC	5
NFPMC	1
NHW	32
NMC	3
NPB	1
PCO	10
MPS	3
PO	27
PSC	17
REE	14
CRTC	2
SS	14
MSG	2
SC	11
RC-T	16
TB	46
MUA	6

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,876—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the SX-2 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the SX-2 level is shown on the list below.

Department or Agency	SX-2
AGR	4
AIA	1
AIB	2
PA	1
RC-CE	10
CCA	10
CEO	1
COL	1
DOC	10
CTC	4
DND	4
FE	36
DPW	13
DSS	20
CEICD	29
EMR	20
NEB	4
EA	2
FIN	15
FIRA	4
FPRO	4
INA	18
CIDA	4
IJC	2
INS	1
ITC	26
JUST	1
LAB	8
TC	27
MSST	8
NHW	11
NMC	2
PCO	6
CPS	13
PO	8
PSC	11
REE	20
CRTC	4
SS	5
MSG	5
SC	10
TBd	1
RC-T	11
TB	37
MUA	5

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,877—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the SX-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an

annual salary of more than $27,500 in each department at the SX-3 level is shown on the list below.

Department or Agency	SX-3
AGR	5
AIB	1
RC-CE	2
CCA	3
COL	1
DOC	4
DND	3
FE	8
DPW	6
DSS	5
DVA	2
CEICD	11
EMR	6
EA	2
FIN	9
FIRA	1
FPRO	3
INA	5
CIDA	5
INS	1
ITC	5
LAB	2
TC	12
MSST	1
NHW	9
PCO	4
PO	3
PSC	2
REE	7
CRTC	1
SS	4
MSG	1
SC	4
RC-T	2
TB	15
MUA	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,878—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the SX-4 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the SX-4 level is shown on the list below.

Department or Agency	SX-4
Fin	2
FPRO	2
TC	1
PCO	3
TB	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,879—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AI-7 level is shown on the list below.

Department or Agency	AI-7
TC	31

(2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,880—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the IS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the IS-6 level is shown on the list below.

Department or Agency	IS-6
AGR	2
RC-CE	1
MC	1
DND	1
FE	4
DPW	2
DSS	1
CEICD	3
EMR	1
EA	4
FIN	1
GGS	1
INA	4
CIDA	1
ITC	2
TC	3
NCC	1
NHW	3
NPB	1
CPS	1
PO	2
PSC	1
REE	1
MSG	1
SC	2

TB	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,881—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): FS 6 non-existent level.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,882—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FS-4 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the FS-4 level is shown on the list below.

Department or Agency	FS-4
EA	54
ITC	21

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,883—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FS-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the FS-3 level is shown on the list below.

Department or Agency	FS-3
CEICD	26
(2) EA	157
(2) ITC	92

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,884—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FS-2 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the FS-2 level is shown on the list below.

Department or Agency	FS-2
CEICD	74
(2) EA	141
ITC	77

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,885—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the FI-7 level is shown on the list below.

Department or Agency	FI-7
AGR	1
CCA	1
DND	2
FE	2
DPW	1
DSS	14
CEICD	4
EA	1
INA	4
ITC	2
LAB	1
TC	5
NHW	4
NMC	1
PO	5
PSC	1
RCMP	1
CRTC	2
SS	2
(2) TB	18

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,886—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FI-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with annual salary of more than $27,500 in each department at the FI-6 level is shown on the list below.

Department or Agency	FI-6
AGR	4
AIB	1
RC-CE	2
CCA	2

CDC	1
DOC	1
CPC	1
CTC	2
DND	9
FE	3
DPW	6
DSS	23
DVA	4
CEICD	14
EMR	2
NEB	1
EA	1
FIN	1
INA	11
CIDA	2
ITC	4
TC	11
NCC	1
NHW	4
NPB	1
CPS	5
PO	6
REE	2
SS	3
MSG	1
SC	1
(2) TB	23
MUA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,887—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the WP-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the WP-7 level is shown on the list below.

Department or Agency	WP-7
DVA	2
INA	1
NHW	1
NPB	1
CPS	10
MSG	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

[Mr. Andras.]

Question No. 1,888—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the WP-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the WP-6 level is shown on the list below.

Department or Agency	WP-6
DVA	6
INA	5
NPB	6
CPS	10
MSG	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,889—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the SI-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the SI-7 level is shown on the list below.

Department or Agency	SI-7
PA	1
FE	1
CEICD	1
FIRA	1
NHW	1
CRTC	1
SC	7
SCC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,890—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CO-4 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the CO-4 level is shown on the list below.

Department or Agency	CO-4
AGR	1
AIB	9
CCA	11
CDC	1

DOC	2
MC	3
DND	1
FE	3
DPW	2
DSS	1
EMR	1
FIN	1
FIRA	4
INA	8
INS	3
ITC	117
PFR	1
REE	53
CRTC	4

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,891—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CO-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the CO-3 level is shown on the list below.

Department or Agency	CO-3
AGR	5
AIB	28
CCA	21
CDC	1
DOC	4
MC	4
DND	1
FE	7
DSS	1
CEICD	1
EMR	2
FIN	4
(2) FIRA	12
(2) INA	17
INS	12
ITC	161
TC	1
MSST	1
REE	108
CRTC	7
SS	1
TB	1
TCB	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

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Question No. 1,892—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CO-2 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the CO-2 level is shown on the list below.

Department or Agency	CO-2
AGR	6
AIB	2
CCA	8
CDC	1
DOC	1
MC	17
FE	7
DSS	2
(2) FIRA	7
INA	29
INS	24
ITC	305
REE	61
CRTC	8
TB	1
TCB	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,893—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AS-8 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AS-8 level is shown on the list below.

Department or Agency	AS-8
AGR	4
AIB	1
PA	1
RC-CE	3
CLRB	1
COL	3
DOC	4
DND	13
FE	9
DPW	32
DSS	25
DVA	1
CEICD	9
EMR	2
NEB	1

EA	4
FIN	1
GGS	2
INA	3
ITC	1
JUST	1
LAB	1
TC	22
MSST	1
NCC	1
NHW	4
PCO	1
CPS	12
PO	3
PSC	2
REE	1
CRTC	2
SS	1
MSG	3
SC	1
RC-T	2
TB	39

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,894—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AS-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AS-7 level is shown on the list below.

Department or Agency	AS-7
AGR	3
AIB	3
PA	5
RC-CE	7
CCA	1
COL	6
DOC	7
CTC	1
DND	22
FE	18
(2) DPW	53
(2) DSS	26
DVA	3
DVL	1
CEICD	18
EMR	4
NEB	1
EA	3
FCT	1
FIN	1
GGS	1
IAB	1
INA	10
CIDA	1
IJC	1
INS	1
ITC	3
LAB	4
LRC	1
TC	43
MSST	12
NCC	1
NHW	9
NMC	4
PCO	3
CPS	5
PO	11
PSC	6
PFRA	1
REE	2
CRTC	1
SS	9
MSG	2
SC	1
RC-T	4
TB	45

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,895—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the CS-5 level is shown on the list below.

Department or Agency	CS-5
AGR	3
RC-CE	2
CCA	2
DOC	1
DND	3
FE	4
DPW	1
DSS	13
CEICD	1
EMR	2
INA	1
ITC	1
LAB	1
TC	2
NHW	1
PO	2
REE	1
SC	6

[Mr. Andras.]

RC-T	7
TB	2

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,896—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the TR-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the TR-6 level is shown on the list below.

Department or Agency	TR-6
SS	4

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,897—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the TR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the TR-5 level is shown on the list below.

Department or Agency	TR-5
SS	20

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,898—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the TR-4 level?

Hon. Robert K. Andras (President of the Treasury Board): On april 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the TR-4 level is shown on the list below.

Department or Agency	TR-4
SS	68

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,899—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the ES -5 level?

Hon. Robert K. Andras (President of the Treasury Board): The ES group was converted from levels 1-5 to 1-8 effective June 28, 1976. In order to equate with the same population selected to answer questions 2,656, 2,657, 2,658 and 2,684 of May 26, 1977 the following substitutions have been made: ES 5 for ES 2; ES 6 for ES 3; ES 7 for ES 4; ES 8 for ES 5. Due to the conversion, and the delays in reporting changes in the information system, the data reported might be at variance with the actual number of employees presently employed within each level. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the ES-8 level is shown on the list below.

Department or Agency	ES-8
AGR	4
CCA	3
DOC	2
CTC	3
FE	3
CEICD	1
EMR	4
FIN	1
ITC	3
TC	3
MSST	1
NHW	3
REE	4
CRTC	1
MSG	1
SC	26
RC-T	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,900—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AC-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AC-3 level is shown on the list below.

Department or Agency	AC-3
CEICD	1
INS	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,901—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AC-2 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an

annual salary of more than $27,500 in each department at the AC-2 level is shown on the list below.

Department or Agency	AC-2
CEICD	1
INS	5

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,902—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the PS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the PS-5 level is shown on the list below.

Department or Agency	PS-5
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,903—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the LS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the LS-6 level is shown on the list below.

Department or Agency	LS-6
AGR	1
FE	1
NL	3

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,904—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the HR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the HR-5 level is shown on the list below.

Department or Agency	HR-5
DND	1
INA	1
NMC	3

[Mr. Andras.]

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,905—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AV-7 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AU-7 level is shown on the list below.

Department or Agency	AU-7
RC-T	5

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,906—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the FS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the FS-5 level is shown on the list below.

Department or Agency	FS-5
EA	12

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,907—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AV-6 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AU-6 level is shown on the list below.

Department or Agency	AU-6
AIB	1
DSS	9
RC-T	19

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,908—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AV-5 level?

Hon. Robert K. Andras (President of the Treasury Board): AV is presumed to be AU, auditing. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AU-5 level is shown on the list below.

Department or Agency	Au-5
AIB	1
RC-CE	10
CTC	1
DSS	8
FIN	1
CRTC	1
RC-T	95

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,909—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AR-8 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AR-8 level is shown on the list below.

Department or Agency	AR-8
DND	1
DPW	2
NHW	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,910—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AR-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AR-7 level is shown on the list below.

Department or Agency	AR-7
DND	1
DPW	11
INA	2
TC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,911—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AR-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AR-6 level is shown on the list below.

Department or Agency	AR-6
DND	2
FE	1
DPW	23
EMR	1
EA	3
INA	7
CIDA	1
TC	5
NCC	9
NHW	3
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,912—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AR-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AR-5 level is shown on the list below.

Department or Agency	AR-5
DND	8
DPW	42
INA	28
TC	10
NCC	4
NHW	1
CPS	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,913—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CH-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the CH-5 level is shown on the list below.

Department or Agency	CH-5
FE	4

NHW	2

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,914—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the CH-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978 there were no persons employed with annual salary of more than $27,500 at the CH-6 level.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,915—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VS-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the VS-6 level is shown on the list below.

Department or Agency	VS-6
AGR	2
NHW	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,916—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VS-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the VS-5 level is shown on the list below.

Department or Agency	VS-5
AGR	15
NHW	5

(1) Source: Master ouput support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,917—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VT-7 level?

Hon. Robert K. Andras (President of the Treasury Board): (7) VT is presumed to be UT, university teaching. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the UT-7 level is shown on the list below.

Department or Agency	UT-7
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,918—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VT-4 level?

Hon. Robert K. Andras (President of the Treasury Board): (7) VT is presumed to be UT, university teaching. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the UT-4 level is shown on the list below.

Department or Agency	UT-4
(2) DND	57

(2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,919—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the Chief Statistician 2(CST) level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the MACST-2 level is shown on the list below.

Department or Agency	MACST-2
DSS	1
SC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,920—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the Statistician S(STA) level?

Hon. Robert K. Andras (President of the Treasury Board): (8) Statistician S(STA) is presumed to be level 5. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the MASTA-5 level is shown on the list below.

Department or Agency	MASTA-5
FE	1
DSS	5
NEB	2
TC	1
PO	3
SC	22

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,921—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the AOEPS-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the AOEPS-3 level is shown on the list below.

Department or Agency	AOEPS-3
TC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,922—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the LA-2 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the LA-2 level is shown on the list below.

Department or Agency	LA-2
(2) BPA	16
CTC	3
NEB	2
EA	2
FJA	1
(2) JUST	213
NHW	1
NPB	2
CRTC	2
SCC	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,923—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the LA-3 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the LA-3 level is shown on the list below.

Department or Agency	LA-3
CTC	1
NEB	1
JUST	37
NPB	1
CRTC	2

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,924—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the PE-5 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 1, 1977, the number of persons employed with an annual salary of more than $27,500 in each department at the PE-5 level is shown on the list below.

Department or Agency	PE-5
AGR	9
AIB	7
PA	1
RC-CE	9
CCA	2
DOC	2
CTC	2
DND	11
FE	11
DPW	6
DSS	6
DVA	6
CEICD	13
EMR	3
NEB	1
EA	6
INA	12
CIDA	1
ITC	2
JUST	1
LAB	1
TC	20
MSST	2
NCC	1
NHW	6
NMC	2
NPB	1
PCO	1
CPS	2
PO	16
PSC	52
RCMP	1
CRTC	2
SS	2
SC	1
RC-T	11
TB	26

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

Order Paper Questions

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,925—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the PE-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 1, 1977, the number of persons employed with an annual salary of more than $27,500 in each department at the PE-6 level is shown on the list below.

Department or Agency	PE-6
AGR	2
AIB	8
PA	1
RC-CE	3
CCA	2
DOC	2
CPC	1
DND	10
FE	8
DPW	4
DSS	12
DVA	3
CEICD	11
EMR	1
INA	4
CIDA	1
ITC	1
TC	7
NHW	3
PCO	1
CPS	11
PO	7
PSC	50
REE	2
SS	1
MSG	2
SC	2
RC-T	2
TB	30
MUA	1

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1977.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,926—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the PE-7 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 1, 1977, the number of persons employed with an annual salary of more than $27,500, in each department at the PE-7 level is shown on the list below.

Department or Agency	PE-7
AGR	2
AIB	4
CCA	1
DND	2
DOE	3
DSS	3
INA	1
JUST	1
LAB	1
TC	3
NHW	1
NMC	1
CPS	3
PO	2
PSC	17
CRTC	1
SS	1
SC	1
RC-T	4
TB	14

(9) Source: Personnel administrator pay plan administration, Treasury Board Secretariat, April 1, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,927—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the Senior Statistician (SRS) level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the MASRS-1 level is shown on the list below.

Department or Agency	MASRS-1
DSS	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,928—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the Chief Statistician 1(CST) level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the MACST-1 level is shown on the list below.

Department or Agency	MACST-1
DSS	2
NEB	1
SC	4
MWA	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,929—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the PG-6 level?

Hon. Robert K. Andras (President of the Treasury Board): On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the PG-6 level is shown on the list below.

Department or Agency	PG-6
AGR	1
CCA	1
CDC	1
DND	9
(2) DSS	133
INA	1
DOC	2
PO	1

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978. (2) Source: Department or agency.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,930—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VT-3 level?

Hon. Robert K. Andras (President of the Treasury Board): (7) VT is presumed to be UT, university teaching. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the UT-3 level is shown on the list below.

Department or Agency	UT-3
DND	50

(1) Source: Master output support file, Incumbent sub-system, Department of Supply and Services, April 30, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,931—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VT-5 level?

Hon. Robert K. Andras (President of the Treasury Board): VT is presumed to be UT, university teaching. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the UT-5 level is shown on the list below.

Department or Agency	UT-5
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

Question No. 1,932—**Mr. Orlikow:**

On April 30, 1978, how many persons were employed with an annual salary of more than $27,500 in each department at the VT-6 level?

Hon. Robert K. Andras (President of the Treasury Board): (7) VT is presumed to be UT, university teaching. On April 30, 1978, the number of persons employed with an annual salary of more than $27,500 in each department at the UT-6 level is shown on the list below.

Department or Agency	UT-6
DND	1

(3) Source: Senior executive and equivalent, Information sub-system, Treasury Board Secretariat, Quarterly report, March 31, 1978.

NOTE: See also footnotes 1 to 9 and list below question No. 1,868 answered this day.

DND—CONTRACT WITH HAWKER SIDDELEY OF CANADA LTD.

Question No. 1,937—**Mr. McKinnon:**

1. Did the Department of National Defence place a contract with Hawker Siddeley of Canada Ltd., Toronto, for the repair and overhaul of J 79 and J 85 aircraft engines for the sum of $17,642,000 and, if so (a) how many engines of each type were involved (b) in which planes would they be used?

2. Was the contract put out to tender and, if so, was it awarded to the lowest bidder?

3. Did political clearance or socio-economic factors play any part in the awarding of the contract and, if so, which Minister or Ministers cleared it and what were the socio-economic factors considered?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): In so far as the Department of Supply and Services is concerned: 1. Hawker Siddeley of Canada Ltd.; Orenda Division, Toronto was awarded contracts totalling $17,642,000. covering the repair and overhaul of DND owned J79 and J85 aero engines and associated components. (a) The estimated number of engines covered by these contracts is 50-J79 engines together with J79/J85 associated components. (b) The J79 engine is used in the CF104, the J85-CAN-15 in the CF5, and the J85-CAN-40 in the Tutor aircraft.

2. Competition was not employed in this instance because Orenda is the only established facility in Canada possessing the necessary experience, technical knowledge, engineering expertise and test facilities for these engines.

3. Political clearance and socio-economic factors were not a consideration.

PURCHASE OF BUILDINGS BY NATIONAL HARBOURS BOARD

Question No. 1,938—**Mr. Forrestall:**

1. Has the National Harbours Board considered purchasing Nova Scotia Department of Highways maintenance and office buildings adjacent to the Fairview Container Terminal to be incorporated as part of the Terminal and, if not, will this option be considered as one measure to reduce the cost of building this facility?

2. Did the NHB develop a work schedule for the construction of the second berth at Fairview Cove and (a) if so, what is its estimated completion date (b) if not, on what date does NHB contemplate completing the berth?

3. During construction of the next berth, can the dump site be incorporated as land fill or must this waste be removed?

Hon Otto E. Lang (Minister of Transport and Minister of Justice): The National Harbours Board advises as follows: 1. The board has not considered purchasing Nova Scotia department of highways maintenance and office buildings adjacent to the container terminal. This area will be investigated to determine whether it has any potential for development related to the container terminal recognizing it is separated from the terminal by several railroad tracks.

2. The board has not developed a work schedule for the second berth because the timing of the construction depends on the build-up of traffic to the first berth now under construction. The first berth is scheduled to be completed by the end of December, 1980.

3. Preliminary engineering studies undertaken by the province of Nova Scotia indicate that most of the dump site can be incorporated as land fill, however it will be necessary to remove some materials, rehandle and stabilize other materials and pay particular attention to pavement design when developing the second berth.

WEATHER CHECK INSULATION COMPANY

Question No. 1,939—**Mr. Epp:**

1. Did the government give a LEAP grant to a native operated company called "Weather Check Insulation" and, if so (a) in what amount, (b) for how long, (c) at what rate of interest?

2. Have subsequent grants or monies been given to the Company by the government and, if so (a) in what amount, (b) for how long, (c) at what rate of interest?

3. For how long has the Company been incorporated?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Employment and Immigration Commission and the Department of Indian Affairs and Northern Development as follows: 1. Yes. (a) (i) $25,922 for developmental phase; (ii) $200,000 for operational phase; (b) (i) January 17, 1977 to July 15, 1977; (ii) August 2, 1977 to July 28, 1978; (c) Not applicable.

2. Yes. (a) $17,819 for a Young Canada Works project. (b) May 29, 1978 to September 1, 1978. (c) Not applicable.

2. (a) The Department of Indian Affairs and Northern Development gave a $10,000 Indian Economic Development Fund grant to this company. (b) A grant is given as a one-time amount for a specific purpose. (c) No interest is charged.

3. Since May 5, 1977.

In so far as the Departments of Industry, Trade and Commerce and Regional Economic Expansion are concerned: None.

PARD ASSOCIATES LIMITED

Question No. 1,944—**Mr. Clark:**

1. (a) What was the estimated budget provided to PARD Associates Limited of Calgary, Alberta, to conduct their study in relation to the Jasper Townsite Master Plan (b) who are the principals of PARD Associates Limited (c) by which individuals was the contract negotiated (d) by whom and on what date was the contract signed?

2. Will the government table the contract and all attendent correspondence and memoranda?

3. (a) What are the incurred costs to June 16, 1978 for the work of PARD Associates Limited (b) what was the capital expenditure (c) itemized, what are the (i) operating (ii) administrative costs?

4. What have been the advertising costs to June 16, 1978 in PARD project(s) (a) in Jasper (b) elsewhere?

5. What is the projected cost of PARD Associates Limited for their work in Jasper?

6. For how long will the study by PARD Associates Limited continue?

7. (a) On what date will the report by PARD Associates Limited be released (b) will the report be available to the public in (i) whole (ii) part and (c) if in part, who will determine which part?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. (a) The original estimated budget provided by PARD Associates for the preparation of the Jasper townsite master plan was $102,220.; (b) Harold Hanen, Dave Diver, Jim Jones, Ted Darch; (c) Harold Hanen and Dave Diver of PARD, and officials of Parks Canada's western regional office planning staff; (d) Contract signed by Harold Hanen of PARD on July 19, 1977 and the director of the western regional office, Parks Canada, on August 2, 1977.

2. No, these documents are of a commercially confidential and internal nature, the release of which would violate the established principle of confidentiality existing between the Department and PARD Associates.

3. (a) For the master plan $98,870. Additional consulting contracts: Visible action—approx. $8,000. Residential subdivision assessment $4,900. (b) and (c) This is a consulting contract and not a capital project so that a breakdown of capital expenditure, operating and administrative costs cannot be made. However, the $98,870 can be broken down as follows: Professional fees $88,617; Expenses $10,253 (e.g. travel, printing, food, motel).

4. In an effort to maintain an effective public participation program, PARD produced 5 newspaper flyers, with an average of 4 pages per flyer. A great deal of professional planning and graphic arts time was spent to keep the flyers as concise, accurate and understandable as possible. For preparation of flyers—$6,400, for printing and distribution—$2,926. These figures do not include printing and distribution of committee minutes to residents attending public meetings. (a) and (b) Advertising costs have been about $1,500 for meetings in Jasper and Edmonton.

5. For the preparation of a master plan approximately $128,000. hiring of visible action co-ordinator $8,000. approx. preparation of residential subdivision assessment—$4,950.

6. Completion date to be October 1978.

7. (a) Draft plan-August 1978; Final plan-October 1978; (b) Both draft and final plans will be available for public review; (c) *All* information generated by the Jasper Planning Program has been and will continue to be available for public scrutiny.

POLICE AND SECURITY PLANNING AND ANALYSIS GROUP—SOLICITOR GENERAL

Question No. 1,945—**Mr. Cossitt:**

As of the date of this question, what are the names, job designations, specific annual salaries in dollars rather than salary ranges, of all persons employed by, attached to or in any way associated with the Police and Security Planning and Analysis Group of the Department of the Solicitor General?

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Please see the list below for the position titles and salary ranges of all personnel employed by, attached to or associated with the Police and Security Planning and Analysis Group.

Name	Position Title	Salary Range ($)
Bourne, R. P.	Assistant Deputy Minister (Police & Security)	31,500–41,500
McCafferty, L.	Executive Director	27,216–34,020
Cloutier, J. A. L.	Director–Contingency Plans Division	26,998 30,333
Murphy, A.	Director, Crime Prevention and Law Enforcement Division	27,775–32,045
Davey, O.	Director, Security Policy Division	26,998–30,333
Hobbs, S.	Director, Security Information Analysis Division	27,693–29,869
Ansell, P.	Security Officer (Physical Policy)	22,695–25,473
Hughes, H. E.	Security Officer (Personnel Policy)	22,695–25,473
Balik, C. S. T.	Analyst–Crime Prevention and Law Enforcement	22,695–25,473
Gaudet, M. A.	Analyst—Crime Prevention and Law Enforcement	22,695–25,473
Bennett, L.	Analyst–Security Information	22,695–25,473
Tack, E. W.	Administrative Officer	16,720–18,730
Ball, M.	Administrator–Privacy and Protection	15,746–17,657
Howard, L.	Administrator–Contingency Plans	15,743–17,654
Olsen, F.	Analyst–Security Information	15,743–17,654
Larocque, T.	Security Records Clerk	11,350–12,409
Armstrong, M. A.	Security Records Clerk	11,350–12,409
Monfils, G.	Secretary	14,114–15,447
McIntosh, J.	Secretary	10,985–12,011
Dubois, L.	Secretary	12,522–13,695
Lisk, D.	Secretary	12,522–13,695
Laflamme, L.	Secretary	12,522–13,695
Rousselle, D.	Secretary	12,522–13,695

TERMS USED BY DEPUTY MINISTER OF COMMUNICATIONS IN DIRECTIVE D-17

Question No. 1,948—**Mr. Jones:**

1. Define the term "development" as used by the Deputy Minister of Communications in directive D-17 to all employees on the reimbursement of course expenses policy, issued May 19, 1978.

2. Define the term "training" as used by the Deputy Minister of Communications in directive D-17 to all employees on the reimbursement of course expenses policy, issued May 19, 1978.

3. Is there a conflict in these definitions and, if so, please explain?

4. Define the term "in the interest of the Department" as used by the Deputy Minister of Communications in directive D-17 to all employees on the reimbursement of course expenses policy, issued May 19, 1978.

5. What is the real basis for acceptance under the policy of reimbursement for course expenses?

Mr. C. Douglas (Parliamentary Secretary to Minister of Communications): As far as the Department of Communications is concerned, the answer to the above question is as follows: 1. The term "development", as used by the Deputy Minister of Communications, is defined in directive D-17 issued May 19, 1978 as "the planned growth of the knowledge, skill and experience of an employee so that he or she may assume more responsible and complex duties at some future time and in accordance with the projected human resource needs of the Department".

2. The term "training", as used by the Deputy Minister of Communications, is defined in directive D-17 issued May 19, 1978 as "the process of combining instruction and practice to give an employee the skill, knowledge and experience necessary to perform his or her present job efficiently and effectively".

3. There is no conflict in these definitions and in fact they are based on those provided by the Treasury Board Secretariat in the Personnel Management Manual, Chapter 110, Subchapter 7.

4. "In the interest of the department", as used by the Deputy Minister of Communications in directive D-17 issued May 19, 1978 means "to meet departmental needs . . . employees should be encouraged to participate in training and education activities that will contribute to the improvement of their performance in organizational productivity" . . . "When the training can be done outside of working hours, this method is to be preferred" . . . "Educational activities pursued outside of an employee's normal hours of work are usually less costly and less disrupting to a department." These clarifying statements are excerpted from the Treasury Board Secretariat's Personnel Management Manual, Chapter 110, Subchapter 5.

5. The real basis for acceptance under the policy of reimbursement for training course expenses is a managerial recommendation that the specific training in question is required so that the employee can perform fully in the present job activities or upcoming new project activities.

THE PRIME MINISTER

Question No. 1,949—**Mr. Cossitt:**

1. Did the Prime Minister during a 1977 visit to London and the western Ontario area in the course of a speech state that Canadians were too concerned with summer homes in the country and two cars in the yard and, if so (a) what were the exact words he used (b) in what location did he make the statement and to what audience (c) is the Prime Minister aware that radio news broadcasts carried voice clips of such a statement?

2. Has the government adopted a policy to close the Prime Minister's summer residence at Harrington Lake as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

3. Has the government adopted a policy to sell one of the two $85,000 Cadillacs used by the Prime Minister as a restraint and economy measure and (a) if so, on what date (b) if not, for what reason?

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms, Citation No. 171 (d).

NEW BRUNSWICK—LAWYERS OR CONSULTANTS

Question No. 1,952—**Mr. Howie:**

What are the names of the lawyers referred to in the answer to Question No. 964 and what amount was paid to each?

Hon. André Ouellet (Minister of State for Urban Affairs): The "yes" reply to question No. 964 referred to one consultant only; no lawyers were involved.

AMMUNITION PLANTS IN CANADA

Question No. 1,953—**Mr. Jones:**

1. How many small arms ammunition plants are in Canada? Where are they located?

2. What amount of financial assistance is provided for each plant? What portion of the financial assistance is given on a shared-cost basis? What is the proportion of government assistance to company funding in each case?

3. What agencies have given financial assistance to each plant? When was this financial assistance given to each plant?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): 1. Two. Valcartier Industries Inc. located in Valrose and Quebec city, Quebec; Winchester-Western (Canada) Limited located in Cobourg, Ontario.

2. Valcartier Industries Inc. Fiscal Year 1978/79. $109,325 contribution paid under defence industry program on a 50/50 shared cost basis between the company and the Crown $10,000,000 project has been approved under the defence industry program, 50 per cent as a Crown contribution and 50 per cent as a repayable loan.

3. Industry, Trade and Commerce—fiscal year 1978/79

Public SERVICE Superannuation Account

Question No. 1,958—**Mr. Francis:**

1. (a) On March 31 (i) 1965 (ii) 1970 (iii) 1975 (iv) 1976 (v) 1977 (vi) 1978, what was the total amount at credit in the Public Service Superannuation Account (b) what was the new money rate for the Account (c) what was the weighted interest rate for the Account (d) what was the total interest earnings for the twelve-month period preceding each date (e) what amount was paid to beneficiaries in each twelve-month period preceding each date?

2. What amount was paid from the Supplementary Retirement Benefits Account to beneficiaries of the Public Service Superannuation Fund for escalation of pensions in the twelve-month period preceding each date listed in Part I?

Hon. Robert K. Andras (President of the Treasury Board):

1.	(a) Balance in PSS Account	(b) New Money Interest Rate	(c) Weighted Interest Rate
March 31, 1965	$2,161,828,358	4%	4%
March 31, 1970	3,599,428,506	7.98%	5.25%
March 31, 1975	6,420,297,891	8.98%	6.71%
March 31, 1976	7,312,248,146	9.19%	7.06%
March 31, 1977	8,147,817,891	9.16%	7.35%
March 31, 1978	9,053,353,887	8.95%	7.61%

[Mr. Cossitt.]

Prior to 1969 the interest rate earned by the Public Service Superannuation Account was 4 per cent.

	(d) Interest Earnings	(e) Annuity Payments
March 31, 1965	$78,715,785	$52,586,584
March 31, 1970	157,026,404	83,325,718
March 31, 1975	364,342,696	161,649,882
March 31, 1976	446,472,227	187,507,370
March 31, 1977	524,328,455	218,007,828
March 31, 1978	615,304,383	252,000,000

(The figures for 1977-78 are preliminary)

Interest up to 4 per cent is credited to the Account and interest over 4 per cent is currently used to offset the cost of amortizing actuarial liabilities.

2.	Indexing payments charged to the Supplementary Retirement Benefits Account in respect of former public servants	Indexing payments charged to the Consolidated Revenue Fund in respect of former public servants
March 31, 1965	0	0
March 31, 1970	0	0
March 31, 1975	$1,891,885	$ 39,092,771
March 31, 1976	1,260,908	61,077,000
March 31, 1977	5,257,062	83,612,893
March 31, 1978	5,192,587	107,922,000

(The figures for 1978 are preliminary)

CANADIAN FORCES SUPERANNUATION ACCOUNT

Question No. 1,959—**Mr. Francis:**

1. (a) On March 31 (i) 1965 (ii) 1970 (iii) 1975 (iv) 1976 (v) 1977 (vi) 1978, what was the total amount at credit, on the books of Canada, in the Canadian Forces Superannuation Account (b) what was the new money rate for the Account (c) what was the weighted interest rate for the Account (d) what was the total interest earnings for the twelve-month period preceding each date?

2. What amount was paid to beneficiaries of the Canadian Forces Supplementary Account under the Supplementary Retirement Benefits Account, in the twelve-month period preceding each date listed in Part I?

Hon. Barney Danson (Minister of National Defence):

1. (a)

	CFSA	Actuarial Act	Total
(i) 31-3-65	1,239,445,579.84	788,676,879.73	2,028,122,459.57
(ii) 31-3-70	1,709,162,442.93	1,597,226,885.68	3,306,389,328.61
(iii) 31-3-75	2,116,679,314.41	3,655,541,539.68	5,772,130,854.09
(iv) 31-3-76	2,186,562,695.73	4,270,267,250.56	6,456,829,946.29
(v) 31-3-77	2,263,362,998.98	4,742,803,872.70	7,006,166,871.68
(vi) 31-3-78	2,333,827,474.93	5,204,825,818.72	7,538,653,293.65

(b)

(i) 31-3-65	4.0%
(ii) 31-3-70	7.98
(iii) 31-3-75	8.98
(iv) 31-3-76	9.19
(v) 31-3-77	9.16
(vi) 31-3-78	8.95

(c)

(i) 31-3-65	4.0%
(ii) 31-3-70	4.25
(iii) 31-3-75	6.71
(iv) 31-3-76	7.06
(v) 31-3-77	7.35
(vi) 31-3-78	7.61

(d)

(i) 31-3-65	Note 1
(ii) 31-3-70	124,396,497.64
(iii) 31-3-75	217,693,403.32
(iv) 31-3-76	243,180,721.79
(v) 31-3-77	265,034,585.43
(vi) 31-3-78	289,498,952.87

2.

	Supplementary Retirement Benefits Account	Statutory Vote
1964-65	Nil	
1969-70	Nil	
1974-75	830,383.92	15,438,696.10
1975-76	774,082.98	24,549,717.29
1976-77	783,460.04	37,025,409.48
1977-78	1,050,590.01	50,616,739.38

NOTE 1: In 1964/65 the actuarial liability contribution and interest credited to the actuarial account were not recorded as separate items, but were given as a total figure, and since interest is made up of two components, interest on current contributions as well as actuarial liability contributions, this total cannot be provided.

STEPS TO BYTOWN MUSEUM

Question No. 1,960—**Mr. Herbert:**

1. What was the original estimated cost of the project at the east side of the East Block where the Department of Indian Affairs and Northern Development is completing the construction of concrete and stone steps leading to the canal?

2. What is the present estimated cost of the completed project?

3. What was the cost per square foot of (a) labour (b) material for the formwork for the concrete in the project?

4. What is the cost for each type of stonework used and what is the square footage or volume of each?

5. Was the work put to public tender and, if not, for what reason?

6. Was the work discussed with the Minister or officials of the Department of Public Works?

7. For what reason was the work not executed by the Department of Public Works?

8. Was it necessary to engage personnel for the project and, if so, how many and for what period of time?

9. Who is the (a) architect (b) structural engineer for the project?

10. Has there been more than one project supervisor and, if so, how many?

11. Is all the land on which construction work is taking place within the responsibility of the Department of Indian Affairs and Northern Development and, if not, what agreement was reached for any work being executed on the property under the control of others?

12. (a) On what date did the work begin (b) on what date is it estimated that the work will be completed?

13. By province, how many construction personnel are employed by the Department of Indian Affairs and Northern Development?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. The original estimated cost of the project was $370,000.

2. The present estimated cost of the project is $410,000.

3. The work was tendered on a lump sum basis for the entire project and a breakdown of the actual cost of individual items is not available.

4. The cost of the stonework was included in the lump sum price for the entire project and a breakdown is not available. There were 5,012 square feet of stone facing and 720 lineal feet of coping stone.

5. Yes.

6. Yes.

7. Work associated with canals is outside the Department of Public Works' mandate.

8. The contractor had a maximum of 22 employees and a minimum of nine employees during construction.

9. The firm in charge was Johnson, Sustronk & Weinstein Associates Ltd.

10. No.

11. No. Agreement was reached with the Department of Public Works for the portion of the stairway on land under their jurisdiction.

12. (a) January 13, 1978; (b) July 31, 1978.

13. By province, the Department of Indian Affairs and Northern Development employs the following numbers of construction personnel: Newfoundland—104; Nova Scotia—92; New Brunswick—69; Prince Edward Island—4; Quebec—30 full-time, 303 part-time; Ontario—212; Manitoba—21; Saskatchewan—51; Alberta—55; British Columbia—96.

DND—POSSIBLE PURCHASE OF EQUIPMENT

Question No. 1,965—**Mr. Dick:**

1. Has the Department of National Defence, now, or ever purchased computer or other electronic or data processing equipment from a company named "E Systems"?

2. Did "E Systems" rent 10 rooms at the Skyline Hotel in Ottawa on December 16, 1977 for the purpose of entertaining employees of the Department of National Defence and, if so, what were the names and ranks of the Departmental employees who attended the reception?

Hon. Barney Danson (Minister of National Defence): 1. Yes.

2. The Department of National Defence has no detailed knowledge of "E Systems" rentals at the Skyline Hotel or the purpose of such rentals. However, the department is aware that a number of personnel from DND were invited to a reception at the Skyline Hotel on December 16, 1977.

DEPORTATION OF MARLEEN MIRVELYN CHANCE

Question No. 1,966—**Mr. Dick:**

1. Did Immigration officers order the deportation of Marleen Mirvelyn Chance, a citizen of Jamaica, from Toronto on February 4, 1978?

2. Was Marleen Mirvelyn Chance subsequently released on a cash bond and did she evade a Canada-wide warrant for her arrest until her apprehension by the City of Vanier police for shoplifting on November 28, 1977?

Order Paper Questions

3. Did Immigration officers order the deportation of Marleen Mirvelyn Chance for December 3, 1977 and did the Minister of Employment and Immigration stay the deportation order on December 2, 1977 pending the issuance of a special Minister's permit to Marleen Mirvelyn Chance and, if such a permit was issued for what reasons was it issued?

4. Did Marleen Mirvelyn Chance work in the Privy Council Office as a full-time employee for five months prior to her apprehension by City of Vanier police and, if so, did she work under the name Marleen Mirvelyn Chance and did she pass security clearance?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Canada Employment and Immigration Commission and the Prime Minister's and Privy Council offices as follows: 1. Marleen Mirvelyn Chance was ordered deported February 4, 1974.

2. Yes.

3. Deportation order was effected on December 3, 1977. The minister did not stay the deportation order and there was no special minister's permit issued to Marleen Mirvelyn Chance.

4. No. Marleen Mirvelyn Chance was employed by the Royal Commission on Corporate Concentration.

RACIAL DISCRIMINATION

Question No. 1,968—**Mr. Alexander:**

1. For the years (a) 1976 (b) 1977 (c) 1978 to date, how many cases of racial discrimination involving Canadian immigration officials were registered?

2. How many cases have been investigated?

3. How many cases have been determined as unfounded?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. No register of such allegations is maintained.

2. All such complaints are investigated.

3. No substantiated cases have been identified.

METRIC COMMISSION MAILING LISTS

Question No. 1,969—**Mr. Beatty:**

1. For the current year, how many different mailing lists does the Metric Commission have and what is the nature of each list?

2. How many names are on each list?

3. How many names appear on more than one list?

4. How many names appear more than once on the same list?

5. How often are the lists updated?

6. How often are checks done to determine whether an individual on a list is from the same organization as other individuals on the same list?

7. How is it possible that in June 1978 the Kitchener-Waterloo Record in Kitchener, Ontario received 17 copies of the same booklet on international metric symbols?

8. In 1978, what was the cost to the taxpayer for other duplications by the Metric Commission?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Department of Industry, Trade and Commerce is concerned: 1. Metric Commission Canada (MCC) has a computerized mailing list that allows for multiple sorts, currently subdivided into 1,036 different sub-mailing lists. These consist of addresses of members of steering and sector committees, their sub-committees, working groups, task forces and other organizations part of metric conversion structure; national associations, members of parliament, major enterprises and officials thereof; metric conversion officers in federal, provincial and municipal governments and private enterprises, the media, and the Canadian public requesting MCC publications. These lists are required to carry on the various direct mailings in order to satisfy the various information needs of differing Canadian publics.

2. There are approximately 80,000 names on the MCC mailing list. Each sub-list consists of two to 2,000 names.

3. There are approximately 2,000 steering and sector committee members, approximately 30,000 companies, and 4,000 miscellaneous names on more than one sub-list, for meeting various mailing requirements. A person can be on more than one sub-mailing list up to a maximum of 10 different lists. The computer is programmed, however, to produce one label where the person belongs to several sub-lists.

4. Names do not appear on the same sub-list more than once. Before adding names to any sub-mailing list, the alphabetical file is checked to ensure names are not already on.

5. The sub-mailing lists are updated once a month.

6. There may be several individuals belonging to the same organization on the mailing list by their own request. Metric Commission Canada tries to encourage persons to receive bulk distributions within their organization.

7. The Kitchener-Waterloo Record received additional copies of a special mailing of "How to Write SI" due to a computer error which has since been corrected.

8. Metric Commission Canada's mailing list procedure is to avoid duplication. This has not recently lead to any other duplication errors or to additional costs.

BRIEFCASES

Question No. 1,977—**Mr. Beatty:**

What amount was spent by the government to supply briefcases to employees in (a) 1976 (b) 1977?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): (a) 1976-77: $69,843.00; (b) 1977-78: $33,728.00.

ANNUAL ELECTRICITY BILL

Question No. 1,983—**Mr. Beatty:**

What was the government's annual bill for electricity for (a) 1975-76 (b) 1976-77?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Public Works Canada pays electricity bills from one line object. In some cases electricity is included as part of a lease and a separate figure is not kept. The following expenditures were made from Public Works Canada appropriations in:

(a) 1975-76	$19,728
(b) 1976-77	$23,633

STEPS TO BYTOWN MUSEUM

Question No. 1,987—**Mr. Stevens:**

What is the estimated total cost of the steps to the Bytown Museum currently under construction?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): The Department of Indian Affairs and Northern Development is not building steps to the Bytown Museum. See reply to question No. 1,960 answered this day.

BANK OF CANADA BUILDING

Question No. 1,989—**Mr. Stevens:**

What is the total expenditure to date on the new Bank of Canada Building, including all architectural, consultants and inspection fees, and the cost of "fitting-up" the Building, including the cost of office furniture and special purpose facilities?

Hon. Jean Chrétien (Minister of Finance): To June 30, 1978, $53.5 million.

CN TOWER

Question No. 1,991—**Mr. Stevens:**

1. What is the total overall (all inclusive) cost of the CN Tower in Toronto to date?

2. What is the Tower's total profit or loss to date?

Hon. Otto E. Lang (Minister of Transport): 1. Total cost of the CN Tower to date is $57.7 million.

2. Tower's total profit before interest during the period June, 1976 to June, 1978 is $3.5 million.

CHURCHILL RESEARCH RANGE

Question No. 1,996—**Mr. Jones:**

1. How long will the temporary satellite support facility at the Churchill Research Range, Manitoba be used for the purpose for which it is being established? Will the facility be converted to any other use after this project is complete?

2. How much money is Japan spending on this project? Give the ratio of construction funds to maintenance funds. How much money is Canada spending on this project? Give the ratio of construction funds to maintenance funds. What agency or agencies will be funding this project?

3. Will Canada use the information gathered by the temporary satellite support facility and if so, how? Does Canada have any projects currently in progress to study the aurora polaris and if so, give the agency and/or agencies who are involved with this.

4. How many Canadian scientists and technicians will be employed at this facility? How many Japanese scientists and technicians will be employed at this facility? Will other nations be sending scientists to this project, whether on a temporary or permanent assignment? How many new jobs will this create in the area?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): In so far as the National Research Council is concerned the answer is as follows: 1. (a) At least until February, 1979. (b) If the satellite and systems are still operating at that time, it will probably be continued for another year. (c) The station will be returned to Japan after the project is completed.

2. (a) Unknown (b) unknown (c) none (d) n/a (e) this project is funded by the University of Tokyo.

3. (a) The data gathered by the facility is available to Canadian scientists. (b) Canada does have projects to study the aurora borealis, and NRC has sponsored these studies for over 20 years.

4. (a) and (b) No Canadian scientists are employed at the facility. It is operated by one Japanese scientist, one Japanese technician and one Canadian technician. (c) No other nations are involved. (d) One new job was created at Churchill.

FOREIGN WORKERS

Question No. 1,997—**Mr. Jones:**

1. Who is responsible to ensure that the entry of foreign workers is closely related to the needs of the Canadian labour market?

2. How is the ratio between the entry of foreign workers and Canadians and permanent legal residents related to the needs of the Canadian labour market? What is the ratio of Canadian to non-Canadian in the current unemployment figures?

3. How does the Canada Employment and Immigration Commission become aware of discrepancies in employment of non-Canadians in positions for which Canadians and permanent legal residents are qualified?

4. Does each province have their own immigration quotas and if so, what is the current quota per province.

Hon. Bud Cullen (Minister of Employment and Immigration): 1. The Canada Employment and Immigration Commission has this responsibility under the Immigration Act, 1976.

2. The "entry of foreign workers" falls into two categories:—immigrants who intend to enter the labour force, and—temporary workers granted employment authorizations to enable them to enter Canada to take up a particular position for a specified period of time. Independent or "other" immigrants are selected in accordance with criteria, specified in the Immigration Regulations, designed to ensure that immigrants and Canadian residents complement each other, rather than competing. In the case of temporary workers, the Commission seeks to ensure that no Canadian worker is available to take the job in question. Statistics Canada does not identify labour force member by citizenship, so it is impossible to identify the non-citizen/citizen ratio of the unemployed.

3. Normally, the commission will first become aware that an employer wishes to employ a foreign worker when that employer contacts a Canada Employment Centre or when the foreign worker approaches the immigration post abroad. The application is then dealt with according to the Immigration Act and Regulations. The Commission may become aware of a situation where employment of non-Canadians is concerned through the mass media, informal conversations, employer visits, etc. There is, however, no formal information gathering system to inform the Commission of such a situation.

4. Provinces do not have their own immigration quotas. The Immigration Act, 1976 does make provision for the establishment of levels of immigration in consultation with the provinces. This consultation is now under way.

Order Paper Questions

REGULATIONS GOVERNING PROGRAMMING ON CBC

Question No. 1,998—**Mr. Jones:**

1. What are the regulations which govern programming aired on the Canadian Broadcasting Corporation networks across Canada which have been locally produced? Who determines these regulations?

2. Do these regulations differ with each region or province in Canada?

3. Do the opinions voiced by the viewing public have an influence on the airing of programs over the CBC network?

4. Once a program meets the regulations, can it be aired anywhere in Canada without re-examination for suitability?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The CBC has developed a set of policies which apply to all facets of programming, national and local. Some of these policies arise from the statutory requirements of the Broadcasting Act, some from the regulations of the CRTC, some from provisions of the Criminal Code, and others have been formulated by CBC management.

2. The policies apply at all CBC locations.

3. In both radio and television, the audience is welcome to make its views known to the CBC, and these are taken into consideration by producers and program planners in developing and improving programs. In addition, information is sought on the opinions of television audiences through audience surveys and the CBC's own audience panel, which studies the enjoyment of programs.

4. Since the regulations and policies governing programs are the same across Canada, regionally-produced programs may also be broadcast nationally or in other regional centres.

MR. VICTOR CHAPMAN

Question No. 2,000—**Mr. Cossitt:**

With reference to the answer to Question No. 2,441 of the Second Session of the 30th Parliament which stated that certain specific sums of money were received by Intertask Limited and/or Vic Chapman for certain services, is the government aware that a press statement was issued by Mr. Paul Akehurst of Intertask Limited stating that no such money was received and, if so, how does the government explain this discrepancy?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See reply to question No. 416 answered June 9, 1978.

CANADIAN FORCES SUPERANNUATION ACCOUNT

Question No. 2,003—**Mr. Francis:**

What was the total amount paid to beneficiaries of the Canadian Forces Superannuation Account for the twelve-month period ending March 31 (a) 1965 (b) 1970 (c) 1975 (d) 1976 (e) 1977 (f) 1978?

Hon. Barney Danson (Minister of National Defence): (a) Not available; (b) $74,885,782.95; (c) 154,976,541.24; (d) 172,352,486.95; (e) 189,680,605.01; (f) 207,873,360.29.

[Mr. Cullen.]

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 47, 360, etc.—and I have a long list here—could be made orders for returns, these returns would be tabled immediately. I ask for leave to table this list which enumerates the questions to be made orders for returns.

[*English*]

Mr. Speaker: The hon. parliamentary secretary is again asking that consent be given that the House order that the list of questions he has tabled which the government proposes to answer be printed in *Hansard* as if read, rather than taking the time of the House to read it at this time.

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Editor's Note: The list referred to above is as follows:*]

Nos. 47, 360, 365, 369, 478, 1,104, 1,160, 1,205, 1,236, 1,259, 1,268, 1,327, 1,370, 1,450, 1,553, 1,599, 1,622, 1,694, 1,704, 1,721, 1,829, 1,834, 1,933 and 1,986.

[*Text*]

LEASED BUILDINGS, PROPERTIES AND PREMISES

Question No. 47—**Mr. Cossitt:**

1. How many buildings, properties, premises, etc., vacant and not occupied, are being leased by the government and, in each case (a) what is the location and what was the original purpose of the government leasing same (b) what is the rental per year (c) is an escalation clause of any kind included in the lease (d) what is the name and address of the landlord and date of lease expiry?

2. What is the total annual sum being paid by the government for all such vacant buildings, properties, premises, etc?

Return tabled.

PSC—PUBLIC SERVANTS WITH $30,000 OR MORE

Question No. 360—**Mr. Orlikow:**

For each year since 1965, by department, how many public servants received a salary of $30,000 or more?

Return tabled.

COST OF COURIERS

Question No. 365—**Mr. Dinsdale:**

1. With reference to the answer to Question No. 1,302 of the Second Session of the 30th Parliament, what will be the actual cost to the government of the courier service in the fiscal year 1976-77?

2. What will be the estimated cost of the courier service in the fiscal year 1977-78?

3. Which of the services now provided by public couriers could be provided by the Post Office Department?

Return tabled.

CHANGES IN U.I.C.—ADVERTISING

Question No. 369—**Mr. Epp:**

1. Is it the government's intention to spend money on the Canada Employment and Immigration Commission's advertising programme dealing with the changes in the unemployment insurance programme and, if so, in what amount?

2. Which companies are producing the ads and at what cost?

3. Which TV stations, newspapers and other publications will be carrying the CEIC ads and how much will each be paid?

4. Did CBC Radio and TV networks refuse to carry the Commission's ads publicizing the changes in the unemployment insurance programme and, if so, for what reason?

Return tabled.

DEMOLITION OF BUILDINGS

Question No. 478—**Mr. Gauthier (Ottawa-Vanier):**

1. Are any buildings owned by the government or its agencies scheduled for demolition in 1978, 1979 or 1980 and, if so (a) which ones (b) what is the total number of square feet in each case?

2. What is the schedule for the demolition of the temporary buildings in Ottawa and, in each case, what is its address, the number of square feet and the date of demolition?

Return tabled.

CARS OWNED BY GOVERNMENT

Question No. 1,104—**Mr. Howie:**

1. As of December 1, 1977, how many cars were owned by the government?

2. From January 1 to December 1, 1977, how much gas was purchased for the operation of such vehicles?

Return tabled.

FLIP PROJECTS IN NEWFOUNDLAND

Question No. 1,160—**Mr. Marshall:**

1. What is the breakdown, by district, of FLIP projects to be carried out in the Province of Newfoundland?

2. What is the estimated cost of each project?

Return tabled.

MONEY HELD BY CROWN CORPORATIONS

Question No. 1,205—**Mr. Kaplan:**

How much money was held by Crown corporations, as of December 31, 1977, in cash and bank term deposits, which ought to have been held by the Receiver General to reduce government cash requirements?

Return tabled.

TELEGRAMS SENT

Question No. 1,236—**Mr. Beatty:**

What was the cost to the taxpayer for telegrams sent by the government in 1977?

Return tabled.

Order Paper Questions

RESEARCH IN NORTHWEST TERRITORIES

Question No. 1,259—**Mr. Laprise:**

1. Is research work being carried out at the Wardens Lake weather station in the Northwest Territories and, if so (a) what is the nature and cost of such research (b) how many researchers have signed contracts with the (i) government (ii) Government of the Northwest Territories and, in each case, for how long?

2. (a) Have any American researchers been called in and, if so, for what reason (b) are such researchers attached to companies and, if so, what are the names of the companies?

3. (a) Are other research activities being carried out in the Northwest Territories and, if so, what is the nature of such research (b) are the researchers employed by (i) the government (ii) a company (c) are they (i) American (ii) Canadian (d) what is the length of the contracts (e) what is the total cost of the contracts?

Return tabled.

GUN CONTROL

Question No. 1,268—**Mr. Epp:**

1. How many persons are employed by the agency currently engaged in the publicity campaign on gun control in Canada?

2. (a) What was the cost to establish such an agency (b) is the agency temporary or permanent (c) how many persons were hired by the Public Service for employment in the agency?

3. What is the annual budget or projected budget of the gun control programme?

4. (a) What is the cost of the advertising campaign "Gun Control Working Together to Save Lives" (b) how long will the campaign run (c) how many publications in each province and territory are carrying the advertisement and at what cost in each case?

5. Which company designed and produced the advertisement for gun control in Canada and at what cost?

Return tabled.

REMOTE MANIPULATOR SYSTEM

Question No. 1,327—**Mr. Jones:**

1. What is the function and/or purpose of the Remote Manipulator System?

2. Were tenders called for the development of the Remote Manipulator System and, if so (a) what firm was awarded the contract; (b) what was the amount of their bid; (c) what are the terms of their contract; (d) what other companies submitted bids; (e) what was the amount of their bids?

3. What are the long term benefits, if any, to Canada of such a project?

4. How many Canadians are employed in this project? How many non-Canadians are employed in this project?

5. Were tenders called for the development of other similar and related projects and, if so, (a) when were tenders called; (b) who was awarded the contract; (c) what were the terms of the contract; (d) what was the amount of their bid; (e) what other firms submitted bids; (f) what were the amounts of their bids? Please give details for each project?

6. Who are the principal officers and directors of CAE Electronics; Dilworth, Secord, Meagher Associates Limited; and Spar Aerospace Products Limited, and, are these companies (a) wholly owned Canadian companies; (b) Canadian companies; and/or (c) subsidiaries of other companies and if so, what companies?

Return tabled.

Order Paper Questions

ADVERTISEMENT ON GUN CONTROL

Question No. 1,370—**Mr. Elzinga:**

1. By province, what are the names of the newspapers who published the advertisement "Gun Control—Working together to save lives" and, in each case, how often did it appear and at what cost?

2. What was the total cost of publishing the advertisement?

Return tabled.

ETHNIC NEWSPAPER

Question No. 1,450—**Mr. Mitges:**

1. How does the Department of the Secretary of State define "ethnic newspaper"?

2. In which ethnic newspapers did the Department advertise (a) in the fiscal year ending March 31, 1977 (b) since March 31, 1977 and, in each case, what was the total amount of advertisement placed?

3. What criteria does the Department use to determine which ethnic newspapers will receive government advertising?

Return tabled.

AIRCRAFT FROM COMMUNIST COUNTRIES

Question No. 1,553—**Mr. Jones:**

1. How many aircraft from communist countries such as Russia, Cuba, Poland, Czechoslovakia and other communist countries have moved through each of the airports at Dorval and Montreal for each of the years 1975 to date?

2. What kind of aircraft were they and what was their purpose on each occasion?

3. How many of such aircraft were, in fact, military aircraft?

4. How many of such aircraft were, in fact, troop carriers?

5. How many of such aircraft were in military camouflage colour and had all registration numbers and state demarcation painted out of view? Is this contrary to Canadian Air Regulations?

6. Does Russia or any other foreign country have secret military bases in Canada? If so, where are they located and give details of their operations?

7. Does the federal government, any minister or department, have any knowledge of Soviet Cosmospheres and if any are located in air space above Canada or the United States? If so, where are they located and what is their purpose?

8. Are there any foreign trained terrorists or activists in Canada? Who, where and why are they permitted to remain within Canadian boundaries? Are they Canadian citizens?

9. Is the federal government, any minister, federal agency or department, aware of the fact of foreign trained terrorists or activists residing in Canada and that still further are being trained in foreign countries to be moved to Canada? Give full details and advise what action is being taken.

10. How many Russian K.G.B.'s are located in Canada? How many members of the Russian army are located at strategic points in Canada near the United States' borders?

11. How many, if any, guerilla camps are located in each of the provinces of Canada? At what locations?

Return tabled.

U.I.C. BENEFITS

Question No. 1,599—**Mr. McGrath:**

1. In 1977, by province and by month, how many persons exhausted their unemployment insurance benefits?

2. By province, how many persons exhausted their unemployment insurance benefits in (a) January (b) February (c) March, 1978?

[Mr. Jones.]

3. In 1977, by month and by province, how many persons were registered with Canada Manpower as unemployed and looking for work?

4. In 1977, by province, how many job vacancies were listed at the end of each month?

5. In (a) January (b) February (c) March, 1978 by province, how many persons were registered with Canada Manpower as unemployed and looking for work?

6. By province, how many job vacancies were listed with Canada Manpower at the end of (a) January (b) February (c) March, 1978?

7. With respect to parts 1 to 6, is such data available from Statistics Canada and, if not, for what reason?

Return tabled.

AIRCRAFTS

Question No. 1,622—**Mr. Mitges:**

1. For the fiscal year ending March 31 (a) 1976, (b) 1977, (c) 1978, how many aircraft landed at Mirabel and Dorval Airports that originated from points in (i) the Soviet Union, (ii) Poland, (iii) Czechoslovakia, (iv) Cuba and, in each case, were the flights commercial, private, military, scheduled or non-scheduled?

2. In each case, was there any cost to the government (i.e. in the form of radio usage fees or landing fees)?

3. For the fiscal year ending March 31 (a) 1976, (b) 1977, (c) 1978, how many Canadian aircraft carried passengers to points in (i) the Soviet Union, (ii) Poland, (iii) Czechoslovakia, (iv) Cuba and, in each case, were the flights commercial, private or military?

Return tabled.

GRANTS FROM CIDA

Question No. 1,694—**Mr. Epp:**

1. Did any church organizations receive funding from the government through CIDA in (a) 1970, (b) 1971, (c) 1972, (d) 1973, (e) 1974, (f) 1975, (g) 1976, (h) 1977 and, if so, which organizations?

2. For the same years, how much funding did each organization receive and for what projects?

Return tabled.

PUBLIC SERVICE CLASSIFICATION

Question No. 1,704—**Mr. Alexander:**

1. With regard to the Public Service classification study of approximately 2,000 positions in the Ottawa/Hull area, in what percentage of the cases (a) did Treasury Board undertake bench (or desk) audits to confirm the validity of the job description (b) were the job descriptions simply accepted as an accurate reflection of the work done and merely compared to the classification standard without a bench audit?

2. (a) How many positions at the (i) senior executive (SX) level (ii) senior personnel authority level, were audited and, in each case, how many were found to be overclassified (b) what percentage of each occupational category and group were found to be overclassified?

3. How many (a) senior assistant deputy ministers (b) assistant deputy ministers (c) directors general (d) directors, were audited and what percentage of each group were found to be overclassified?

4. How many positions in deputy ministers offices were audited and how many were found to be overclassified?

5. Which departments had greater than a 16% rate of overclassification?

6. In the opinion of Treasury Board auditors, which departments perform effective internal classification audits and which do not?

7. What percentage of the overclassified positions were held by female employees?

Return tabled.

GRANTS TO UNITY GROUPS

Question No. 1,721—**Mr. Leggatt:**

How many Canadian unity groups have received subsidies and/or grants from government sources since November 1976 and, in each case, what was the (a) name and address of the group, (b) amount received?

Return tabled.

TREASURY BOARD—CONTRACTS FOR PROFESSIONAL SERVICES

Question No. 1,829—**Mr. Orlikow:**

1. For the fiscal year 1976-77, what contracts for professional services were let for studies, surveys and analyses into (a) present or future policies, programmes or information analysis and their efficiency and effectiveness (b) the examination of the administration or internal operation of the Treasury Board?

2. How much was committed on each contract and to whom?

Return tabled.

CANADA WORKS PROGRAM

Question No. 1,834—**Mr. McGrath:**

1. What was the total allocation made under the 1978 Canada Works Programme to each (a) province (b) constituency?

2. For each constituency and province, what was the (a) labour force (b) labour surplus (c) labour surplus rate used to determine allocations under the Programme?

Return tabled.

GNP AND DEFICIT IN EACH PROVINCE 1975-1977

Question No. 1,933—**Mr. Rynard:**

1. For the year (a) 1975 (b) 1977, what was the (i) gross national product (ii) total deficit, for each province?

2. For the same years, by month, what was the total number of unemployed in each province?

Return tabled.

VIOLATIONS OF CANADIAN LAW

Question No. 1,986—**Mr. Beatty:**

1. In 1977, for each country, in how many instances was diplomatic immunity invoked to avoid prosecution for alleged violations of Canadian law?

2. In each case (a) what was the nature of the offence (b) in which municipality did the alleged infraction occur?

Return tabled.

* * *

[*Translation*]

STARRED QUESTIONS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Furthermore, there are four starred questions which will be answered. However, two of them are very long and would take a lot of the time of the House. I ask for leave to table them so that they can simply be printed in *Hansard*.

Order Paper Questions

[*English*]

Mr. Speaker: Agreed?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Editor's Note: The list above referred to is as follows:*]

Nos. 1,361, 1,480, 1,855 and 1,936.

[*Text*]

*"THE WESTERN GRAIN STORY"

Question No. 1,361—**Mr. Cadieu:**

Was the booklet *The Western Grain Story* paid for by the Wheat Board or by the Department of Agriculture and, if so, what was the cost?

Hon. E. F. Whelan (Minister of Agriculture): The booklet "The Western Grain Story" was paid for by my department at a cost of $25,612.19. This amount includes the cost for mailing the publication.

*CHIEF ELECTORAL OFFICER'S STAFF

Question No. 1,480—**Mr. Towers:**

1. As of March 1, 1978, what was the total number on staff in the Chief Electoral Office, Ottawa?

2. Does the Chief Electoral Officer have personnel under his jurisdiction, other than at his Ottawa office and, if so, what is the number of persons and the location in each case?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Chief Electoral Officer as follows: Part 1: Forty two permanent employees, including the Chief Electoral Officer, and two term employees. Part 2: No (see note).

NOTE: Pursuant to the Canada Elections Act a returning officer is appointed by the Governor in Council for each electoral district. While, pursuant to the act, they are subject to direction by the Chief Electoral Officer, they are not on his staff.

EXPENDITURES IN B.C.

Question No. 1,855—**Mr. McKinnon:**

Hon Bud Cullen (Minister of Employment and Immigration):

Constituency	Allocation*
Burnaby-Richmond-Delta	150,000
Burnaby-Seymour	150,000
Capilano	150,000
Coast Chilcotin	1,944,000
Comox-Alberni	1,202,000
Esquimalt-Saanich	150,000
Fraser Valley East	919,000
Fraser Valley West	150,000

Order Paper Questions

Kamloops-Cariboo	1,057,000
Kootenay West	315,000
Nanaimo-Cowichan-The Islands	642,000
New Westminster	150,000
Okanagan Boundary	1,390,000
Okanagan-Kootenay	739,000
Prince George-Peace River	1,208,000
Skeena	3,630,000
Surrey-White Rock	150,000
Vancouver Centre	477,000
Vancouver East	1,173,000
Vancouver Kingsway	176,000
Vancouver Quadra	150,000
Vancouver South	150,000
Victoria	150,000
Provincial Total	16,372,000

*Phase 3—Canada Works Program

*CANADIAN PHYSICIANS

Question No. 1,936—**Mr. Rynard:**

1. During the year 1977, how many physicians engaged in (a) general practice, (b) teaching and medical research, (c) specialty practice, have emigrated from Canada?

2. What is the percentage of graduating physicians over the attrition rate?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. The number of Canadian physicians who emigrated from Canada in 1977 is not known precisely. Based upon preliminary Canadian records it is estimated that 733 active civilian physicians left Canada in 1977. Of these, 278 were general practitioners, 271 were specialists and 184 were interns or residents. The number in teaching or in medical research is not known. The 733 physicians who left the country may include not only permanent emigrants, but also physicians going abroad for further training, as exchange visitors, or for other "temporary" reasons. On the other hand, some additional physicians may have gone abroad, but no record of their departure could be identified.

2. The number of graduates of Canadian Medical Schools in 1977 was 1,704. The total number of physicians becoming "active" in 1977 was 2,136. The total number of physicians who ceased to be active was 1,930. The losses were more than offset not only by the new graduates, but also by immigrants and other new entrants into the system, as well as by physicians regaining active status. On the basis of preliminary data it is estimated that the total supply of active civilian physicians increased by about 1,000 in 1977.

[*English*]

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

Some hon. Members: Agreed.

[Mr. Cullen.]

POINTS OF ORDER

MR. BEATTY—METHOD USED IN ANSWERING WRITTEN QUESTIONS

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my understanding is that the parliamentary secretary did not follow the customary procedure which is to make available to the various parties a list of the questions which he intends to answer that day. I certainly give my consent to the questions being answered the way they have been but it leaves us in the difficult position that the questions which have not been answered in today's answers are not known to us and we will not know what they are until we see the list.

Traditionally it has been possible to draw the attention of the parliamentary secretary and of the House to the fact that the government has been tardy in responding to questions. The only way we can do that is if we know what questions have been answered. As it is, we cannot draw the attention of the parliamentary secretary to those questions beforehand because of the arrangement scheduled for today.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think that the hon. member's question is purely academic. Even if he had known in advance which questions would remain unanswered today nothing would have been changed. We intend to prorogue today and begin a new session tomorrow.

Anyhow, Mr. Speaker, I wish to draw the following fact to the attention of the House: We have answered 1,761 of 2,003 questions, that is an 87.9 per cent ratio, which is excellent. And, Mr. Speaker, I will add that following the instruction which I gave to my staff this morning to answer as many questions as possible, I received the list of answers only some 20 minutes ago.

* * *

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN FIFTH REPORT OF STANDING JOINT COMMITTEE

Mr. G. W. Baldwin (Peace River) moved that the Fifth Report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to the House on Wednesday, June 28, 1978, be concurred in.

He said: Mr. Speaker, I think it is a very good time at the end of this rather lackadasical session of parliament, where the government has staggered from crisis to crisis, to deal with an issue which might well precipitate some form of renewed activity so that the public, and particularly the media, will know what parliament is doing. I hasten to say that I am not being partisan in making that statement. I have the highest

regard for the welfare of the country and the welfare of this parliament. If I say things that may sound biased it is entirely through my desire to see things improve in this country.

● (1552)

The first thing I want to bring to the attention of hon. members is a rather novel departure in procedure in connection with the committee hearing in question which produced its fifth report. As this was a committee charged with responsibility by this House to look at the question of freedom of information it was decided that our session, in drafting the report, would be held in public. This was not challenged. It was the view of members on all sides of this House and of the other place that the meeting was an open meeting. Members of the press were present. I recommend this suggestion to other committees dealing with issues involved in drafting reports.

In this House we sit in public in committee of the whole. We have just finished dealing with a bill in committee of the whole. I think it is important that the public know precisely what the views are of hon. members, whether they are voting for or against the bill in general, and on particular issues. However, I do say that there may be occasions when it is essential for hearings to be held in camera. It would be desirable, with the kind of climate that now exists, for more committees to follow the example which we have set. We did set it with some trepidation. However it worked out very well. As well it was quite an accommodation to members on all sides of the House. Their positions are public by the fact that their voting was public.

Members on both sides and from both Houses almost unanimously were in favour of this report, with one or two variations. It represents an attitude of the House of Commons and the Senate. Hopefully it may yet be the position of the government. I see the Secretary of State (Mr. Roberts) over there, sphynx-like. He is engaged in drafting legislation, I understand.

Subsequent to the passing of this fifth report, its tabling and filing, I and other members of the committee have received recommendations, and positions have been stated by some 40 or 50 organizations—I am sure the Secretary of State has received them as well—highly recommending the stand taken by this committee. I hope the Secretary of State and the government in drafting legislation, will largely follow the recommendations of the committee. I look forward to this being mentioned in the Speech from the Throne.

In bringing this report forward we are in a way complying with the urgings of the Secretary of State. He has had this matter under his responsibility for some time. He has been urging us to do something about it so that he might have the benefit of our advice. He now has that before him. It is virtually a unanimous report, and I hope that 99.9 per cent of those recommendations will find their way into the bill which is probably being considered by his experts at this time.

It is a particularly useful time to consider this. Recently a situation was brought to my attention and to the attention of this House by the hon. member for Perth-Wilmot (Mr. Jarvis) where the Solicitor General (Mr. Blais) made an obvious attempt to hobble, frustrate and inhibit the workings of the royal commission which is inquiring into the conduct of the Mounted Police at this very critical stage. The commission will now engage itself in finding out the extent to which the government and members of the government were aware of what was going on, were party to what was going on, may even have recommended some of the things that went on, and certainly were privy to the information shortly afterwards.

We are now looking sqarely at the government as to the question of whether there is culpability on its part. I think that the public are entitled to know this. Here we find a Solicitor General with unmitigated gall engaging in the very dangerous conduct of instructing his counsel to appear before the royal commission, not only as my hon. friend from Perth-Wilmot said, to make propositions which are entirely contrary to what we understood and what I think were quite plainly the original intentions of the course that the government was going to take with regard to the question of government information, but going even further, and I am now reading from the Ottawa *Citizen* of October 5. It refers to Mr. Joseph Nuss who represented the Solicitor General. The article reads:

> The lawyer cited the Human Rights Act, the bill now before parliament to establish the office of ombudsman, and the green paper on public access to government documents, now before a joint Commons-Senate committee, to show there are recognized exceptions to the disclosure principle.

This is the sort of conduct which we have been expecting from this mobile disaster who occupies the position of Solicitor General. He is suggesting that merely because there is a bill before the House, once the government has brought a bill down, as his counsel suggests about the ombudsman bill, that is then holy writ, that has all the earmarks of divine writ, it must be binding upon this House, and he wants it to be binding upon the McDonald royal commission.

We now turn to the green paper. Parts of the green paper were good, and I have already commended the Secretary of State in that respect. Parts are very bad and will have to be substantially altered. The green paper is simply a document put out by a government making certain proposals to be considered by parliament. I think it is just unmitigated gall for the Solicitor General to instruct his counsel to say that the material contained in this green paper must be accepted by the royal commission as being within the words used by his counsel, "a recognized exception to the disclosure principle".

I will not have time, Mr. Speaker, nor do I intend to even if I did have, to go into all the details of the recommendations made by the committee. The committee made it quite plain that they rejected a great many of the proposals for exemptions contained in the green paper. I am sure that that information must have been known to the Solicitor General.

The Solicitor General is a minister of the Crown charged with responsibility in matters of this kind. He must have been aware, or ought to have been aware, of what this committee, composed of members of the other place and members of this House, members who were representing both sides of the House, had said. Despite that, the Solicitor General instructs

his counsel to say that what appears in the green paper must be foisted on the royal commission, and the royal commission has no alternative but to accept it. I have not had a chance to read the transcript so I do not know what Mr. Justice McDonald, the chairman, will do about it. However, I think he will be glad to hear from members of this House as to their views respecting the kind of conduct on the part of the Solicitor General concerning his view as to how limited the evidence ought to be that is presented to the royal commission. That is what freedom of information and disclosure is all about.

A suggestion has been made in the media, here and elsewhere, that despite protestations to the contrary members of the government, during the pertinent times of 1971, 1972 and later, were aware of and might even have been privy to some of the actions engaged in by the security forces. That is a moot point on which this commission has to hear evidence and come to a decision.

● (1602)

In addition to the royal commission, surely this House and members of the public are entitled to hear the evidence, unless that evidence goes right to the root of national defence or criminal investigation. Surely this House and the members of the public are entitled to know what evidence will be given by cabinet ministers or those close to them, so that they can form their own opinion as to whether or not members of this government were aware in 1971, 1972 or 1973 of what was going on. I say that because I, in company with a great many other thousands of Canadians, believe that what was done was done with a certain knowledge of government ministers at the time.

We are entitled to hear that evidence and come to a conclusion. If we are wrong, if the evidence is to the contrary, I will accept it and that will be the end of it. However, so long as that evidence is going to be given in camera, guarded from public view, suspicion will continue to lurk in the minds of tens of thousands of people that the government has been engaged in a gigantic game of cover-up. With the state of the political situtation in this country at the present time, that would be a disaster.

We read of proposition 13 and of governments being defeated. There is no doubt in the minds of those of us who travel around Canada and in other democratic countries that governments of today have engaged in such conduct over the last few years that they have thoroughly lost the confidence of the public they represent.

Even though I am in complete disagreement with my hon. friends opposite, I consider this to be a very dangerous situation. We cannot govern unless there is a measure of co-operation and confidence between the government and the governed. Credibility is essential. It is a condition precedent to good government. When that credibility is destroyed, it is a precious asset which cannot be easily regained.

The attempt by the Solicitor General in this particular matter to engage in what can only be construed as being further cover-up is something which must be mentioned in this

[Mr. Baldwin.]

House. I hope that other members of this House will pay attention to it before this matter is disposed of.

The other aspect which invites some attention in connection with this issue was the attempt by the Unemployment Insurance Commission recently to give instruction to its regional offices that statistical information which they were able to gather and amass on the question of unemployment in their regions must not be made public. The reason assigned was that this would be embarrassing to the minister. Ministers who are privy to this kind of instruction being given need to be embarrassed. They need to be embarrassed very much.

I now want to quote from a transcript of a letter from the deputy minister to the executive directors. Fortunately, I am protected by my privileges in this House and not subject to the Official Secrets Act which otherwise I might well be. As Your Honour and members of the House know, the Official Secrets Act is such a ridiculous, obscene monster that if I were to take this document and read it outside, I would be subject to the provisions of the Official Secrets Act. I consider I still have some more useful functions before I find a safe sojourn in a sunlit, southern exposed cell. The letter dated May 15, 1978, reads in part:

> There certainly would be no objection to the development of local area estimates of numbers of unemployed or employed, particularly by occupation or industry. These I agree are necessary to support regional planning. However, it is important that the estimates of unemployment number should be kept confidential and their circulation limited in the manner described in the policy. . . . As you know, these estimates have been a source of some embarrassment for the minister because of their potential conflict with the labour surplus rates in the Canada Works program. Since it is not clear to me why you need them, nor have any reasons per se been given for their development, I would suggest that we avoid producing them.

That is the stuff upon which members of parliament, the public, and the media are entitled to assess and evaluate the conduct and manner in which government carries on its operations. If there is, as there obviously was in this case, a clear conflict between the probably more favourable figures conceived after a very brief period of gestation and produced by the minister here and the figures gathered by the regional directors, the public is entitled to know.

Unemployment is too serious to be made the subject of a directive of that kind. I call that to the attention of members in the hope that when I come to deal very briefly with the contents of the report, there will be approval. I hope members opposite will approve.

As they may be aware, the national Liberal party, gathered together in session a year and a half ago, moved a motion seeking a freedom of information act with a review process to the courts and with reasonable exemptions. They followed the path which had been hewed by this party and had been one of our platforms for a number of years. I welcomed that in the national Liberal party.

Hon. members sitting here today who may be called upon to vote will have to make a very serious assessment. Are they going to approve a recommendation from an all-party committee from both Houses which recommends very strongly certain reasonable provisions to be contained in a bill and which follow

generally along the lines which this party, my friends on my left, the social credit party, the Creditistes, and the National Liberal Federation have approved? Will hon. members follow along those lines; will they defy their own party and vote for the kind of legislation which will make provision for freedom of information?

Finally, may I just run through some of the provisions in the report which I think are worthy of being pointed out. We attempted to deal with the very difficult question of national security. The words national security have, ever since the days of the late Joseph McCarthy, been used by governments for the purpose of covering up information which has no real relation to the sensitive character of national defence or matters related to it. It has been used and abused too frequently.

With this in mind, we recommended that we should have an exemption along these lines covering documents the disclosure of which could be reasonably expected to be detrimental to the national defence. I think that makes the situation pretty plain.

We went on to provide for documents the disclosure of which could be reasonably expected to be detrimental to federal-provincial relations, something we would all expect, cabinet documents, policy advice, law enforcement, the disclosure of documents which would have a significant adverse effect on law enforcement activities, personal privacy, legal opinions, commercial or financial information on statutory exemptions.

Finally, we went on to make it quite plain that there should be a two-tier review. In the opinion of all members of the committee, from our experience in listening to a great many witnesses, we felt that when the act is passed and comes into effect, where there is an application by a member of the public for production of a document and that request is rejected, there should be an appeal in the first instance to a parliamentary commissioner with some knowledge of the proceedings and some knowledge of the act and the jurisprudence which would be built up. That officer, by use of the telephone, would be able in probably 95 per cent of the cases to telephone information officers in each department. There are many information officers and PR people whose present job is mainly to put wings and halos on their ministers, and I think they could be more usefully employed in providing information to the public. Probably 90 per cent of the documents requested would be covered in an appeal process in that way.

● (1612)

In a very small percentage of cases where the commissioner is unable to work out a deal with the information officers of each department there would be a simple procedure of an appeal to the federal court. That met the approval of all members of the committee.

The final issue, and I am glad to say that this was a matter raised by one of the hon. members on the other side, was the problem many of us have experienced sitting in committees faced with ministers and senior civil sevants who refuse to provide information on questioning, on the ground that it is subject to Crown privilege. They will now be compelled to answer. This was put forward in our last recommendation, and I am going to take the time to read it.

> Your committee is of the opinion that no claim to Crown privilege should prevail against a freedom of information statute and that members of parliament should have the right to receive documents without regard to Crown privilege. Your committee therefore recommends that the Standing Orders be amended accordingly.

The effect of that would be that any member of this House appearing before a committee would have the right to demand, subject to the exemptions which I have already mentioned, that the minister no longer hide behind the facade of Crown privilege, must answer questions which are put to him and must produce documents which are relevant to the issue. I think that would go a long way toward making the committees the adornment to the House which they ought to be.

I have recently been reading a book entitled "Your Disobedient Servant" written by a talented and patriotic English former civil sevant who held a very senior position in the public service of England. He was the regional director of PSA, Property Services Agency, for the five southern counties of England. He had developed a method of saving considerable money in co-ordination with the unions and in co-ordination with his employees. As a result of his inquiries over a period of three years he had been able to save, from a budget of 11.5 million pounds or 12 million pounds sterling directed entirely to property maintenance, 3.5 million pounds, which I take to be between 30 per cent and 35 per cent.

In attempting to put this information before the permanent secretary of his department and before his colleagues who were also directors, he met a very considerable measure of resistance. It was not from the members of the public service in the lower echelons; it was from those at the top who disliked very much having one of their colleagues being able to produce statistical information showing that he was making savings which they were unable to comprehend.

They challenged his assertion. The permanent secretary challenged his assertion, and ultimately the matter landed up before the public accounts committee. The public accounts committee examined the permanent secretary and the issues and came up with a very strong recommendation that savings were indeed possible in this way. However, the committee then attempted to call the civil servant, who had since resigned—Mr. Leslie Chapman—as a witness so that he could give greater detail as to the way in which he had been able to bring about these savings.

These were the simple, homely savings which we make with respect to our own homes or in our own businesses. This was not a matter of saying, "We are going to take 20 per cent off the estimates for this department". These were the simple, sensible savings which should have been engaged in by government some time before.

What happened? Mr. Chapman, attempting to appear before this committee to give evidence as to the extent to which savings could be made, was told that if he did appear and did produce facts and information to back up his statement, he would be prosecuted under the Official Secrets Act!

This is a situation which—let us not kid ourselves—exists in this country.

I talked to Mr. Walter Rudnicki not so long ago. We all know who he is. He told me that in many instances he had heard and had been present when civil servants had been threatened with the Official Secrets Act if they were to divulge information which this country, this House and the public needed.

This is the background to my motion on behalf of the committee that the House concur in this report so that when the government does come to bring in its legislation, it will take courage in its hands and bring in a bill which will work, not a bill which will be simply used to cover up government embarrassment.

Some hon. Members: Hear, hear!

Hon. John Roberts (Secretary of State): Mr. Speaker, I am a little puzzled as to the timing the hon. member has chosen to move the adoption of this report. I am a little puzzled because there has been ample opportunity over the past few months for various members and, indeed, for political parties, to put on record their positions in relation to freedom of information.

I tabled the green paper in the House in June of 1977. On that occasion both I and the hon. member spoke. I was glad that in his remarks today he mentioned that there were aspects of the green paper which he commended as well as, understandably, a finding that it contained aspects with which he could not agree. That, of course, is the purpose of the green paper procedure. It is a method by which a government can present to the public and to parliamentarians some of the background to a problem, often giving a range of solutions which are possible so that there can be a basis for discussion, for argument, and for debate over how perceived problems can be dealt with.

I was afraid that at some stage the green paper would be misinterpreted as being an indication of firm government policy positions. That, of course, is not the purpose of green papers. I hope that the initial reaction on that part of the public that the green paper contained, either explicitly or in some veiled fashion, a hard and fast determined government policy has now been dispelled. I think to some extent the hon. member's remarks recognized that the purpose of the green paper was for discussion and that in it there were things one would want to support and things which, on reflection, one would disagree.

Subsequent to the presentation of the green paper in June, 1977, there was a debate in the House in December of 1977 in which both I and the hon. member spoke. On May 30, when the green paper was discussed in the joint committee, I was present and responded to questions put by the hon. member. Then a very short time before the adjournment of the House last June, on June 9, 1978, we again debated the issue, and the hon. member, speaking for his side of the House, presented his point of view, and I gave the position of the government.

Within the last 15 months there have been several occasions on which this matter has been discussed in the House. Parliamentarians have had the opportunity to present their views. That is why there was a little puzzlement on my part today that the hon. member should return to this subject. He knows, as most hon. members know, that there is a firm commitment on the part of the government to bring forward legislation on this subject in the session which will start tomorrow.

Mr. Baldwin: If you accept my motion, I will withdraw my speech.

Mr. Roberts: The hon. member says that he would withdraw his speech if I were to accept his motion. I am glad that it is impossible for us to withdraw his speech. I am glad that is the case because I always enjoy listening to him speak, particularly when, as he did today, he protests that he is speaking in a completely non-partisan way. It is not always as evident to me as it is to the hon. gentleman that he speaks in a non-partisan way, but I always accept his remarks, I hope with the spirit with which they are intended, and it is indeed true that on occasion one finds interest and helpfulness in his comment.

● (1622)

In the first part of my remarks I wish to direct myself to the question as to why this should be discussed now and to reaffirm the commitment which has already been made and which hon. members have heard, namely that the House will be presented, in the session which starts tomorrow, with legislation on this issue. It gives me a chance to reaffirm the government's conviction that there must indeed be freedom of information legislation which gives a better guarantee to the public that there will be access to documents which are prepared on their behalf within the confines of government administration.

Since I have referred to the deliberations of the joint committee, I want to say as well that I have found those deliberations to be extremely useful. I welcome as well the endorsation which is contained in the report, presented to parliament earlier today, of the Special Joint Committee on the Constitution of Canada, which appears in its recommendation No. 11 which reads as follows:

> Second, we believe there should be provision for reasonable access to government documents and records. We would not wish to attempt to spell out in a constitution precise requirements as to the ready availability of information, but we think that some obligation on the government to inform the people should be made explicit in a charter of rights. Without knowledge, there can be no democracy.

The principles and the spirit which inspired that recommendation are ones with which I and the government are totally in accord, so we welcome this further recommendation from other members as to the desirability of proceeding quickly with freedom of information legislation.

The hon. gentleman also referred to the recommendations which he had received since the publication of the interim report of the joint committee. I would be grateful if he could forward copies of those to me. Undoubtedly many people who have written to him have also written to me, but the work of

the joint committee is not entirely terminated and I would still like to have further counsel. It is true, as the hon. member knows, that we are in the very process of drafting legislation to be presented to the House in the next session, but it is not too late for useful comment and advice to be received from the committee, from the hon. member, and from people who have written to him. I am sure he will give me the undertaking to communicate to me those views which he has most recently received.

The joint committee reported to parliament again in June. As I promised to the committee when I appeared before it, I sought and I received the agreement of my cabinet colleagues to begin drafting legislation on public access to government documents. That work is well under way, and I am committed to coming before the House in the coming session of parliament with legislation which would enshrine a more open government, greater access to government files, and freedom of information.

In his interjection the hon. member said that if I would simply support his motion, he need not give a speech—at least I think that is what he said. That brings me to the second reason why I cannot accept his motion, the first one being my selfish wish not to deny myself the pleasure of hearing him speak. The second reason is that I think the endorsation of the committee report would present some difficulties.

There are two reasons why I would counsel members of the House not to accept too quickly the recommendations of the joint committee. The first is that I believe in many areas the committee's recommendations are not sufficiently rigorous and that they do not impose a sufficiently strong obligation upon the government. I am referring particularly to the drafting of the list of exemptions. The committee agreed that there would be a necessity for having some areas, however rigorously defined, in which documents would not automatically be available to the public.

I think that all members of the House, although there might be one or two exceptions, would accept the principle that there are some areas, no matter how limited, in which there must be exemptions to the general principle, which the government certainly affirms and endorses, that information should be available to the public. So the question is how those limitations are to be drafted? How are the exemptions to the general principle of open access to be described? Obviously the narrower those exemptions are drafted, the greater will be the access to public documents.

One of my concerns is that if we were to adopt holus-bolus the wording that has been suggested to us by the committee, then the exemptions to the general principle of freedom of information would be too large and would exclude much which need not be kept from the public and which should be in the public domain. I believe that we on the government side will be able to present to the House a series of exemptions which are narrower in scope than those presented by the joint parliamentary committee and thus would better meet the objective, which is my objective and that of the hon. member for Peace River (Mr. Baldwin), of having a narrowly confined area of limitation to the principle of openness in government. Of course, this may well be the subject of debate and it may be that the hon. member might feel we have not succeeded in that task, but I believe we will be able to present to the House a series of limitations which would be more effective in doing what the hon. member and I wish to do than are the exemptions listed in the joint committee's report. That is one reason why I would counsel my colleagues not to accept the hon. member's motion.

The second reason why I would resist such a step and urge hon. members not to take it is the whole question of referring appeals to the courts. I have a genuine concern regarding one of the comments which the hon. member made because it may be that I misunderstood him. Or perhaps he has misunderstood the committee's report and I would welcome hearing from him, if not now then later, on whether I have somehow misinterpreted the committee's report. The hon. member discussed the possibility of appeals from decision of the information commissioner to the court system. I believe he has suggested or implied that there would be a simple appeal to the federal court and that that would terminate the matter.

May I quote a paragraph from the committee report on page 7? It reads:

> Your committee also recommends that a decision of a trial judge of the federal court be appealable to the federal court of appeal and with leave to the Supreme Court of Canada. Your committee suggests that costs shall ordinarily follow the event unless the court otherwise directs.

It appears to me that the committee's recommendation was not that there be a simple and direct appeal to the federal court from a decision of the information commissioner, but there should be a possibility of an appeal to the court which would itself be appealable, not once but a second time. Therefore the whole structure of the appeal process to the court system could be invoked. It did not seem to me to be quite what he was saying earlier in the House. Perhaps there is misunderstanding on my part or perhaps I have misinterpreted the hon. member's wording, but it seemed to me that in his remarks, unintentionally of course, he distorted the recommendation of the committee.

Mr. Baldwin: Mr. Speaker, I rise on a point of order. The minister has indicated, quite properly, what the committee stated. My intention was to advise the House of the fact that there was an appeal which initiated the usual process by coming into the federal court, and from the federal court, if necessary, into the further stage. The minister is right in his assumption and what I intended to say was that what the committee recommended was what had my approval, and it was with that I was dealing.

Mr. Roberts: I thank the hon. member for his clarification because otherwise there might have been an unintentional misunderstanding. I singled out the point, not to quibble with it but because I think it is of some importance. The concern which I have always expressed before the committee and before members of the House has been that the use of the court process as a review procedure would be cumbersome and expensive. Obviously if the use of the courts involves a system

of appeals which the committee had indicated it felt was desirable, it would make the system of appeals from the decisions of the information commissioner all the more expensive and time consuming. This, to my mind, is something to be avoided. In the system which reviews ministerial decisions certain matters should be exempted; it should be a system which would be speedy and not costly. Indeed, there were groups which appeared before the committee which shared that point of view.

I remember particularly the anti-poverty organization which expressed concern or opposed appeals to the court system exactly on the grounds that such a costly and time consuming procedure would, in their belief, militate against the position of their group. In the past I have indicated to hon. members of the House my concern about reliance upon the courts to determine in all cases this question of public interest.

• (1632)

Mr. Baldwin: One group suggested that there should be an appeal from the courts to the Prime Minister.

Mr. Roberts: As the hon. member for Peace River has pointed out, some people have suggested that the proper way to deal with this question of who is to review ministerial decisions would be to have an appeal to the Prime Minister. I am sure the fairness of that suggestion will recommend itself to the hon. member, but perhaps he will wish to reflect longer before we unanimously endorse the recommendation to pursue that direction.

I wanted to say a few more words about the difficult question as to whether the review process should be in the hands of the courts. I am sure we all agree that there should be a review process. The question as to whether a matter falls within an exemption is not one which should be simply and exclusively within the hands of the minister. The demands of public credibility require a method for assuring that a minister's decision has not been taken frivolously or without due concern for all aspects which touch upon the question.

I have expressed my difficulties to the House previously concerning the idea that the courts, in all cases and in relation to all subjects, are the best method of reviewing that kind of decision. I am second to no one in the House in my admiration for our judges and their ability to interpret properly the will of parliament as expressed in the black letter law. However, it is another question to call upon them to make judgments of interpretation of the public interest as opposed simply to rendering the text of the law. Indeed there are many areas in which parliament, in its wisdom, has decided that the courts are not effective or able in such a task. For instance, one thinks of the development of various aspects of administrative law in which parliament has decided that those responsibilities should be exercised by those who are other than judges.

Indeed, I suspect that many judges would not like to have the responsibility of pronouncing upon what is in the public interest, rather than interpreting or applying black letter law. After all, it is our parliamentary and political institutions

which are the way in which the community decides what social, moral, and political objectives are to be pursued by society. It is within the political process that the assessments of public interest are to be taken. Fallible or not, it is the ministers who are responsible to the House of Commons and parliament for the exercise of those responsibilities.

Certainly it is not clear that we could supplement the ministerial role by an appeal to the courts in all cases where it is necessary to reach a decision as to whether public interest is met by allowing an appeal within the context of an exemption. In many instances parliament has provided possibilities of review through an officer of parliament rather than an outside court, such as the case of the Auditor General. Perhaps parliament will wish to have an officer to perform the role of independent review, rather than having access to the courts, particularly in the cumbersome way recommended by the committee. When the legislation is delivered to the House in the next session, perhaps parliament would prefer to consider other mechanisms than that of judicial review embodied in the report of the committee.

It is for those reasons, recognizing the spirit which motivated the hon. member to make his motion, that I feel it would not be effective to urge my colleagues to support his resolution. At this particular time, I urge hon. members to regard objectively the legislation the government will present as soon as possible in the next session of parliament.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as Your Honour knows, because I so indicated to you approximately an hour ago, it was not my intention to take part in this debate.

Since the Gentleman Usher of the Black Rod is seeking entrance, I am precluded from saying very much. However, I want to say that I am shocked by the statements of the Secretary of State (Mr. Roberts). This report should be adopted. It comes from a committee which represented all parties in both Houses. On behalf of my party, let me say that this report should be adopted by the House.

* * *

[*Translation*]

MESSAGE FROM THE SENATE

Mr. Speaker: I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill C-66, an act to provide for an additional advance poll in respect of certain by-elections, without any amendment.

THE ROYAL ASSENT

[*English*]

Mr. Speaker: It is my duty to inform the House that the following communication has been received:

Ottawa, October 6, 1978

Sir:

I have the honour to inform you that the Honourable Ronald Martland, Puisne Judge of the Supreme Court of Canada, in his capacity as Deputy Governor General, will proceed to the Senate Chamber on Tuesday, the 10th day of October, at 4.30 p.m., for the purpose of giving Royal Assent to certain bills and proroguing the Third Session of the Thirtieth Parliament of Canada.

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

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

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

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

In the Senate chamber, the Deputy Governor General was pleased to give, in Her Majesty's name, the Royal Assent to the following bill:

Bill C-66, An Act to provide for an additional advance poll in respect of certain by-elections.—Chapter No. 43.

PROROGATION OF PARLIAMENT

[*English*]

After which the Deputy Governor General was pleased to close the third session of the thirtieth Parliament of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

The Third Session of the Thirtieth Parliament was opened by Her Majesty the Queen, on October 18, 1977. Since then Canadians in many regions have been honoured by visits from several members of the Royal Family and Her Majesty visited Newfoundland and Saskatchewan as well as Edmonton, where she opened the Eleventh Commonwealth Games.

Members of the House of Commons:

This was the first session in which the House of Commons was broadcast on radio and television. In many parts of Canada, people may watch and listen to the deliberations of their elected representatives at the same time that they are occurring. In all parts of Canada, citizens may, on a regular basis, watch and listen to recorded segments of the more important proceedings.

As a result of these broadcasts, many more citizens have become aware of the issues that we face and are able to understand better the process of responsible parliamentary government.

Honourable Members of the Senate:

Members of the House of Commons:

During this session Canadian unity has been a paramount issue. The government put before you a number of measures and you established a Special Joint Committee to consider these and other proposals on the constitution of Canada.

You have also, in this session, focussed on international affairs. During this session, the House of Commons held a major debate on our foreign relations for the first time in many years. The government has continued its efforts for peace among nations and the maintenance of basic human rights in all parts of the world.

The Canadian economy and, indeed, the world economy have been of great concern during this session. In July, the Prime Minister attended a meeting of the heads of government of the leading industrial nations and, since then, the government has announced a number of major economic initiatives, many of which you will consider in a future session.

Much of your time has been used for discussion of economic matters. You enacted five measures amending the Income Tax Act, the Excise Tax Act and the Customs Tariff. These amendments provided many incentives to economic growth. They also included special measures to assist small businesses.

You amended the Anti-inflation Act in order to facilitate the period of de-control and you extended the Bank Act so that your study of proposed revisions to this legislation may be complete. You enacted a measure to permit the Export Development Corporation to provide greater support to Canadian industry and for the Farm Credit Corporation to do more for Canadian farmers.

Matters relating to energy were of great importance in this session. You passed the Northern Pipeline Act which will govern the construction of one of the greatest projects undertaken on this continent. You also enacted measures to provide for the monitoring of the financial operations of petroleum corporations and to stimulate the development of the tar sands of Alberta.

The institutions and agencies of government were of great interest to you. A measure was enacted to create the Comptroller General of Canada and you passed two acts revising the structures of Air Canada and of Canadian National Railways.

You enacted important amendments to the Canada Labour Code and you established the Canadian Centre for Occupational Health and Safety.

Amendments were made to the Pension Act and, twice, improvements were made to the compensation of former prisoners of war.

A measure was enacted to control the discounting of tax rebates and important amendments were made to the Criminal Code to allow trials in the official language of the accused.

After many years of deliberation, you established a Maritime Code. You also passed a measure assisting the development of facilities in fishing and recreational harbours.

You twice amended the Canada Elections Act.

Many other actions of great importance were undertaken during this session.

Members of the House of Commons:

I thank you for the provision you have made for the public services in the previous and in the current fiscal year.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence continue to bless our country.

This concluded the third session of the thirtieth Parliament.

END OF VOLUME VI